



## Yarra Enhanced Income Fund – a Solution in the Search for Yield

The Yarra Enhanced Income Fund optimises exposure to Fixed Income and Hybrid Securities, delivering a diversified source of floating-rate yield not typically achievable through direct ownership of these securities given the limited universe and sector exposure available to individual retail investors.

The Yarra Enhanced Income Fund:

- Has a long track of delivering to its performance objectives of Cash +2.3-2.8%, while also outperforming the RBA Cash Rate and with lower levels of volatility
- Is managed by a specialist team with an aggregate 85 years' experience, lead by Roy Keenan (Portfolio Manager) who brings approximately 35 years' experience managing Hybrid and Credit Securities and a Fund track record back to 2003
- Provides investors access to a portfolio offering:
  - Monthly distributions and a running yield of 3.16% (at 31 December 2020);
  - An actively managed and predominantly floating rate exposure, with low/no Interest Rate duration and an average investment grade rating;
  - Daily pricing and liquidity; and
  - The benefit of franking credits.

## Why Australian Credit in the Current Environment?

- As investors scramble for attractive yields in the lower-for-longer rates environment, with the popularity of direct listed Hybrid securities more evident than ever
- Hybrid Securities and Credit offer attractive returns and yield compared to other Fixed Interest securities including Bonds, Mortgage Funds and Cash-like vehicles
- With credit spreads at attractive levels, now is the opportune time to set exposure to this asset class
- Since no two Hybrids are alike, having an in-depth understanding of the terms and capital triggers specific to each issuance is essential to deliver an optimal level of return for risk
- Interest rate duration is a key risk, which we address by investing in floating rate securities
- The Yarra Enhanced Income Fund enables advisers to reduce and diversify portfolio risk in single sector and/or single name Hybrid Security issuances

**The Yarra Enhanced Income Fund offers access to a professionally managed portfolio of diverse securities which are generally not accessible by individual retail investors**

## Net Performance as at 31 December 2020

	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	5 yrs % p.a.	Since inception% p.a.*
Yarra Enhanced Income Fund	2.43	3.80	1.00	3.55	3.88	5.29	5.45
Yarra Enhanced Income Fund (incl. franking)	2.43	3.80	1.00	3.70	4.21	5.72	6.13
Growth return <sup>†</sup>	1.54	2.30	-1.78	0.44	0.51	1.64	-0.11
Distribution return <sup>†</sup>	0.88	1.50	2.79	3.26	3.37	4.08	6.24
RBA Cash Rate	0.04	0.10	0.32	0.75	1.00	1.24	3.50
Excess return (bps) <sup>‡</sup>	2.39	3.70	0.68	2.96	3.22	4.48	2.64

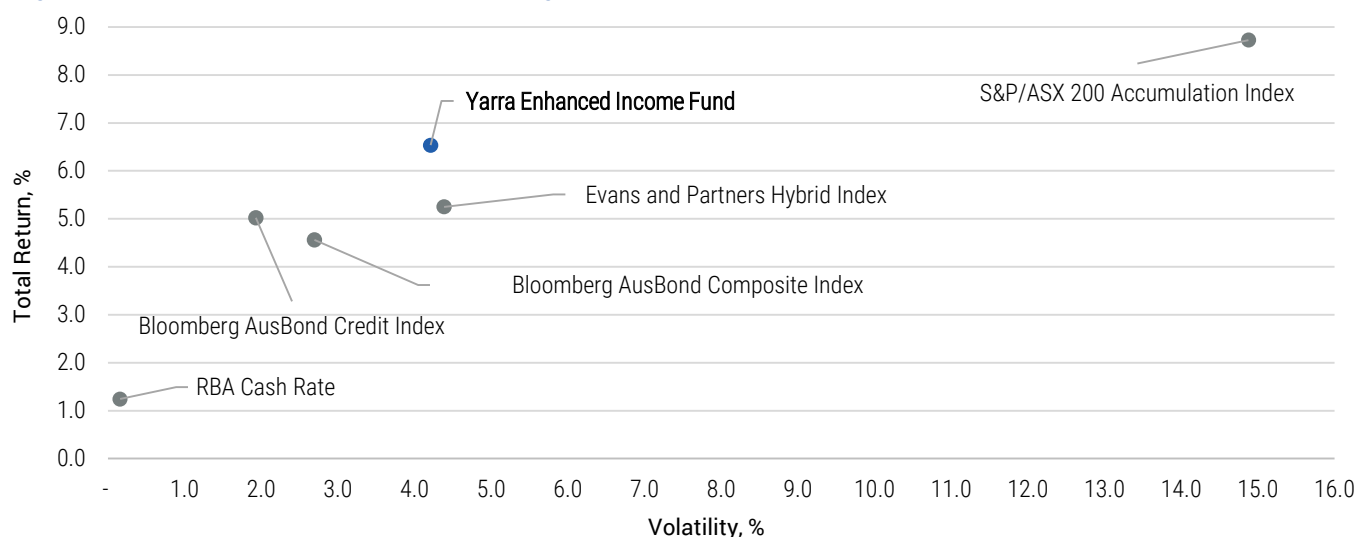
Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account. The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions. Returns inclusive of franking credits are calculated by attributing a cash value to each franking credit, and assuming that amount is re-invested, along with all other distributions. Figures including franking credits should not be relied upon as an exact indication of performance or be compared to returns of other managed funds which do not include amounts for franking credits. The level of franking of distributions may vary.

\* Inception date Yarra Enhanced Income Fund: June 2003.

† Growth returns are measured by the movement in the Yarra Enhanced Income Fund's unit price, ex-distribution. Distribution return is the proportion of the total return which is paid to unitholders by way of distribution. It does not include distribution amounts deemed as capital distributions. Returns inclusive of franking credits are calculated by attributing a cash value to each franking credit, and assuming that amount is re-invested, along with all other distributions.

‡ The excess return figures shown represent the difference between the Fund's return including franking and the RBA Cash Rate.

## 5-year Total Return vs. Volatility



Source: YCM, as at 31 December 2020. Past performance does not guarantee future results. The Total Returns shown are prepared on a gross basis including franking, (i.e. they do not include ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. Past performance does not guarantee future results, which may vary.

## About Us

Yarra Capital Management is a leading independent, active Australian fund manager. Founded in 2017, the firm's offering includes its fixed income capabilities which provide clients with access to credit products, and fundamental Australian equities product set which comprises long-only, concentrated strategies. We serve the Australian institutional and retail markets, and our Australian investment products are accessed from various international markets, including Japan and New Zealand. For more information, please visit [www.yarracm.com](http://www.yarracm.com).

## Further Information



**Rommel Hacopian**  
Distribution Manager – Retail  
T 02 8381 4625  
M 0411 889 144  
E [rommel.hacopian@yarracm.com](mailto:rommel.hacopian@yarracm.com)



**Vito D'Introno**  
Chief Commercial Officer  
T 03 9002 1942  
M 0407 207 899  
E [vito.dintrono@yarracm.com](mailto:vito.dintrono@yarracm.com)

# Yarra Enhanced Income Fund

January 2021



**YARRA**  
CAPITAL MANAGEMENT

## Disclaimers

FOR ADVISER USE ONLY. This material is distributed by Yarra Funds Management Limited (ABN 63 005 885 567, AFSL 230251) and is intended for viewing only by wholesale clients for the purposes of section 761G of the Corporations Act 2001 (Cth). This document may not be distributed to retail clients in Australia (as that term is defined in the Corporations Act 2001 (Cth)) or to the general public. This document may not be reproduced or distributed to any person without the prior consent of Yarra Funds Management Limited.

The information set out has been prepared in good faith and while Yarra Funds Management Limited and its related bodies corporate (together, the "Yarra Capital Management Group") reasonably believe the information and opinions to be current, accurate, or reasonably held at the time of publication, to the maximum extent permitted by law, the Yarra Capital Management Group: (a) makes no warranty as to the content's accuracy or reliability; and (b) accepts no liability for any direct or indirect loss or damage arising from any errors, omissions, or information that is not up to date.

To the extent that any content set out in this document discusses market activity, macroeconomic views, industry or sector trends, such statements should be construed as general advice only. Past performance is not an indication of, and does not guarantee, future performance. References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for your information only and do not imply that the portfolio will achieve similar results. The index composition may not reflect the manner in which a portfolio is constructed. Portfolio characteristics take into account risk and return features which will distinguish them from those of the benchmark.

Please be advised that any targets shown are subject to change at any time and are current as of the date of this document only. Targets are objectives and should not be construed as providing any assurance or guarantee as to the results that may be realized in the future from investments in any asset or asset class described herein. If any of the assumptions used do not prove to be true, results may vary substantially. These targets are being shown for informational purposes only. Whilst we seek to design portfolios which will reflect certain risk and return features such as sector weights and capitalization ranges, by accepting the document as a wholesale client you are taken to understand that such characteristics of the portfolio, as well as its volatility, may deviate to varying degrees from those of the benchmark.

Prior to investing in (or continue to invest in) the Fund, you should obtain and consider the product disclosure statement ("PDS") for the Fund by contacting our Investor Services team on 1800 034 494 or from our website at [www.yarracm.com/pdsupdates/](http://www.yarracm.com/pdsupdates/)

© Yarra Capital Management, 2021.