

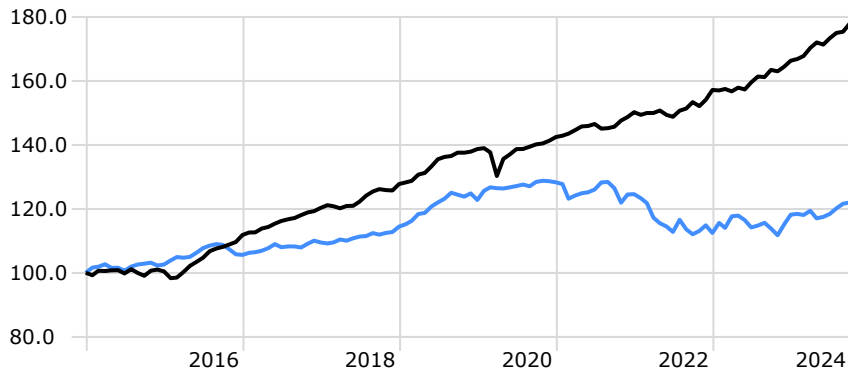
Interest-Bearing Securities

As of 30/09/2024



Investment Growth

Time Period: Since Common Inception (1/01/2015) to 30/09/2024



— Interest-Bearing Securities — Bloomberg AusBond Composite 0+Y TR AUD

Portfolio Overview

When investing in interest bearing securities we seek preservation of capital while also seeking attractive income streams. We consider the following variables:

- Credit rating and profitability of underlying issuer
- Ranking within the capital structure
- Call economics
- Floating or fixed rate issue
- Investor protection within the structure
- Liquidity
- Frequency of distributions and availability of franking credits
- Running yield and yield to maturity
- Duration risk
- Conversion discounts and steep-up margins
- Other complexities with the structure such as put and call options should they exist

Snapshot

# of Holdings	12
Forward Dividend Yield %	3.51

Trailing Returns*

As of Date: 30/09/2024

	3 Months	1 Year	3 Years	5 Years	Since Common Inception (1/01/2015) - 30/09/2024
Interest-Bearing Securities	2.60	8.80	6.86	5.26	6.07
Bloomberg AusBond Composite 0+Y TR AUD	3.02	7.11	-1.19	-0.40	2.05

Leading Contributors

Time Period: 1/07/2024 to 30/09/2024

	Return
Australia and New Zealand Banking Group Ltd Pref Share	3.76
Commonwealth Bank of Australia Pref Share	2.58
Challenger Ltd Pref Share	2.36
National Australia Bank Ltd Pref Share	2.24
Bendigo and Adelaide Bank Ltd Pref Share	2.02

Risk

Time Period: Since Common Inception (1/01/2015) to 30/09/2024

	Alpha	Information Ratio (geo)	Tracking Error
Interest-Bearing Securities	4.10	0.70	5.62

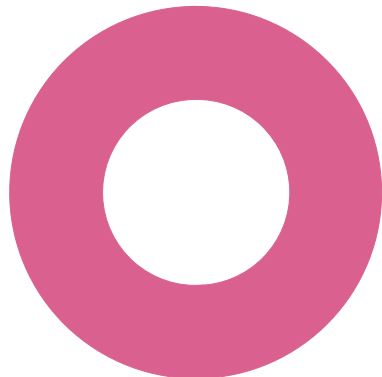
Leading Detractors

Time Period: 1/07/2024 to 30/09/2024

	Return
Macquarie Group Ltd Pref Share	0.70
Nufarm Finance (NZ) (no min) Notes 2006-No Fixed Maturity	1.36
Westpac Banking Corp Pref Share	1.94
Bendigo and Adelaide Bank Ltd Pref Share	2.02
National Australia Bank Ltd Pref Share	2.24

Equity Sectors

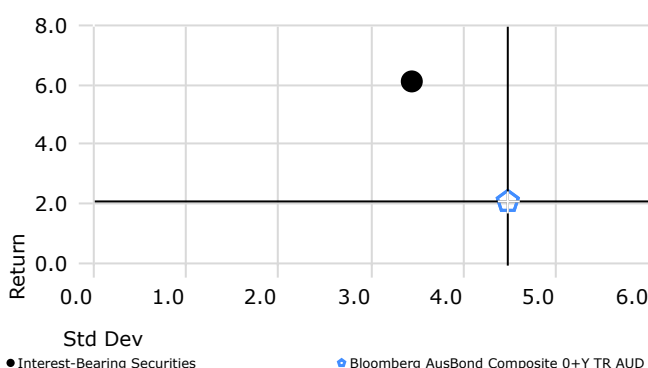
Portfolio Date: 30/09/2024



	%
Financials	100.0
Total	100.0

Risk-Reward

Time Period: Since Common Inception (1/01/2015) to 30/09/2024



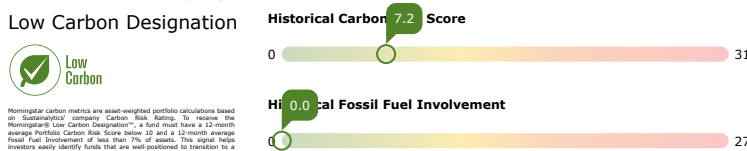
Sustainability Score

Portfolio Date: 30/09/2024 Benchmark: Bloomberg AusBond Composite 0+Y TR AUD



Historical Carbon Risk - Interest-Bearing Securities

Portfolio Date: 30/09/2024



*The portfolio's inception date for performance calculation purposes is 31 Dec 2014. Portfolio total dollar and percentage returns are inclusive of franking credits. Percentage returns have been calculated using the Time Weighted Return (TWR) method. Portfolio returns are based on a theoretical model portfolio. Returns for individual investors may vary. Cash is given a 0% return. Gross return shown.

Portfolio Review

Hybrids are trading tighter after APRA's unexpected announcement to phase out Additional Tier 1 instruments, starting in 2027 and concluding by 2032. Listed hybrids are now trading at their tightest levels in 10 years, following Basel 3 structural changes in 2013. This is driven by the market's belief that APRA is firming up call dates for each bank hybrid. As these instruments become rarer, we expect they are to be increasingly sought after by investors.

During the quarter the portfolio returned 2.60% compared to the benchmark index which returned 3.02%. There was a material turnaround for the bond market which had flagged but was still not enough to keep pace with the model portfolio. The Model portfolio has returned 4.43% for the half compared to 2.16% for the index.

The portfolio is invested in floating rate securities and has not taken any interest rate risk. The portfolio has demonstrated lower volatility compared to the index and has materially outperformed on a 12-month basis with a return of 8.79% versus 7.11% for the benchmark.

During the quarter MQGPC rolled to MQGPG with no change to the growing cash position. AN3PL and BENPI were top performers for the quarter while MQGPC was a laggard when excluding the new issue of MQGPG. Cash has been building up in the portfolio and we will look to add an asset soon.