

Yarra Income Plus Fund

Gross returns as at 29 February 2024

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Income Plus Fund	0.78	3.91	6.84	4.24	3.54	4.33	6.13
Bloomberg AusBond Bank Bill Index	0.34	1.09	4.10	1.95	1.47	1.80	3.84
Excess return [‡]	0.43	2.83	2.74	2.29	2.07	2.53	2.29

Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

Net returns as at 29 February 2024

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Income Plus Fund	0.72	3.74	6.12	3.53	2.84	3.63	5.38
Growth return [†]	0.72	2.71	2.64	0.74	0.25	0.28	0.67
Distribution return [‡]	0.00	1.03	3.48	2.79	2.59	3.35	4.71
Bloomberg AusBond Bank Bill Index	0.34	1.09	4.10	1.95	1.47	1.80	3.84
Excess return [‡]	0.38	2.65	2.02	1.58	1.37	1.82	1.54

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* Inception date of Yarra Income Plus Fund: May 1998.

† The Growth Return is measured by the movement in the Fund's unit price, ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders by way of income distribution in a 12-month period. It does not include distribution amounts deemed as capital distributions.

‡ Excess Return: The excess return figures shown represent the difference between the Fund's return and the benchmark return.

Portfolio review

The Yarra Income Plus Fund returned 0.72% (net basis) over February, outperforming the Bloomberg AusBond Bank Bill Index by 38 bps.

Positive return for the month was under pinned by strong performance from the REIT sleeve. The sleeve continues to rally as strong earnings and balance sheets from reporting season provides momentum. The diversified credit and hybrid sleeves also traded positively through the month with strong price return seen in the diversified credit sleeve. The fixed income sleeve was the only detractor from the overall return.

During the month there were no changes to the weighting of the portfolio. However, we actively monitor each sleeve looking for opportunities to secure the best risk adjusted returns.

Market review

Globally, government bond yields widened over the month. Expectations for the US Federal Reserve to cut interest rates in March and May fell, following US non-farm payrolls surging and stronger than expected January inflation numbers. Similarly, the Eurozone lost ground over the month after the release of stronger than expected inflation data. The US 10-

year yield closed the month 29 bps wider at 4.24%.

Across to Australia, the RBA continued to retain its tightening bias, refusing to rule out further rate hikes. However, data released during the month continues to show evidence of a weakening economy. Retail sales month on month came in at 1.1% missing consensus (1.5%) and Unemployment came out slightly higher than expected at 4.1% (4% Consensus). With the increased strain on the consumer, higher interest rates are having the desired effect. The Australian 10-year yield closed 13bps wider on the month at 4.14%.

Corporate credit and hybrid spreads traded tighter over the month. Tier 2 debt saw the greatest of the broad-based tightening, with energy and utility senior debt also contributing to a strong month. Reporting season highlighted strong balance sheets and a resilient corporate earnings backdrop which brought around a flurry of new issuance. In a record-breaking month of over-subscription, Macquarie issued the largest ever Tier 2 deal in the Australian market which closed 4 times oversubscribed. Notably, after strong post COVID demand, domestic airport deals are being well received with Perth, Melbourne and Brisbane Airport all coming to the primary market. Secondary markets again remained active as investors moved to switch into new primary deals. The

Australian iTraxx tightened to 64.7.

Australian Infrastructure and Utilities index rose 0.4% during February, lagging the and the wider S&P/ASX 200 which increased +0.8% over the month. The S&P/ASX 200 Property Accumulation index had a very strong month of February up +5.1%, well ahead of the +0.8% return from the broader S&P/ASX 200. Stock divergence over the month was a major theme with outperformers being a number of the higher growth property fund managers - Goodman Group (GMG, +16.8%) and HomeCo (HMC, +14.8%).

Higher rates have fostered an environment where we are seeing very attractive running yield across the sleeves at our disposal. Income continues to provide significant downside protection should we see underperformance in other parts of the market.

Asset allocation

	Target %*	Neutral position %§	Strategy
A-REITs, Infrastructure & Utilities	16.5	15.0	Overweight
Hybrid and FRNs	13.5	15.0	Underweight
Diversified Credit†	16.0	10.0	Overweight
Fixed interest	22.5	20.0	Overweight
Cash	31.5	40.0	Underweight

Source: Yarra Capital Management. Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

§ Neutral position is calculated by Yarra Capital Management and is believed to be the optimal asset allocation for this portfolio over the long term.

* Projected estimation as at the date of this commentary.

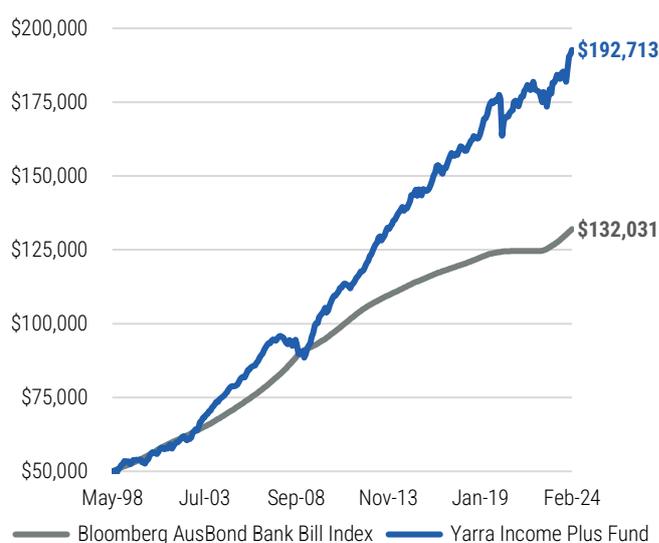
† Effective 25 October 2018 the Fund's asset allocation was modified, with Diversified Credit replacing Global High Yield. Further information in relation to this change can be found [here](#).

Features

Investment objective	To provide regular income and to achieve medium term capital growth through exposure to cash, money market products, domestic fixed interest and a range of high yielding investments, including domestic hybrid investments, property, infrastructure and utilities securities and international fixed interest assets. In doing so, the aim is to outperform the Bloomberg AusBond Bank Bill Index over rolling 3-year periods.	
Benchmark	Bloomberg AusBond Bank Bill Index	
Fund inception	May 1998	
Fund size	A\$74.2 mn as at 29 February 2024	
APIR code	JBW0016AU	
Estimated management cost	0.68% p.a.	
Buy/sell spread	+/- 0.10%	
Distribution frequency	Quarterly	
Platform availability	Asgard BT Wrap BT Panorama Colonial FirstWrap Hub24 Macquarie Wrap Consolidator MLC Wrap	Netwealth Oasis OnePath PortfolioOne PowerWrap SmartWrap Wealthtrac

Investment performance comparison of \$50,000

After fees, since inception of the Yarra Income Plus Fund, May 1998 to February 2024.



For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are prepared on an exit to exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the Bloomberg AusBond Bank Bill Index is for comparative purposes only.

Applications and contacts

Investment into the Yarra Income Plus Fund can be made by Australian resident investors only.

Website www.yarracm.com

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