

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	1.075/1.0765
Fund Size	\$74.1
Liquidity	Daily
Distributions	Quarterly
Inception Date	31 May 2009
Benchmark	RBA Cash Rate

Income Distributions

FY25	SEP	DEC	MAR	
Distribution (CPU)	1.27	1.18	1.33	
FY24	SEP	DEC	MAR	JUN
Distribution (CPU)	1.06	1.68	1.19	1.01

Fund Rating



Fund Metrics

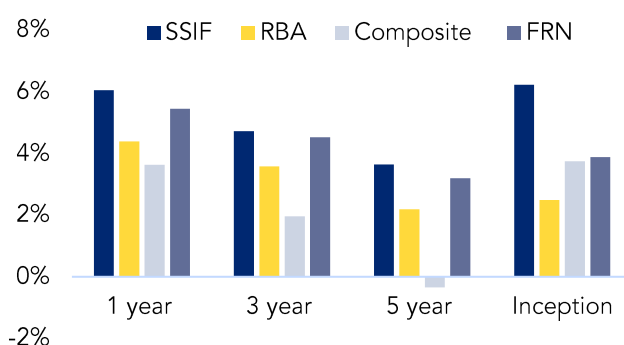
Running Yield	5.99%
Average Yield to Maturity / Call	5.80%
Duration	0.31years
Credit spread duration	3.10 years
Average credit spread	166 bp
Number of positions	67
Percentage floating rate assets	92.4%
Largest drawdown since inception	1.86%
Best monthly return	4.49%
Negative Total return in consecutive months	0/24

Performance

PERFORMANCE	1 MTH	1 YR	3 YRS	5YRS	SI
Distribution return	1.22	4.60	3.87	3.07	4.54
Growth return	-1.17	1.46	0.86	0.57	1.69
Total net return	0.06	6.06	4.73	3.65	6.23
Benchmark (RBA Cash Rate)	0.34	4.39	3.58	2.19	2.42
Active Return	-0.28	1.67	1.15	1.46	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.

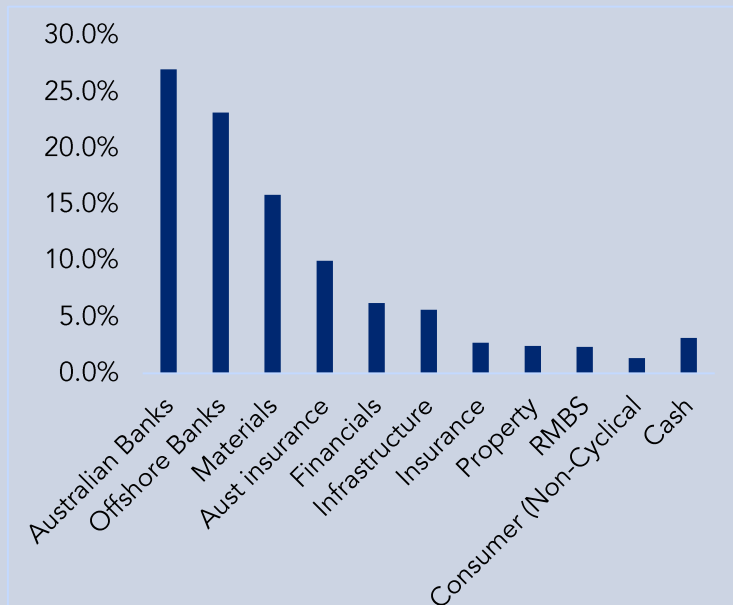
Performance comparisons



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



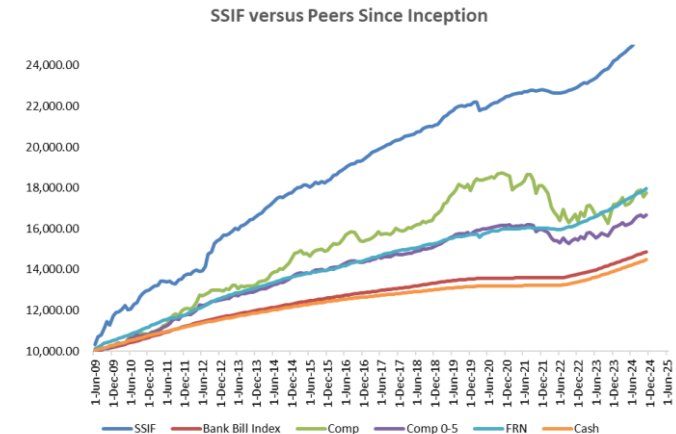
Top 10 Securities

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

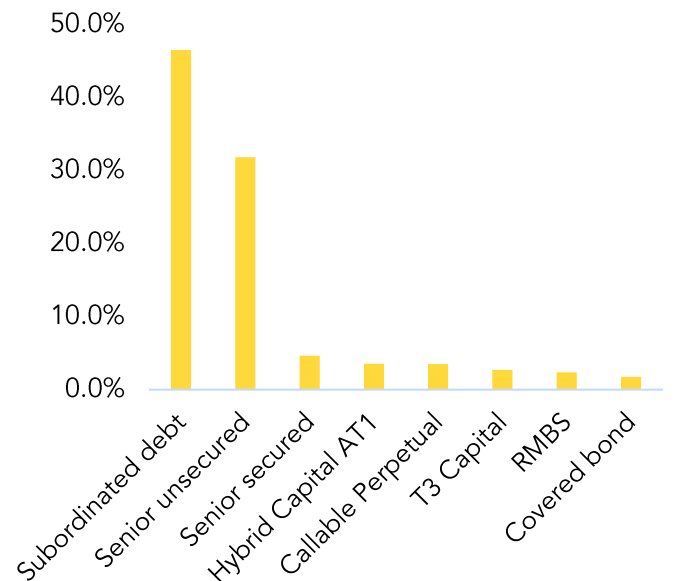
- AMG Super
- Bell Direct
- HUB24
- netwealth
- Ausmaq
- CMC
- Stockbroking
- mFund
- Powerwrap
- Australian Money Market
- Freedom of Choice
- Nabtrade
- uXchange

Growth of \$10,000 since inception

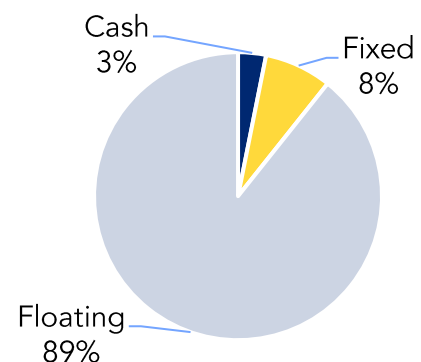


FRN -Bloomberg FRN Index
Comp – Bloomberg Composite Index
Comp 0-5 – Composite Bloomberg Index 0-5 years
Cash – RBA Cash rate
Past performance should not be taken as an indicator of future performance.

Legal Structure



Fixed/Floating Rate





Portfolio Management

As of the 3rd April for Australians, everything has changed. The world trader order has been turned upside down and markets have moved to one of heightened fear and risk off.

Where a little while ago there was a minimal risk of recession, we now have a heightened risk of a global recession. Certainly the U.S. economy is now very vulnerable, and the data will in time indicate that is the case.

Over the month of March spreads widened between 8bp to 20bp depending on tenor, rating, and name. The upshot of this movement is that generic spreads are near their 16-year average or through the average depending upon currency.

This reversion to the mean and beyond will probably see spreads widen further, possibly another 10-15bp at which point spreads become attractive. What has been observed in this selloff has been the bid widening but the offer holding. In other words, traders do not want to lose stock at current levels but are happy to nibble away and buy at current levels. This view may change in time.

The impact of Trump's tariffs will be interesting to see how various economies adjust. The tariffs no doubt will be inflationary and the expected revenue stream for the U.S. Government may be a lot lower than budgeted. This all comes with the debt ceiling vote required. The Congressional Budget Office (non-partisan) has the government needing to raise the debt ceiling or risk defaulting on obligations in August or September. The outlook is murky, and the Democrat votes will be required.

The outlook is one of rising inflation, the possibility that central banks won't be able to normalise rates or cut rates due to inflationary pressure is quite possible. The current market pricing in the U.S. has a 70% chance of 4 rate cuts in the next 12 months. They may be disappointed. The economy will slow, but the burden of increased prices on goods will push inflation higher. The likely outcome will be stagflation and for those economists the interaction of the ISLMAS curves become interesting.

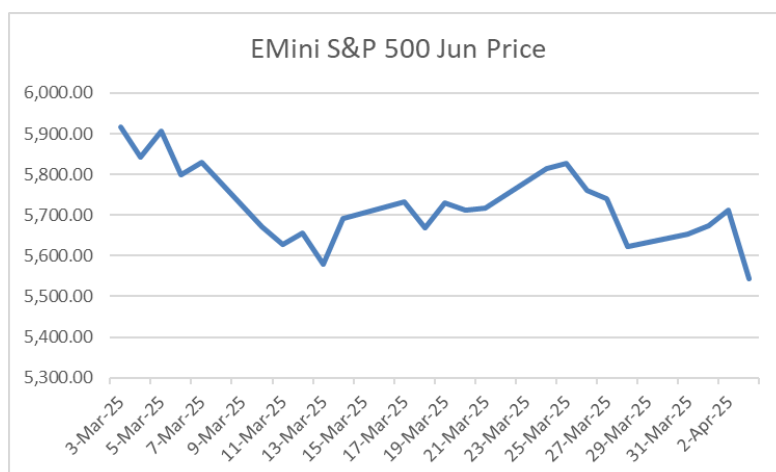
The assets that perform best in a stagflationary environment tend to be those that are defensives, those being infrastructure, utilities and staples as their products remain in demand. Real estate investments can also provide a steady stream.

The portfolio is invested in a number of those investments listed above. We also have the change in benchmarks and the phasing out of Bank AT1 securities. That money will be looking to find a home. Credit should perform in time as you will be better compensated than a traditional bond, because bonds become vulnerable whereas

Market Commentary

Uncertainty has arrived and uncertainty continues. Trump has made his prognostications about tariffs, and we now wait for the outcome. Will the U.S. economy behave as Trump and Bessent expect or will we see the tariffs induce a recession and the slippery slide of a stressed economy.

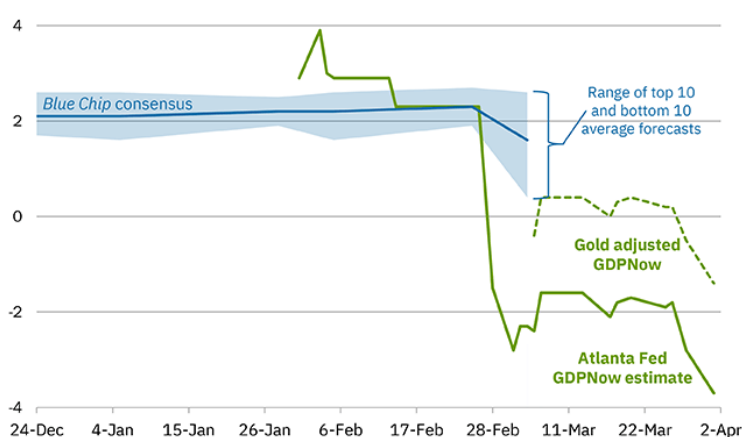
The first reaction to the tariff announcement was for the S&P 500 to slide as investors weighed the impact of the tariffs, the impact to inflation and growth.



*Courtesy LSEG and EQT

One could say that investors are paralysed because of uncertainty, as tariffs are now no longer seen as a "one-off" but an ever-present risk. It is worth noting that the Russell 2000 index which is based off smaller companies has retreated 16% since its peak in November. Gold is now 19% higher. The market is expecting a slowdown and the recent Atlanta GDP Now forecast suggests we are in recession in the U.S. or about to slip into recession.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1
Quarterly percent change (SAAR)



If the U.S. economy is on a slippery spiral into recession, the depth of the global recession may well lie in reciprocal actions elsewhere. If we end up with a tit for tat response the global economy could slow markedly.

What I expect to see is a more measured and targeted response. Europe for instance has a \$1tr services deficit with the U.S. If Europe was to target services such as IT, engineering and Tech, then the response hurts those closest to Trump. That may cause a realignment



credit has a higher coupon and a spread compensating for the risk.

Liquidity will possibly be an issue, and the portfolio is reasonably liquid in that sense.

Portfolio Strategy: The portfolio aims to maintain an average credit rating in the A band. Over time, adjustments will be made to reduce risks, increase diversification, and realize capital gains.

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 5.99% and a running yield of 5.80%. The yield to maturity is currently 5.57%. The portfolio returned 0.06% over the month and 6.06% year-on-year. The average credit spread is 166 basis points, with potential for further increase.

Any Enquiries:

Investment Manager - Equity Trustees Limited

Email egtassetmanagement@egt.com.au

Phone 02 9458 5544

Website www.egt.com.au

Unit Registry - Apex Group

Email info@apexgroup.com

Phone 1300 133 451

or easing of tariffs. What we are in for is further uncertainty and data dependent investment decisions. The question now becomes how do we price in the volatility around tit for tat tariffs?

The initial thoughts are that autos, tech, renewable energy and Chinese goods and tech will be affected.

The Australian position is relatively sound however many of our trading partners are impacted. How this impacts growth in those countries will impact the Australian growth story. Interestingly Europe is thinking about breaking up the U.S. hegemony in cloud services and software through investments.

Either way we are in for volatility until there is some clarity.

DISCLAIMER Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity and the Investment Manager of the Spectrum Strategic Income Fund ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This publication has been prepared by Equity Trustees to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees, nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement and Target Market Determination before making a decision about whether to invest in this product.

Spectrum Strategic Income Fund's Target Market Determination is available <https://swift.zeidlerlegalservices.com/tmds/ETL0072AU> A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

Morningstar Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN 95 090 665 544, AFSL 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at www.morningstar.com.au/fsg You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser. The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is an insufficient basis for an investment decision.

SQM The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research received a fee from the Fund Manager for the research and rating of the managed investment.