

Yarra Income Plus Fund

Gross returns as at 31 August 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	0.76	2.93	8.83	4.19	3.41	4.39	6.18
Bloomberg AusBond Bank Bill Index	0.38	1.11	4.39	2.69	1.75	1.89	3.85
Excess return [‡]	0.38	1.82	4.45	1.50	1.66	2.50	2.33

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 31 August 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	0.70	2.75	8.10	3.48	2.71	3.68	5.43
Growth return [†]	0.70	1.59	4.16	0.58	-0.04	0.36	0.73
Distribution return [‡]	0.00	1.16	3.94	2.91	2.75	3.32	4.70
Bloomberg AusBond Bank Bill Index	0.38	1.11	4.39	2.69	1.75	1.89	3.85
Excess return [‡]	0.32	1.65	3.71	0.79	0.96	1.79	1.57

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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 0.70% (net basis) over the month, outperforming its benchmark by 32 bps. On a 12-month view the Fund has returned 8.10% (net basis), outperforming the Bloomberg AusBond Bank Bill Index by 371 bps.

The portfolio had an overall positive return for the month with each sleeve trading well. The Fixed Income sleeve was the standout performer on the month driven by stronger performance in long duration assets. The Diversified Credit and Infrastructure and REIT Sleeves also contributed meaningfully, with the hybrid sleeve having muted positive performance off the back of slightly spread widening. No changes were made to the tactical allocation of the portfolio.

Market review

Despite indications at the beginning of the month of a potential global risk off event, markets quickly recovered. Tensions are still high in the Middle East, however, the risk that the Israel/ Hamas conflict escalates appears to be dissipating.

At the beginning of the month the Federal Open Market Committee (FOMC) kept rates on hold and the Bank of England (BoE) lowered rates by 25 bps to 5%. Towards the end of the month, we saw the first signs of easing from the Reserve Bank of New Zealand (RBNZ) with a 25 bps cut to a rate of 5.25%. While movements from Central Banks may have been limited, markets have continued to price further cuts into the curve with almost four rate cuts priced in for the US before the end of the year. The US 10-year yield continued to tighten to 3.92%.

The Reserve Bank of Australia (RBA) kept interest rates on hold during the month. While CPI has been trending in line with forecasts the RBA governor Michelle Bullock has kept firm in her reluctance to indicate any timing of rate cuts. Recent data is suggesting rate increases are having the desired effect with seasonally adjusted unemployment rising to 4.2% (y/y) and Retail Sales remaining flat month to month. Off the back of weakening employment data, the market is still pricing in rate cuts before the end of the year, however, CPI figures will remain the key to timing. The 3-year yield rallied to 3.54% which drove some front-end steepening of the curve. The 10-

year yield rallied 15 bps to 3.98%.

The month of August saw the bulk of company reporting completed. With largely strong performances from investment grade companies and in the absence of any major downgrades or unexpected earnings misses, spreads have continued to grind tighter. Demand for quality names has remained high with deals oversubscribed and margin tightening on issuance. We continue to look for weakness in corporate names as the impact of higher for longer interest rates continue to impact the broader economy. The Australian iTraxx tightened to 61 bps.

The S&P/ASX 200 A-REIT index rose in August, returning 0.54% for the period while the broader S&P/ASX 200 returned 0.47% for the month. The S&P/ASX 300 Custom Infrastructure and Utilities Index returned 1.16%.

Higher rates have fostered an environment where we are seeing very attractive running yield across the sleeves at our disposal, with income continuing 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	13.0	15.0	Underweight
Hybrid and FRNs	13.5	15.0	Underweight
Diversified Credit [†]	15.0	10.0	Overweight
Fixed interest	23.0	20.0	Overweight
Cash	35.5	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.

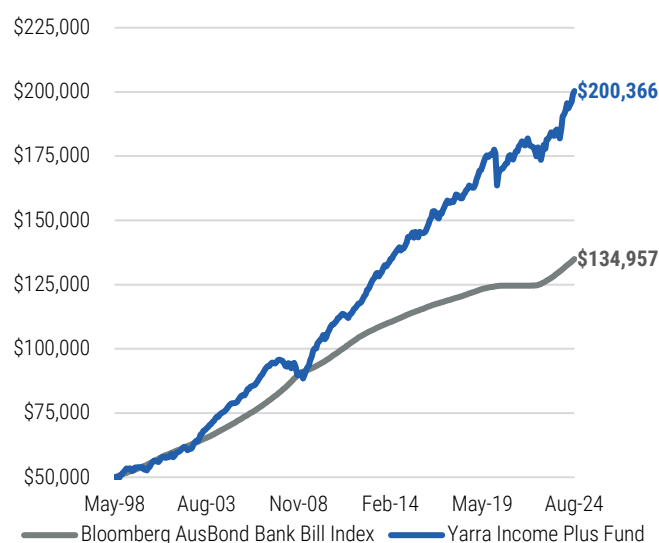
† Effective 25 October 2018 the Fund's asset allocation was modified, with Diversified Credit replacing Global High Yield. Further information in relation to this change can be found [here](#).

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\$67.8 mn as at 31 August 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 August 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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