

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	1.0918/1.0908
Fund Size	\$95.7m
Liquidity	Daily
Distributions	Quarterly
Inception Date	31 May 2009
Benchmark	RBA Cash Rate

Income Distributions

FY26	SEP			
Distribution (CPU)	1.31			
FY25	SEP	DEC	MAR	JUN
Distribution (CPU)	1.32	1.18	1.33	1.23

Fund Ratings – Investment^{^^} and ESG^{##}



Fund Metrics

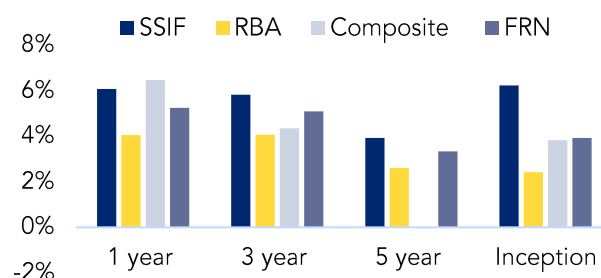
Running Yield	5.03%
Average Yield to Maturity / Call	4.70%
Duration	0.36years
Credit spread duration	3.74years
Average credit spread	121 bp
Number of positions	62
Percentage floating rate assets	92.43%
Largest drawdown since inception	1.86%
Best monthly return	4.49%
Negative Total return in consecutive months	0/6month

Performance

PERFORMANCE	1M	1 YR	3 YRS	5YRS	SI
Distribution return	0.00	4.82	4.40	3.41	4.52
Growth return	0.59	1.26	1.42	0.51	1.72
Total net return	0.59	6.08	5.83	3.92	6.24
Benchmark (RBA Cash Rate)	0.30	4.05	4.07	2.61	2.42
Active Return	0.29	2.03	1.76	1.31	3.82

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.

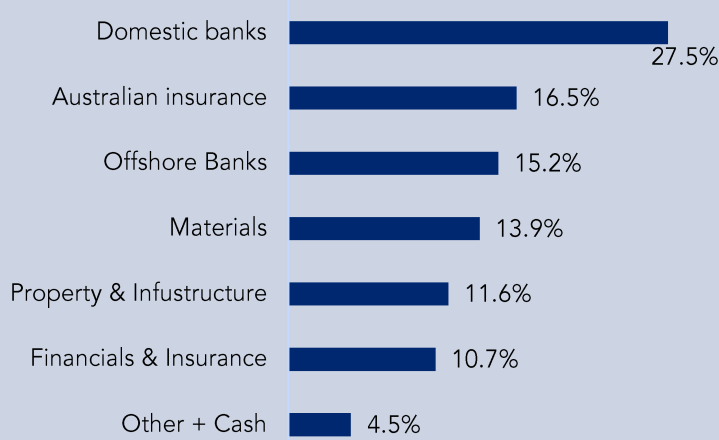
Performance comparisons



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



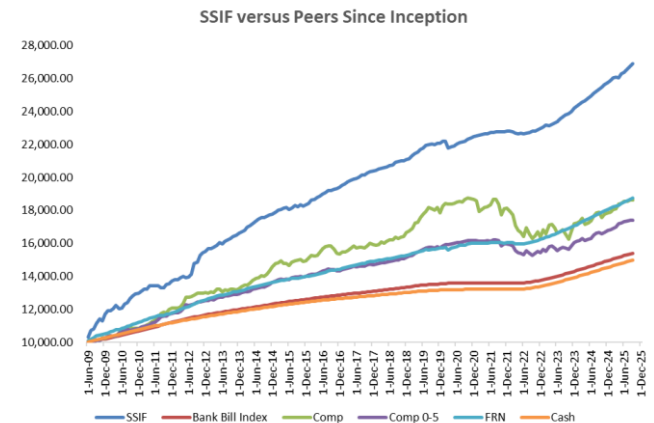
Top 10 Securities

New York Life 24/7/29	4.22%	IAG 15/6/38'33	3.20%
Macquarie Bank 2/2/35'30	3.78%	Scentre Group 27/11/2029	3.19%
Norfinia 3/29	3.76%	WBC 9/29	3.17%
AMPOL 11/12/2054'30	3.52%	Transgrid 11/3/55'30	2.93%
IAG 15/6/37'32	3.44%	ANZ 16/1/2034'29	2.86%

Platforms

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

Growth of \$10,000 since inception



FRN -Bloomberg FRN Index

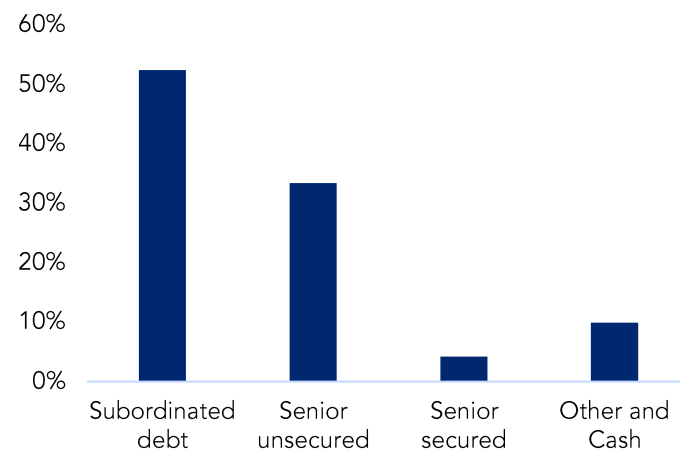
Comp - Bloomberg Composite Index

Comp 0-5 - Composite Bloomberg Index 0-5 years

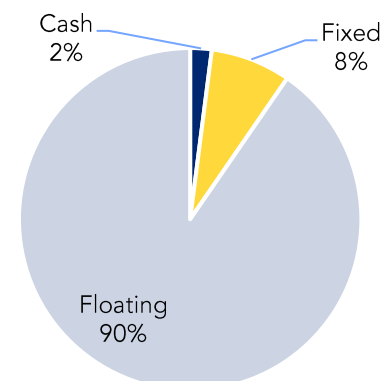
Cash - RBA Cash rate

Past performance should not be taken as an indicator of future performance.

Legal Structure



Fixed/Floating Rate





Portfolio Management

The portfolio positioning has been pivoting towards a barbell approach. Investments were made in securities rated A+ or better and/or securities rated BBB. This approach is a slight derisking whilst taking advantage of higher yielding securities.

It is expected that the portfolio will sell some near maturity securities to allow investments in higher yielding securities or securities that offer better opportunities.

Earlier in the month the portfolio was positioned for an expected rate cut. A higher inflation number, increasing property prices, sticky energy prices and a sound labour market ensured that the RBA would not ease. The RBA is now expected to ease sometime in the first half of 2026.

The weighting in fixed rate securities increased marginally. This increase was based on a potential easing and market uncertainty. Market uncertainty should remain for some time as global investors struggle with a lack of data out of the U.S. due to the Government shutdown and continuing geopolitical uncertainty.

The portfolio average credit rating remains bound to A-. This will allow the portfolio to remain protected in possibility of a spread widening and provide the opportunity to refresh the investments in the event of a selloff.

Overall, the portfolio performed over the month. The corporate hybrid portion of the portfolio performed and the market in general remains on the bid.

Looking ahead the economic conditions remain positive. The credit spreads in the various rating cohorts are tight but remain within 1 standard deviation whilst the ratios between single A and Triple B securities remains within 1 standard deviation. The dispersion of spreads within the various cohorts between securities remains tight. The market is certainly not pricing in nervousness.

Credit markets have in general been very supportive. Towards the end of the month several large U.S. technology firms were involved in mega issuances. Meta issued \$30bn across several tenors. There was strong appetite for the issue and importantly we saw some solid spread compression. If anything, the market can pause and reflect as October was close to a record month if not a record. Investors are likely to have some weariness from the number and scale of issues, and this could lead to a pullback, but one that is likely to be short-lived.

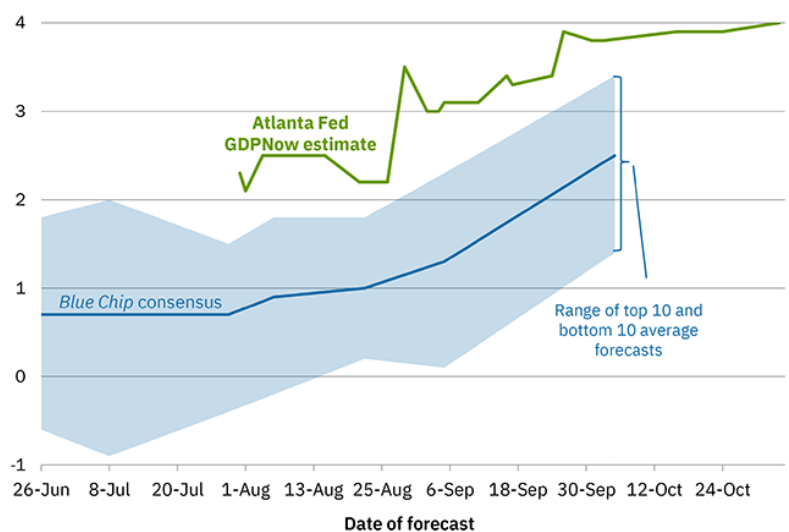
The nature of Government indebtedness remains problematic and especially so in the U.S. We could see a drift higher in yields, and

Market Commentary

How does one manage, let alone forecast investments, building a business, increasing manufacturing capacity when there is so much uncertainty. Trump certainly has raised the bar on uncertainty and that's maybe why gold is reacting the way it is and the same holds for the various cryptocurrency coins.

During October we had the Government shutdown in the U.S., and this has continued for some 30+ days with no end in sight. As a result, we have scant information to how the U.S. economy is performing and data from the statistician. That's a problem for the Federal Reserve and whether they should cut, recalling that GDP Now, is approaching 4% and the labour market based on the last set of numbers released owners is suggesting labour is resilient. Why ease.

Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q3
Quarterly percent change (SAAR)



Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

*Courtesy Federal Reserve Bank of Atlanta, Centre for Quantitative Economic Research 5 November 2025

Markets towards the end of the month had a selloff. This is in part due to investor fatigue, some caution over several very public but one-off defaults, and this should be expected. Some pundits are suggesting that equity valuations are too high, and that may be the case, however equity markets are well known for going through periods of elevated PE's. But one can easily forget that the real growth has been in the Technology sector where some of the growth should be expected given the rapidly changing environment caused by AI. Business can be more profitable with less staff.

In the current environment interest rates are benign, growth is solid, and revenues are sound. Equities can perform and so too credit. In general credit metrics are solid. What we can and should prepare for is a little fatigue due to issuance and political noise. Political noise of tariffs on and tariffs off is certainly having an impact. However, metrics remain firm, outlooks in general are favourable, perhaps profits and revenues are not as high as expected, but that's an equity issue. Credit thrives on consistent earnings solid outlooks and low interest rates.



this may cause some rethinking on equity valuations.

Credit should remain solid based on low default rates, better credit metrics, strong demand and in general low interest rates.

One could expect that once Powell leaves the Federal Reserve, interest rates will be cut further and those Governors and parties positioning to become the Federal Reserve Chair are suggesting that rates need to be cut faster.

Whether the bond market reacts only time will tell. The uncertainty ensures that the portfolio needs to be sound and remain well protected.

Notably, credit cohorts are skewing. The AAA sector is evolving. AA and single A credit weightings are increasing. The portfolio has cherry picked some new BBB cohort issuers and have redeemed the only unrated security in the portfolio. That security was replaced with a BBB rated entity.

Spread compression has continued. The Fund is opportunistically taking profit, where appropriate, and reinvesting.

The Fund continues to invest in higher grade securities. These investments will buffer the portfolio during times of stress and also provide liquidity should we see any significant widening of spreads. The portfolio will continue to invest in BBB rated securities strategically and as a source of additional performance and coupon.

Over the month the Manager added to the Transgrid position. Utilities remain in focus, providing reliable annuity like performance.



*Courtesy LSEG: Stephen Culp 'Wall Street ends lower as bank CEOs warn of possible pullback, fueling tech bubble jitters.' 4 November 2025

Are valuations too high? Maybe but then again, we are in an environment where rates are lower, the potential capex spend is larger and the benefits of AI can be profound. Credit can perform because credit ratings ensure that a company meets certain parameters. Investors can be confident on corporate credit, but the real risks lie with government bond issuance and especially so in the U.S.

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