

SPECTRUM STRATEGIC INCOME FUND (SSIF)

Investment Objective

The Fund aims to generate higher returns than the RBA Cash Rate over the medium term with lower volatility than equities.

Investment Strategy

The Fund holds a diversified portfolio of listed and unlisted debt and hybrid debt securities. Issuers may be government bodies, banks, corporations and, to a limited extent, specialist financing vehicles. To maintain a diversified portfolio structure, certain limits are imposed on security type, credit risk, industry, and issuers.

Target Return

RBA Cash Rate +1.50% p.a. net of fees.

Investment Highlights

- Experienced and active management team with a proven track record
- Quarterly distributions
- Short duration portfolio
- Diversified portfolio of AUD denominated corporate securities.
- Consistent top quartile performance

APIR	ETL0072AU
Entry / Exit Price	1.0832/1.0822
Fund Size	\$72.1
Liquidity	Daily
Distributions	Quarterly
Inception Date	31 May 2009
Benchmark	RBA Cash Rate

Income Distributions

FY25	SEP	DEC
Distribution (CPU)	1.27	1.18

FY24	SEP	DEC	MAR	JUN
Distribution (CPU)	1.06	1.68	1.19	1.01

Fund Rating



Fund Metrics

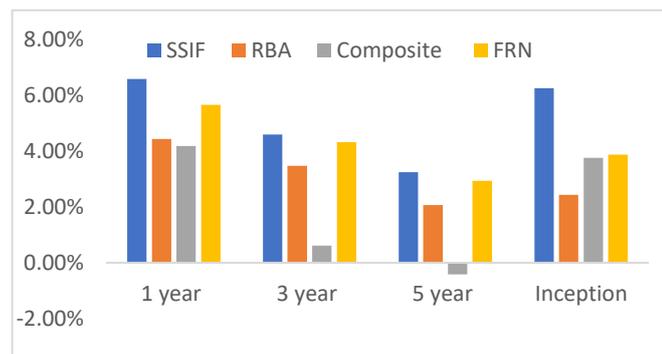
Running Yield	5.99%
Average Yield to Maturity / Call	5.66%
Duration	0.22years
Credit spread duration	3.16 years
Average credit spread	135 bp
Number of positions	67
Percentage floating rate assets	93.7%
Largest drawdown since inception	1.86%
Best monthly return	4.49%
Negative Total return in consecutive months	0/23

Performance

PERFORMANCE	1 MTH	1 YR	3 YRS	5YRS	SI
Distribution return	0.00	4.51	3.55	3.20	4.48
Growth return	0.65	2.08	1.04	0.05	1.78
Total net return	0.65	6.59	4.59	3.25	6.26
Benchmark (RBA Cash Rate)	0.34	4.35	3.47	2.13	2.42
Active Return	0.31	2.13	1.12	1.12	3.84

² Performance: distribution return is the return due to distributions paid by the Fund. Growth return is the return due to changes in initial capital value of the Fund. Total net return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions. Results greater than one year are annualised. Past performance should not be taken as an indicator of future performance.

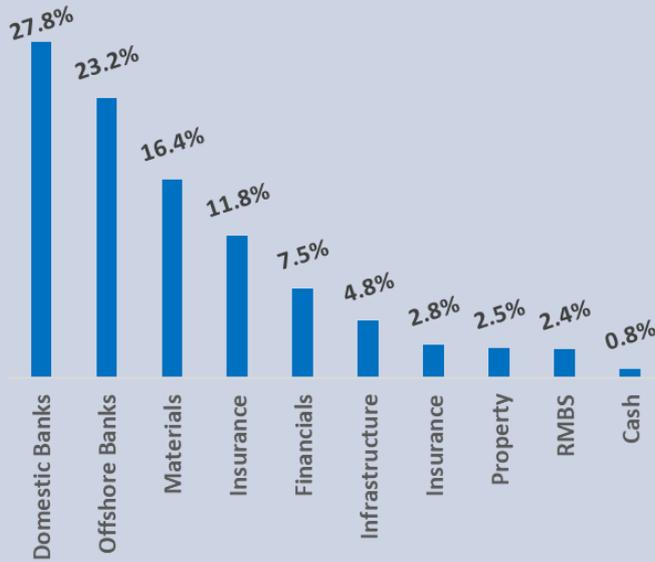
Performance comparisons



FRN - Bloomberg FRN Index Composite - Bloomberg Composite Index
 RBA - RBA Cash rate
 Past performance should not be taken as an indicator of future performance.



Sector Allocation Breakdown



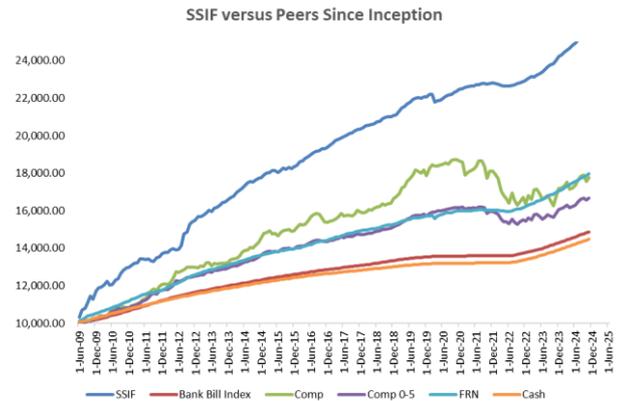
Top 10 Securities

Macquarie 35'30	4.88%	Norfina 2029	2.87%
ANZ 34'29	3.75%	Paccar 2027	2.81%
ANZ perpetual callable	3.62%	IAG 45'25	2.80
NAB 27'25	3.51%	New York Life Funding	2.78%
Ampol 54'30	3.21%	Ausgrid Finance 2026	2.90%

Platforms

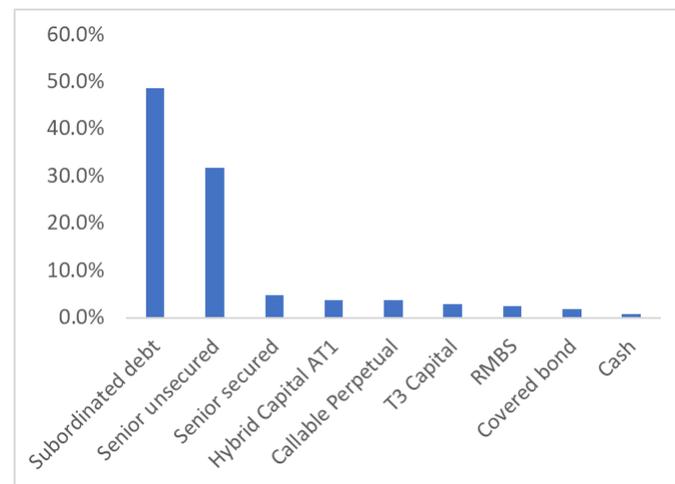
- AMG Super
- Bell Direct
- HUB24
- netwealth
- Ausmaq
- CMC Stockbroking
- mFund
- Powerwrap
- Australian Money Market
- Freedom of Choice
- Nabtrade
- uXchange

Growth of \$10,000 since inception

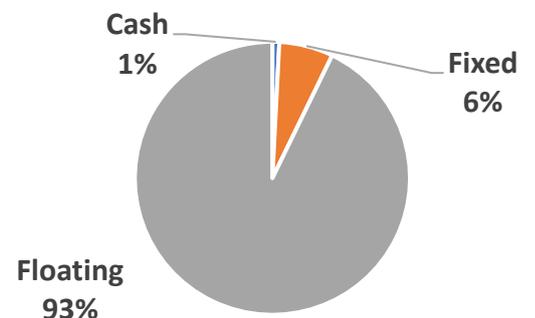


FRN - Bloomberg FRN Index
Comp - Bloomberg Composite Index
Comp 0-5 - Composite Bloomberg Index 0-5 years
Cash - RBA Cash rate
Past performance should not be taken as an indicator of future performance.

Legal Structure



Fixed/Floating Rate





Portfolio Management

The current environment is undergoing a period of uncertainty. Markets are polarised and watching the Whitehouse and importantly what is happening to tariffs.

The general theme is one of steady growth and a rate cut or maybe two for the year. Earlier in the month, the market was pricing three cuts, that view appears to be resetting.

The portfolio is being managed with the underlying premise that the economy is sound and that further rate cuts are simply a normalisation of rates. If this view is correct, then the outlook for credit is quite stimulative.

Over the month, we did see spreads widen in response to bond yields falling. That trend has continued, and the widening is providing some opportunities.

The outlook though remains very sound. Any issue that has some spread or provides some diversification is seeing very strong demand. For example, the recent Transgrid hybrid issued in March saw \$7b of interest for a \$1b issue. Demand for the right name is strong,

During the month the Fund participated in several new issues. The Fund participated in the new IAG June 2037' 32, Liberty 17 March 2030, Ausnet February 55'31 and the Westpac 35'30.

The net result has been an increase in diversity and with some spread and higher coupons. These new issues should aid Fund performance.

Some of these purchases have the impending changes to the Ausbond indices and are taking advantage of these changes. The recent APRA changes has meant that a number of new investors have entered the tier 2 market/ hybrid and these new entrants are driving demand and spread performance.

The portfolio has a reasonable holding of these bonds and will benefit as a result of such activity.

The portfolio will benefit as it is well positioned to take advantage of spread contraction as a result of these new entrants. It is worth noting that index funds have also been active in purchasing some new T2 issues in preparation for the expected changes in the Ausbond indices.

Credit spreads have reacted to the widening in the U.S. The general trend though is for some spread performance as the U.S. corporates are still providing solid results and domestically companies in general continue to provide revenue growth.

Portfolio Strategy: The portfolio aims to maintain an average credit rating in the A band. Over time,

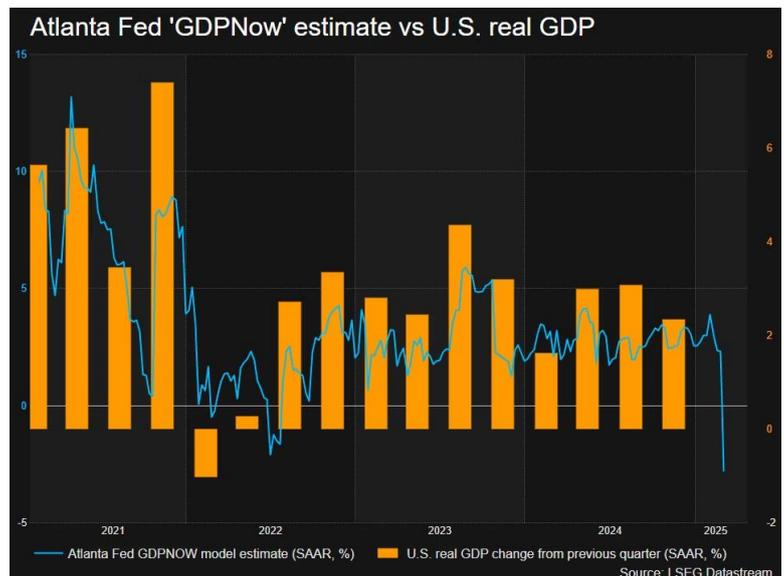
Market Commentary

What a difference a month makes. President Trump is certainly making his presence felt in more ways than one. In a geopolitical sense he has thrown the cat amongst the pigeons and in an economic sense he is keeping the market guessing as to whether tariffs will be imposed, how much the impost will be and who is included. It certainly appears that Canada, Mexico and China have drawn his ire.

China has responded by imposing tariffs on U.S. goods and so too has Canada and even to the extent that bourbon has been withdrawn from the shelves and Starlink's contract with Canada is at risk.

The net impact has caused uncertainty within assets. Equities have been trashed at times whilst interest rate markets at the back end of the month started to believe that there would be three rates cuts rather than the one as the market was expecting in January.

Towards the end of the month, the market was spooked by the Atlanta Federal Reserve's GDP Now forecast which looked rather bleak. The low result was due to importers bringing their purchases forward and in time the GDP will respond and move back into positive territory. The New York Federal Reserve Staff Nowcast has the GDP at 2.7%



* LSEG McGeever Atlanta Fed shock sounds Trumpcession warning" 3/3/2025

On the day of the release, the U.S. markets priced in three rate cuts, that now looks unlikely following Powell's recent comments.

Why is this important? The strength and the outlook for the U.S. asset markets drives the performance of other markets. The domestic bond market moved in lockstep with the rally in U.S. treasuries and explains the performance of the bond market for February.

Since the release of the GDP Now forecast several Federal Reserve voting members including Powell have put dampeners on interest rate cut expectations. Inflation still appears to be top of the agenda.

How far can this selloff go before we see the Trump Administration provide greater clarity? Consumer spending appears to be falling. The top 10% of U.S. households account for 50% of consumer spending and they also own a large portion of stocks. A selloff in asset markets may further dampen spending.

Looking ahead, volatility is dependent on what announcements we see out of the Whitehouse.



adjustments will be made to reduce risks, increase diversification, and realize capital gains.

The portfolio consists of 93.7% floating-rate securities and 6.3% fixed-rate securities, with the fixed component maturing mostly by 2027. Duration extension is not anticipated unless there is a spike in bond yields.

The portfolio will look to maintain an average credit rating in the rating A band. Over time it is anticipated some adjustments will be made to pare back some risks increase diversification and take some capital gains.

The portfolio has an average coupon of 6.22% and a running yield of 5.99%. The yield to maturity is currently 5.66%. The portfolio returned 0.65% over the month and 6.59% year-on-year. The average credit spread is 157 basis points, with potential for further increase.

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Domestically we have the new RBA Interest Rate Board meeting to decide on interest rate policy. A rate cut is not expected for a while, perhaps June. The market has priced two rate cuts but each cut in the order of 25bp.

Inflation continues to be the driver for concerns. Tariffs remain an unknown and they have a material impact. Logistic chains are being reorganised and new trading partners and deals appear to be in the offering.

As long as the economy remains resilient then any rate cuts will be a normalisation of rates and that would be seen as positive.

For the moment and it probably will be a theme until clarity is provided markets will be reacting to various mixed messages and volatility is likely to remain.

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