

# Yarra Income Plus Fund

## Gross returns as at 28 February 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Income Plus Fund	0.27	1.20	6.98	5.27	3.77	4.32	6.16
Bloomberg AusBond Bank Bill Index	0.34	1.10	4.48	3.44	2.10	1.97	3.86
Excess return <sup>‡</sup>	-0.06	0.10	2.50	1.84	1.67	2.35	2.30

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 gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

## Net returns as at 28 February 2025

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Income Plus Fund	0.22	1.03	6.26	4.56	3.07	3.62	5.41
Growth return <sup>†</sup>	0.22	0.50	2.64	1.31	0.23	0.29	0.74
Distribution return <sup>†</sup>	0.00	0.53	3.62	3.26	2.84	3.32	4.67
Bloomberg AusBond Bank Bill Index	0.34	1.10	4.48	3.44	2.10	1.97	3.86
Excess return <sup>‡</sup>	-0.12	-0.07	1.78	1.13	0.97	1.64	1.54

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\* Inception date of Yarra Income Plus Fund: May 1998.

† The Growth Return is measured by the movement in the Fund's unit price, ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders by way of income distribution in a 12-month period. It does not include distribution amounts deemed as capital distributions.

‡ Excess Return: The excess return figures shown represent the difference between the Fund's return and the benchmark return.

### Portfolio review

The Yarra Income Plus Fund returned 0.22% (net basis) over the month, underperforming its benchmark by 12bps. On a 12-month view the Fund returned 6.26% (net basis), outperforming the Bloomberg AusBond Bank Bill Index by 178bps.

Positive return during the month was driven by the Fixed Income and Cash Sleeves. Long duration performed well as a rotation into defensive assets, along with an RBA rate cut saw strong price return. Hybrids and Diversified Credit continued to see strong performance driven by elevated running yields and further spread compression. The REIT and Infrastructure sleeve detracted from the portfolio as it followed a broader equity market sell off.

No changes were made to the Tactical Allocation of the portfolio.

### Market review

Global markets saw a turbulent February, as major economies continued to attempt to negotiate with the US over tariffs. While some nations have been successful in delaying the imposition of tariffs, it appears tariffs will be applied against Canada, Mexico and China as promised. Consumer confidence in the US continued to slide, with the latest survey coming in at 98.3 (prev. 105.3) and inflation expectations rising off the back of tariff policies. The latest unemployment figures in the US fell to 4%, although the impact of actions from the Department of Government Efficiency (DOGE) is yet to be observed in the data.

The US 10-year yield fell 32bps to 4.24%. Further to adding to global uncertainty, the US halted aid to Ukraine and announced plans to cut military support to NATO, which has seen both Europe and the United Kingdom presented with a large defence funding task. During the month both the Reserve Bank of New Zealand (RBNZ) and the Bank of England (BoE) cut interest rates.

Domestically, we saw the much-awaited first rate cut from the

Reserve Bank of Australia (RBA), falling by 25bps to 4.1%. While many believe this to be the start of a rate cutting cycle, Governor Bullock made no guarantees as to any further rate cuts. CPI has continued to trend into the target 2-3% band on a headline measure (2.4% y/y), and is sitting slightly above on a trimmed mean measure at 3.2% (y/y). With unemployment remaining low at 4.2% (y/y) the RBA is likely to remain cautious in its approach. The 3-year yield fell 10bps to 3.74% and the 10-year yield fell 13bps to 4.32%, with the curve flattening.

February saw a strong reporting season in Australia. Investment grade companies continued to report strong balance sheets and robust earnings. Despite a record month for new issuance – February is typically a quieter month due to reporting season – and oversubscribed bookbuilds, secondary markets were well supported, with credit spreads grinding in. The Australian iTraxx closed 1bp tighter at 65bps.

The S&P/ASX 200 A-REIT Index declined -6.38% in February, while the broader S&P/ASX 200 returned -3.79% for the month. The S&P/ASX 300 Custom Infrastructure and Utilities Index returned -0.33%.

Higher rates have fostered an environment where we are seeing very attractive running yield across the sleeves at our disposal. Income continues to provide significant downside protection in the event that we see underperformance in other parts of the market.

## Asset allocation

	Target %*	Neutral position %§	Strategy
A-REITs, Infrastructure & Utilities	10.0	15.0	Underweight
Hybrid and FRNs	9.5	15.0	Underweight
Diversified Credit†	15.5	10.0	Overweight
Fixed interest	26.0	20.0	Overweight
Cash	39.0	40.0	Underweight

Source: Yarra Capital Management. Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

§ Neutral position is calculated by Yarra Capital Management and is believed to be the optimal asset allocation for this portfolio over the long term.

\* Projected estimation as at the date of this commentary.

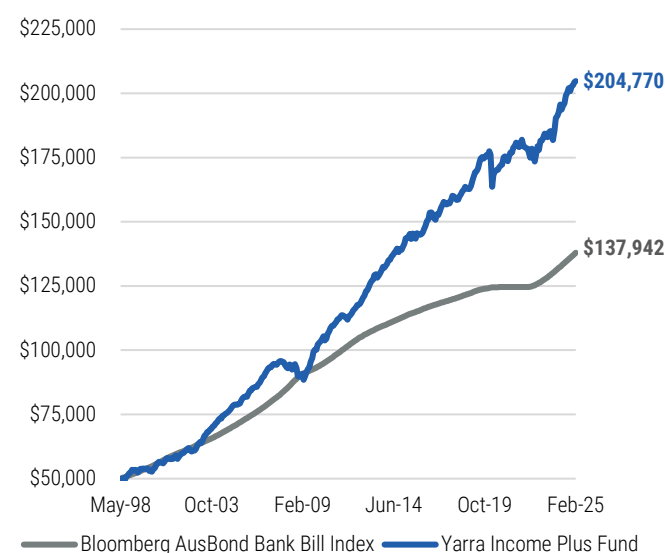
† Effective 25 October 2018 the Fund's asset allocation was modified, with Diversified Credit replacing Global High Yield. Further information in relation to this change can be found [here](#).

## Features

Investment objective	To provide regular income and to achieve medium term capital growth through exposure to cash, money market products, domestic fixed interest and a range of high yielding investments, including domestic hybrid investments, property, infrastructure and utilities securities and international fixed interest assets. In doing so, the aim is to outperform the Bloomberg AusBond Bank Bill Index over rolling 3-year periods.	
Benchmark	Bloomberg AusBond Bank Bill Index	
Fund inception	May 1998	
Fund size	A\$ 67.0 mn as at 28 February 2025	
APIR code	JBW0016AU	
Estimated management cost	0.68% p.a.	
Buy/sell spread	+/- 0.10%	
Distribution frequency	Quarterly	
Platform availability	Hub24 IOOF Wrap Macquarie Wrap Mason Stevens	MLC Navigator Netwealth Praemium Xplore Wealth

## Investment performance comparison of \$50,000

After fees, since inception of the Yarra Income Plus Fund, May 1998 to February 2025.



For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are prepared on an exit to exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the Bloomberg AusBond Bank Bill Index is for comparative purposes only.

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## Applications and contacts

Investment into the Yarra Income Plus Fund can be made by Australian resident investors only.

**Website** [www.yarracm.com](http://www.yarracm.com)

**Investor Services Team** 1800 034 494 (Australia) +61 3 9002 1980 (Overseas) [IST@yarracm.com](mailto:IST@yarracm.com)

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