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	1.0833/1.0823
Fund Size	$64.8
Liquidity	Daily
Distributions	Quarterly
Inception Date	31 May 2009
Benchmark	RBA Cash Rate

Income Distributions

FY25	SEP
Distribution (CPU)	1.27

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

Fund Rating

Superior
SQM RESEARCH

Fund Metrics

Fund Metrics	
Running Yield	5.95%
Average Yield to Maturity / Call	5.74%
Duration	0.85 years
Credit spread duration	3.06 years
Average credit spread	134 bp
Number of positions	61
Percentage floating rate assets	93%
Largest drawdown since inception	1.86%
Best monthly return	4.49%
Negative Total return in consecutive months	0/20

Performance

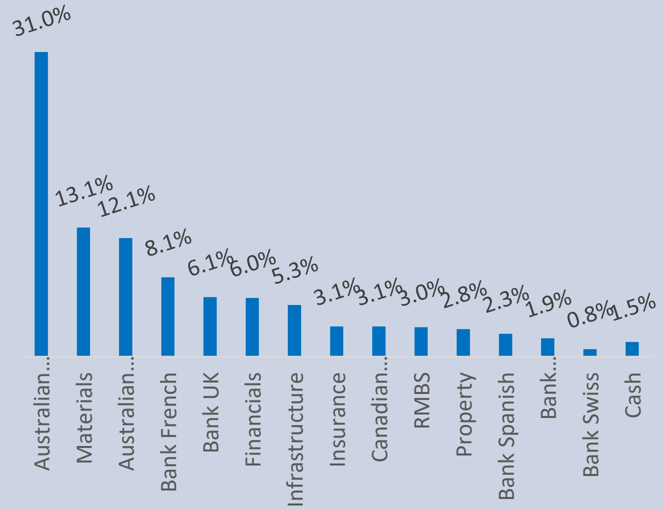
PERFORMANCE	1 MTH	1 YR	3 YRS	5YRS	SI
Distribution return	0.00	5.01	3.26	3.09	4.48
Growth return	0.46	1.64	0.72	-0.07	1.76
Total net return	0.46	6.65	3.98	3.02	6.24
Benchmark (RBA Cash Rate)	0.36	4.42	3.11	1.95	2.44
Active Return	0.10	2.23	0.87	1.07	3.80

[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



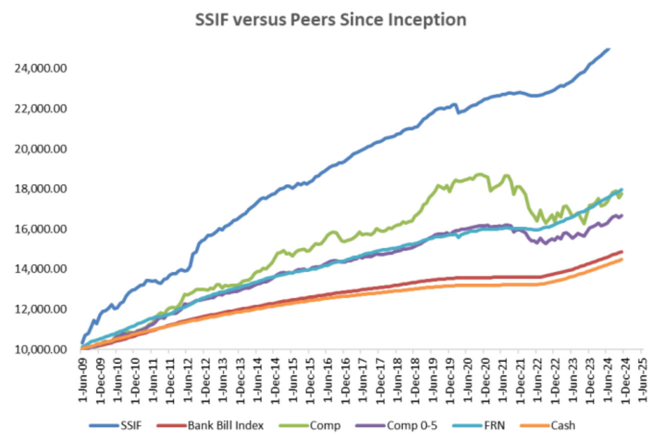
Top 10 Securities

Macquarie 35'30	5.41%	IAG 45'25	3.13%
ANZ 34'29	4.17%	Paccar 2027	3.09%
ANZ perpetual callable	4.00%	New York Life Funding	3.09%
NAB 27'25	3.93%	Ausgrid Finance	3.09%
Norfina 2029	3.19%	Ausgrid 2026	3.07%

Platforms

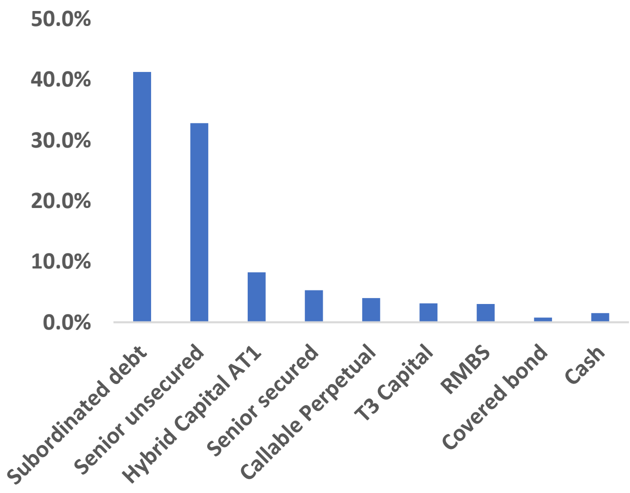
- AMG Super
- Bell Direct
- HUB24
- netwealth
- Ausmaq
- CMC Stockbroking
- mFund
- Powerwrap
- Australian Money Market
- Freedom of Choice
- Nabtrade
- uXchange

Growth of $10,000 since inception

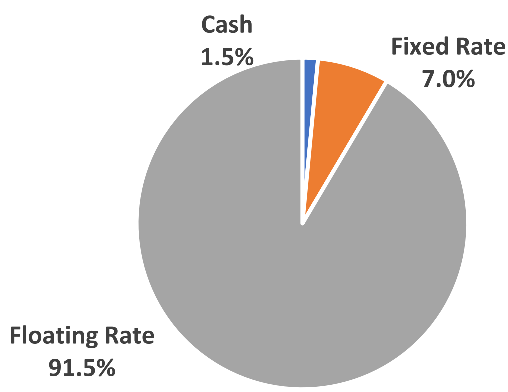


FRN -Bloomberg FRN Index
Comp – Bloomberg Composite Index
Comp 0-5 – Composite Bloomberg Index 0-5 years
Cash – RBA Cash rate
Past performance should not be taken as an indicator of future performance.

Legal Structure



Fixed/Floating Rate



Portfolio Management

In November, market attention was initially on the U.S. elections, with expectations of a Trump victory. This led to what was colloquially known as the "Trump trade," characterized by anticipated inflation increases, potential loose monetary policies, and a positive equity outlook due to expected tax cuts. This trade was favorable for equities and credit spreads but less so for fixed-rate securities. This trend continued until the last week of the month when bond yields, after rising by 30 basis points, subsequently rallied by 15 basis points.

The changes were driven by two main factors: France's credit rating downgrade due to a weaker economic outlook and uncertain political situation, and geopolitical tensions that prompted a flight to safe havens.

Additionally, the Australian market experienced spread widening of 9-10 basis points towards the end of the month due to new issuance indigestion. Before this, new issues were heavily oversubscribed, often by 4 to 5 times. Senior bank paper widened by 5-6 basis points, while bank Tier 2 widened by up to 15 basis points, depending on the issuer and rating. The ratio moved closer to 2x, with symmetric risk factors for the moment.

This spread widening was seen as an aberration and an opportunity. The Fund adjusted its portfolio by reducing risk, purchasing a new Barclays Tier 2 issue, and reducing holdings in Liberty 25's, VW 27's, NAB 30'25 Tier 2, and Heartland 25's. VW was sold to reduce fixed exposure and due to trading difficulties faced by the company.

Moving forward, the strategy will focus on opportunistically investing in Tier 2 securities and continuing to pay attention to corporate, especially infrastructure issues.

Credit spreads are generally trading well within one standard deviation, applicable to both single A and BBB spreads. The portfolio now consists of 93% floating-rate securities and 7% fixed-rate securities, with the fixed component having a tenor of 4 years or less, mostly maturing in 2027. Duration extension is not anticipated unless there is a spike in bond yields.

With upcoming Board and role changes in March, a rate change from the RBA is unlikely. The RBA Board will split into two groups, one focusing on compliance and management issues and the other on monetary policy, which is expected to provide greater clarity.

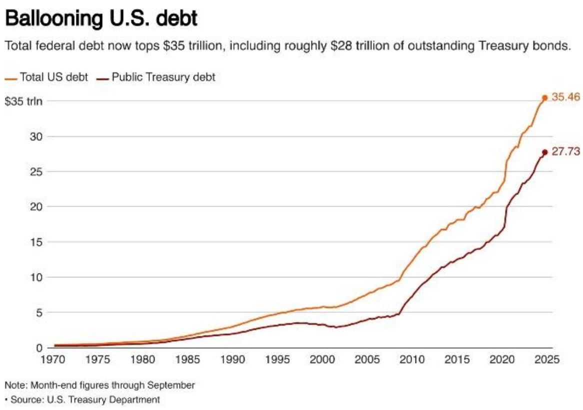
The portfolio maintained a risk-weighted average rating of A-. Duration has shortened slightly over the month, with an average coupon of 6.2% and a running yield of 6%. The yield to maturity is currently 5.8%.

Market Commentary

Markets were mostly buoyant on the news that Trump was elected President of the U.S.A. Equity markets rallied whilst debt markets worried about inflation and potentially soaring debt. This was a recipe for divergence.

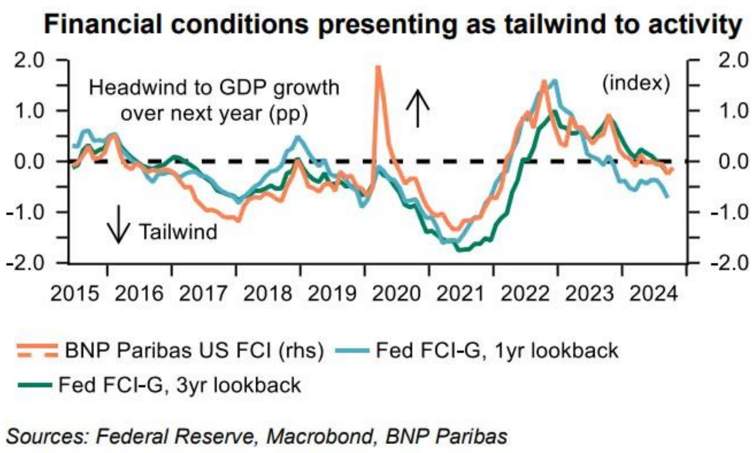
Equity markets rallied, credit strengthened despite the record issuance and record investor interest in new issuance. Many new issues were heavily subscribed. The result was spread compression of up to 8bp before widening during the later stages of the month.

Markets are of the belief that Trump will ease taxes, increase tariffs, and in general spur the economy on. The counterview is that the debt burden will increase leading to higher bond yields. Concerns over debt issuance are real.



The various economic indicators such as GDPNOW are highlighting strength in the U.S. economy and suggest that the U.S. economy is hardly sluggish, growing at around 3.2%. With such a tailwind, one wonders whether the Federal Reserve will ease or if it does ease as expected in December, will that be the last one for quite a while given Trump's policies.

Against the positive backdrop, bond yields were rising on fears of tariff induced inflation and burgeoning debt. Bond yields rose steadily over the month potentially providing a headwind. That headwind paused when Trump announced he had picked Scott Bessent as Treasury Secretary.



The choice for markets now will be to wait to see Trump's policies or react before his Administration is sworn in. The Federal Reserve Board appears to be making similar choices. Knowing that they can only act with policies before them the Federal Reserve appears to

The portfolio returned 0.46% over the month and 6.7% year-on-year.

The average credit spread is 134 basis points, with potential for further increase. Liquidity remains a priority, with over 90% of the portfolio actively traded and marked to market daily.

have some reluctance in anticipating Trump's policies. A number of Board Members have suggested rates to fall but are cautionary in outlook.

In Australia the message appears to be steady with a rate cut now most likely in the 2nd quarter rather than 1st quarter 2025. Inflation still appears to be at the forefront of the RBA's concerns. It is anticipated that Trump's tariffs will be inflationary and could cause some bottlenecks in various logistic chains.

It is expected that bonds could rise as a result of concerns over inflation. Equities are likely to continue to rally as revenues remain solid. Credit should benefit from spread compression and floating credit should perform reasonably well.

With an election looming possibly as early a March 2025, the asset markets in Australia may have a bit to ponder early in the new year.

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