

FIIG Monthly Income Fund

Monthly Commentary Report - 31 January 2025

Fund Objective

The aim of the Fund is to preserve capital, generate regular income and deliver an income return of 2% per annum above the Bloomberg AusBond Bank Bill Index. This strategy is designed for investors who want the potential for regular monthly income and capital stability.

Fund Performance as at 31 January 2025

Return Type	1 Month	3 Months	6 Months	12 Months	Since Inception*
Net Fund Return	0.50%	2.05%	-	-	2.64%
Benchmark Return	0.38%	1.12%	-	-	1.50%
Excess Return	0.11%	0.92%	-	-	1.14%

*Fund inception 1 October 2024

Distributions Paid

Date	Distribution (Cents/Unit)	Cum Distribution Price	Ex-Distribution Price
31 January 2025	0.4435	1.0137	1.0093
31 December 2024	0.4221	1.0129	1.0087
30 November 2024	0.4206	1.0094	1.0052
31 October 2024	0.4190	1.0058	1.0016

Fund Commentary

The FIIG Monthly Income Fund returned 0.50% net of fees in January, outperforming the AusBond Bank Bill Benchmark by 0.11%. This brings total outperformance (net of fees) to 1.14% since the fund's inception in October 2024.

For bond investors, January felt like an entire economic cycle squeezed into a single month. 10-year Australian Government Bond yields endured a 50 basis point roundtrip, initially selling off into President Trump's inauguration prior to reversing course into month-end. Our yield curve steepened to its highest spread in around two and a half years as the market nearly fully priced in an RBA easing cycle commencing in February, due to the domestic CPI print. The same dynamic has seen the yield on the benchmark for the fund, the AusBond Bank Bill Index, fall to 4.27%.

At the longer end of the yield curve, the intramonth volatility suggests that the market is struggling to decipher between signal and noise when it comes to the incoming US administration.

Fund Overview

The Fund invests in a portfolio of predominantly Investment Grade rated floating rate notes to provide investors with a consistent income source. It is expected that income generated from these assets will provide a majority of the returns for the Fund. Investors can also expect select exposures to Asset Backed Securities, High Yield and Unrated Bonds, Emerging Market Debt and Loans & Collateralised Loan Obligations (CLOs).

- > Inception date: 1 October 2024
- > APIR ETL6333AU
- > ARSN 677 324 882
- > Management fee: 0.50% p.a. inc GST
- > Buy/Sell: 0.05%/0.10%
- > Suggested investment timeframe: At least three years
- > Distribution frequency: Monthly
- > Fund Managers:
Garreth Innes - Portfolio Manager
Kieran Quaine - Head of Investment Management, Portfolio Manager FIIG Australian Bond Fund
Megan Romeo - Head of MIPS,
- > Index: Bloomberg AusBond Bank Bill Index

Fund Characteristics

- No. of holdings: 49
- Fund Duration: 0.9408 years
- Benchmark Duration: 0.1257 years
- Running Yield: 6.14%
- Average Coupon: 6.25%

From the extensive list of executive orders on Day 1 to near-immediate tariffs levied against its closest trading partners, the intersection between the growth / inflation impacts of policy vs. the strong starting point for the US economy is the key assessment for the next 3 – 6 months.

As of right now, it seems as though the disinflationary impulse in the US has stalled whilst the growth outlook is increasingly cloudy when so much geopolitical uncertainty abounds. If the DeepSeek thesis (much cheaper / more efficient AI model) has further to run, this could add to growth pressures as a good proportion of current US GDP growth is being supported by AI-related capital expenditure.

Overall, these dynamics augur for flatter interest rate curves, particularly if the DOGE crew is successful in reigning in government spending. Credit spreads remain remarkably sanguine and demand for newly issued corporate bonds remains very strong.

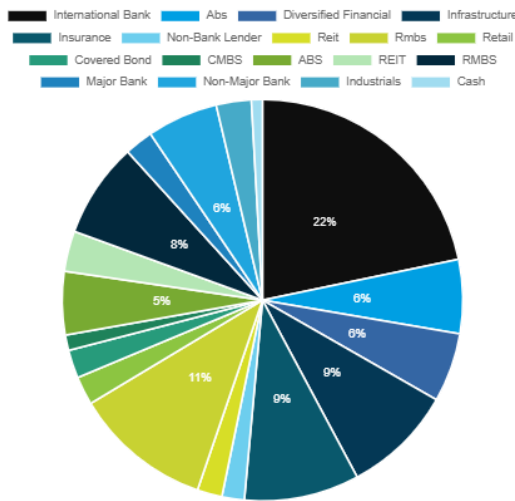
Positioning and Outlook

After yields rose in the early part of January, we increased portfolio duration to close to 1 year via Woolworths 2034's at a yield of 6.06% (a discount to par as the bonds were issued with a coupon of 5.91%). We increased our holdings in Hollard Insurance as well as initiating a new position in ANZ New Zealand subordinated bonds.

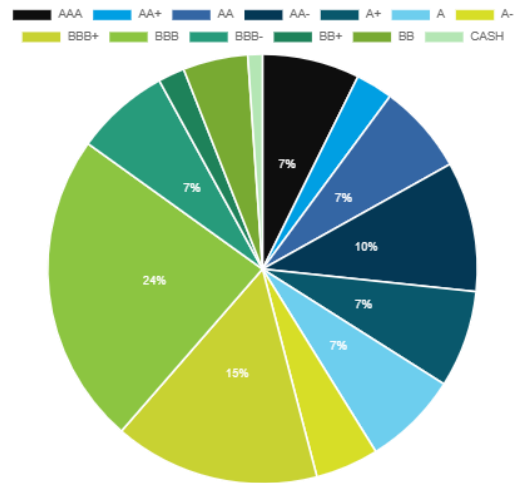
At the end of the month, the fund yield fell slightly below 6% as yields rallied across the board (including the benchmark, as previously mentioned). Interest rate duration totaled 0.9yrs by month-end while the fund had grown to cAUD36m. All portfolio holdings are currently AUD-denominated.

We remain interested in tactical interest rate trading at current levels, with the current yield curve steepness allowing duration to act as a hedge for the corporate bonds trading at optically tight spreads. February's reporting season kicks off soon and we'd expect some meaningful non-financial corporate supply in its wake.

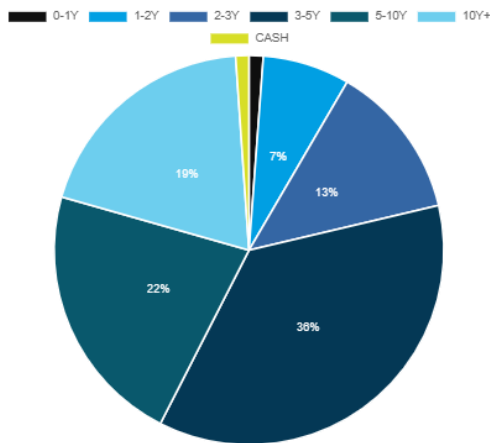
Sector Allocation as at 31 January 2025



Credit Quality as at 31 January 2025



Portfolio Maturity as at 31 January 2025



Top 10 Holdings as at 31 January 2025

Security Name	Security Number	Allocation (%)
The Hollard Insurance Co Pty Ltd	HOLLR_390101_FRN	3.86
Bank of Montreal	BMO_290627_FRN	3.37
Qube Holdings Ltd	QUB_341211_5.900	3.05
Aurizon Network Pty Ltd	0838562D_341221_	2.85
OWL Rock Core Income Corp	1857_271023_6.50	2.85
Woolworths Group Ltd	WOW_341129_5.910	2.84
Barclays PLC	BARC_350528_FRN	2.83
Pacific National Finance Pty Ltd	PNHAU_541211_FRN	2.82
Svenska Handelsbanken AB	SHBA_281005_FRN	2.82
ING Bank Australia Ltd	12690_291120_FRN	2.81

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