



April 2025

Objective: The Fund targets returns in excess of the Bloomberg AusBond Composite 0+ Yr Index, after management costs, by 1.0% to 2.0% per annum over rolling 12 month periods.

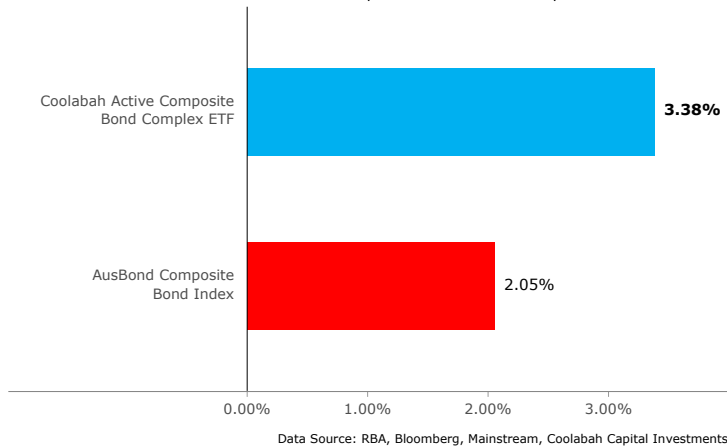
Strategy: The Fund offers exposure to an active fixed-income strategy focused on mispricing in government and corporate bond markets with the aim of delivering superior risk-adjusted returns over the Bloomberg AusBond Composite 0+ Yr Index, after management costs. The Fund is permitted to invest in bonds, such as government and semi-government bonds, bank and corporate bonds, and asset-backed securities, including residential-mortgage-backed securities, issued in Australian Dollars or in G10 currencies hedged to Australian Dollars, as well as cash, cash equivalents and related derivatives.

The Fund can borrow, use derivatives and short-sell, meaning it may be geared (or leveraged). Leverage can amplify gains and also amplify losses.

Period Ending 2025-04-30	Gross Return	Net Return [†]	AusBond Composite 0+Yr Index	Gross Excess Return [‡]	Net Excess Return ^{†‡}
1 month	1.38%	1.36%	1.70%	-0.32%	-0.34%
3 months	2.24%	2.21%	2.82%	-0.59%	-0.62%
6 months	4.57%	4.42%	4.71%	-0.14%	-0.30%
1 year	8.77%	8.28%	7.08%	1.68%	1.19%
3 years pa	5.54%	4.84%	2.75%	2.79%	2.09%
5 years pa	2.33%	1.56%	-0.16%	2.49%	1.73%
Inception pa Mar. 2017	4.07%	3.38%	2.05%	2.02%	1.33%

FIXD Complex ETF Returns (Net) vs Comparisons

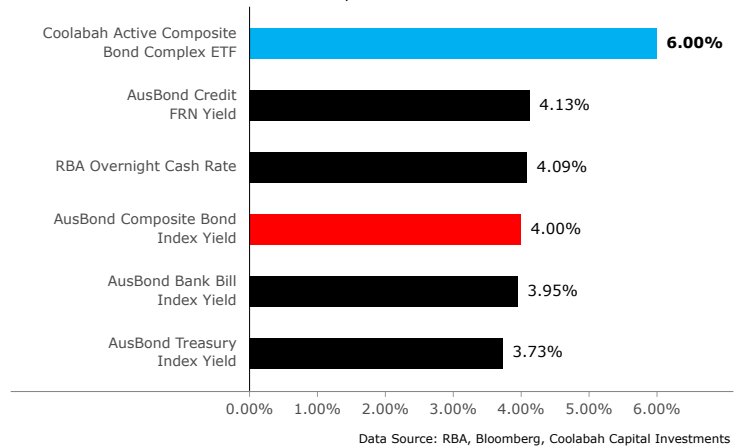
Annualized Total Returns Since Inception in March 2017 to April 2025



Data Source: RBA, Bloomberg, Mainstream, Coolabah Capital Investments

Annual Running Yield

30 April 2025



Data Source: RBA, Bloomberg, Coolabah Capital Investments

[†] Net returns are calculated from the historic gross returns using the current fee structure as displayed in the Product Disclosure Statement. [‡] The Excess Return column represents the gross and net return above the Bloomberg AusBond Composite 0+ Yr Index

Disclaimer: Past performance does not assure future returns. Returns are shown gross of all Management and Performance fees unless otherwise stated. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed.

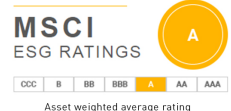
Note: all portfolio statistics other than yields and duration are reported on gross asset value

Net Monthly Returns > AusBond Composite Bond 0+Y Index	69%	Modified Interest Rate Duration	5.22 years
Av. Portfolio Credit Rating	A+	Gearing Permitted?	Yes
Portfolio MSCI ESG Rating	A	1 Year Av. Gross Portfolio Weight to Cash	3.3%
No. Cash Accounts	18	Gross Cash Accounts + RBA Repo-Eligible Debt	62.9%
No. Notes and Bonds	196	Net Annual Volatility (since incep.)	4.41%
Av. Interest Rate (Gross Running Yield)	6.00%	Strategy Ratings: Superior - More Complex (Foresight); Recommended (Lonsec); Recommended (Zenith)	

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Principles for
Responsible
Investment

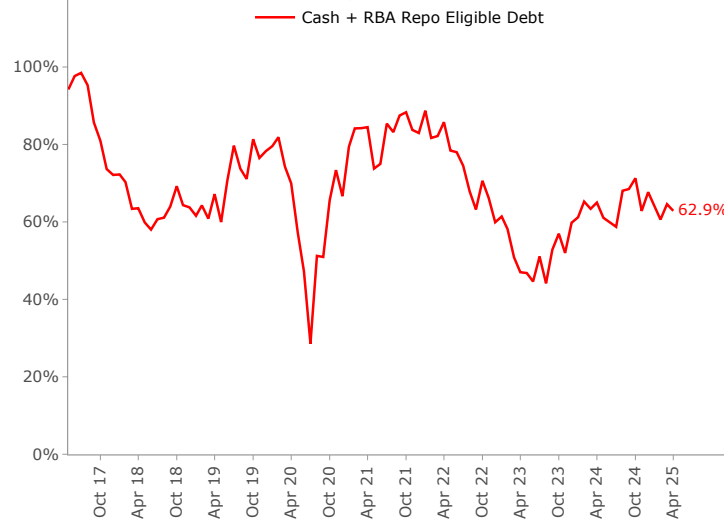


Asset weighted average rating



Portfolio Weights: Cash + RBA Repo Eligible Debt

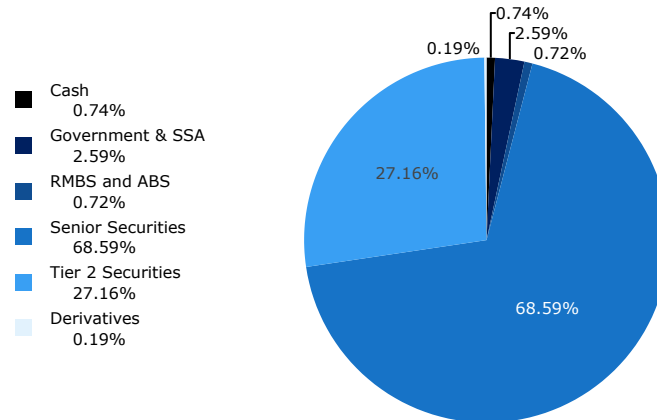
30 April 2025



Data Source: Coolabah Capital Investments

FIXD Complex ETF Portfolio Composition (GAV)

30 April 2025



Data Source: Coolabah Capital Investments

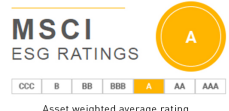
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The since inception gross (net) return of 4.07% pa gross (3.38% pa net) is the total annual return earned by the fund since Mar. 2017, including interest income and movements in the price of the bond portfolio after all fund fees (assuming net returns are calculated from the historic gross returns using the current fee structure as displayed in the Product Disclosure Statement). The net return quoted applies to the Coolabah Active Composite Bond Complex ETF, with quarterly distributions reinvested. Investment return will vary depending upon investment date and any additional investments and withdrawals made. **The annualised volatility estimate of 4.41% pa** is based on the standard deviation of net daily returns since inception, which are then annualised, attributable to the Coolabah Active Composite Bond Complex ETF.

Portfolio Managers Christopher Joye, Ashley Kabel, Roger Douglas, Fionn O'Leary ([Coolabah Capital Investments](#))

Asset-Class	Composite Bond	Strategy Inception	07-Mar-2017
APIR Code	ETL2716AU	Ticker	FIXD
Benchmark	Bloomberg AusBond Composite 0+ Yr Index	Unit Pricing	Daily (earnings accrue daily)
Target Return	Composite Bond 0+ Yr Index + 1%-2% pa	Distributions	Half yearly
Target Tracking Error	1%-2%	Mgt. & Admin Fee	0.30% pa
Investment Manager	Coolabah Capital Investments (Retail)	Perf. Fee	20.5% of outperformance of benchmark after fees

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Portfolio commentary: In April, the long duration daily liquidity Coolabah Active Composite Bond Complex ETF (FIXD) returned **1.38% gross (1.36% net)**, compared to the AusBond Composite Bond Index (1.70%). Over the previous 12 months, FIXD returned **8.77% gross (8.28% net)**, outperforming the AusBond Composite Bond Index (7.08%) by **1.68% (1.19% net)**. FIXD ended April with a running yield of **6.00% pa**, a weighted-average credit rating of **A+**, and a portfolio weighted average MSCI ESG rating of **A**.

Since the inception of FIXD 8.2 years ago in March 2017, it has returned **4.07% pa gross (3.38% pa net)**, outperforming the AusBond Composite Bond Index (2.05% pa) by **2.02% pa (1.33% pa net)**. While FIXD's return volatility since inception has been low at around 4.41% pa (measured using daily returns), as a daily liquidity product with assets that are marked-to-market using executable prices, volatility does exist. This contrasts with illiquid credit (eg, loans and high yield bonds) wherein assets that have very high risk can appear to have remarkably low volatility, which is, in fact, just a mirage explained by the inability to properly value these assets using executable prices.

Strategy commentary: April subjected investors to some of the most extreme volatility we have seen since the 2008 crisis. The good news is that this presented Coolabah with tremendous buying opportunities, which we ruthlessly capitalised on. At the worst point during the month, the S&P500 and Nasdaq indices had declined by 22 per cent and 27 per cent, respectively, from their 2025 peaks.

This was accompanied by violent moves in all liquid, or tradeable, asset classes. Bitcoin plunged 28% from its US\$107,000 peak in January to US\$77,000 in early April. Credit spreads on US bank bonds spiked to levels that were close to the wides observed during 2022 when markets were capitulating as a function of the worst relative interest rate shock on record (in 2022, the S&P500 and Nasdaq slumped by 26% and 36%, respectively, from their prior peaks).

More specifically, the credit spread above the cash rate paid by US financial senior-ranking (or subordinated) bonds jumped by 65bps (80bps) from 90bps to 155bps (130bps to 210bps) in April at the wides. Over the somewhat circular price action during the month, global credit spreads still moved sharply higher in Australia (+10bps), the US (+13bps), UK (+12bps) and Europe (+15bps).

While Australia remained the lowest beta (or volatile) debt market, as we had anticipated, its elasticity to global spread moves was nonetheless somewhat higher than it has been in the past, which liberated interesting trading opportunities.

As an example, the credit spread on Aussie 5-year major bank senior (subordinated) bonds leapt from circa 75bps (145bps) to 105bps (205bps) at the wides. These were historically enticing levels.



Strategy commentary cont'd:

5-year Constant Maturity Major Bank Senior Bond Spreads

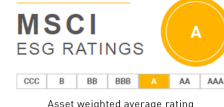


5-year Constant Maturity Major Bank Subordinated Bond Spreads



In the ASX hybrid market, prices declined materially, although performance was more resilient relative to what we saw accompany similarly sized 20-30% equity moves in, for instance, the pandemic shock of March 2020.

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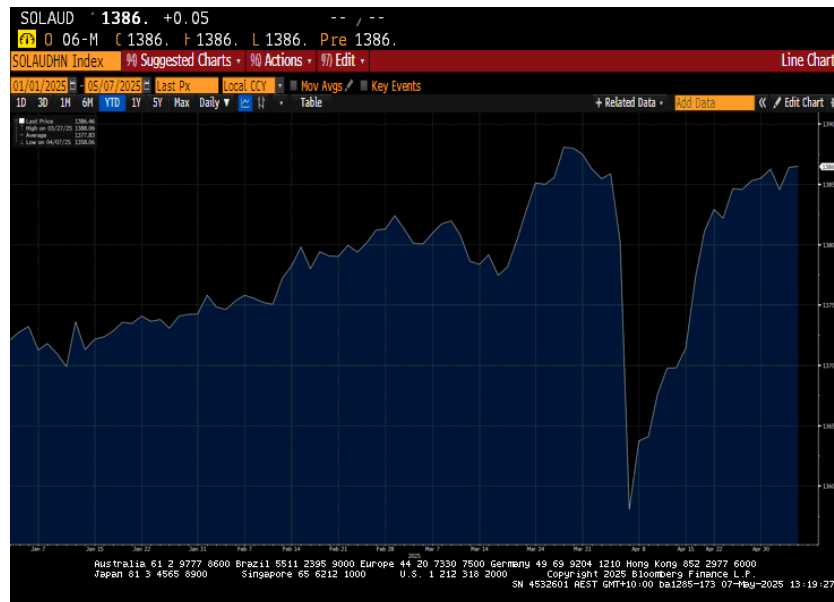
Strategy commentary cont'd:

5-year Constant Maturity Major Bank Hybrid Spreads



On a peak-to-trough basis, the Solactive ASX Hybrids Index lost 2.3% in April, which was slightly more than the decline in global investment-grade credit (where the Bloomberg Global Aggregate IG Credit Index (zero duration) had a peak-to-trough loss of 1.5%). The ASX hybrid market outperformed the draw-down in high yield, or sub-investment grade, bonds as proxied by the Bloomberg Global High Yield Index, which fell by 3.0% at its worst. At their widest, 5-year major bank hybrid spreads on the ASX climbed from about 190bps to 265bps, although they have since settled at 215bps.

Solactive ASX Hybrids Index



Strategy commentary cont'd:

Bloomberg Global High Yield Index



Coolabah had a highly contrarian approach to portfolio construction and positioning throughout. Heading into April, we had undertaken a range of aggressively defensive measures, including:

- Taking profits over the prior 12 months
- Deleveraging any levered portfolios
- Moving out of USD and EUR credit back into the relative safe harbour of more highly rated and lower beta or less volatile AUD credit
- Putting in place explicit insurance in the form of credit default swap hedges

Prior 2 April, we had hedged 15% of all our long-only credit risk and 25% of our long-short credit risk in addition to generally derisking over the preceding year. This meant we had tremendous dry powder to use when the volatility erupted.

We had argued for months that Trump was dead serious on his new tariff regime and desire to fully decouple from China. And we asserted that markets were very poorly positioned to deal with this contingency.

We had also warned investors to expect much higher volatility and wider credit spreads, which would nonetheless present buying opportunities. It was important for us to underscore the likelihood of heightened volatility due to the artificially smooth nature of asset prices in recent times, which could lull investors into a false sense of security. It is pretty clear that many were indeed complacent.

On 9-10 April, Coolabah cut all its hedges/shorts and started aggressively buying again. In particular, we bought \$1.4 billion of credit on 9-10 April, which we extended to \$4 billion of gross buying by the end of the month. We also engaged in \$1.4 billion of selling (or \$2.6 billion of net buying).

This activity meant that portfolio performance was much more resilient than it has been in prior periods when equities have declined 20-30%. It also meant that portfolios rebounded firmly in the second half of the month, which has continued in May.

Strategy commentary cont'd: Why did we pivot 180 degrees on 9-10 April after having been so bearish about the outlook? As noted above, we argued prior to April that markets were very poorly positioned for Trump's new tariff regime. He did not disappoint on 2 April and again on (initially) 9 April with his uber-aggressive tariff framework, which was effectively tantamount to declaring a forever-trade-war on every country in the world. We asserted that Trump's goals were straightforward:

- Actively decouple from China given the US no longer believes that China will ever trade with it on fair terms (ie, without government subsidies and intellectual property theft, particularly in strategically important sectors);
- Decoupling requires credible and permanent trade barriers to convince US manufacturers to return their factories home (ie, the reshoring of supply chains), which also radically reduces US strategic vulnerabilities in the event of kinetic conflict with China;
- Address unfair trade practices by China's surrogates, such as Vietnam and Mexico, by applying pari passu tariffs on these nations as well and thereby cauterise the loopholes that would otherwise open up by only targeting the Middle Kingdom;
- Address the manifold unfair state subsidies that nations around the world use to steal trade from the US (consider, for example, the huge government support afforded to the Australian film industry, which allows it to compete unfairly with the US); and
- Using the circa US\$5.7 trillion in potential revenues that Coolabah estimates could in theory be generated by tariffs to partly pay for the US\$8.1 trillion of tax cuts that Trump wants to bequeath.

The savage bond and equity market reaction to Trump's tariff regime in April evidently convinced him that a more nuanced approach was required. There was also geo-political concern that he would drive key allies and trading partners into the arms of China.

During 9 April Trump engaged in a very sophisticated recalibration after imposing the proposed 2 April package at 12am on that day. Specifically, he offered every country in the world the opportunity to do a trade deal with the US via a three month deferral of their tariffs in lieu of a flat 10% rate that would apply during the negotiating period. At the same time, he boosted his Chinese tariffs to a shocking 145%. What most investors missed is that this actually had the effect of increasing the overall or effective tariff rate that the US was applying across all countries from 32% to 35%, albeit by shifting the incidence or burden of these taxes largely on to China's shoulders.

It was exactly what financial markets wanted to see—the deal-making Trump in action. And so, the S&P500 embarked on an extraordinary rally and has since recovered a lot of its 22 per cent peak-to-trough draw-down. These were the most volatile market conditions observed since the global financial crisis.

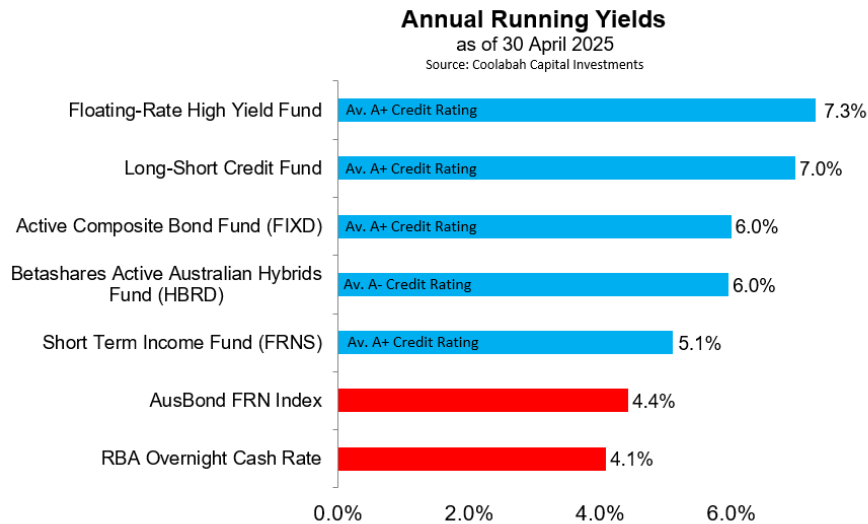
It was, in fact, both Trumps at play: the compromising, mercenary Trump that investors like who is always eager to assuage their apprehensions; combined with a very hard-hitting geo-political and trade hawk who is singularly focussed on decoupling from China and restoring US military and economic hegemony.

For Coolabah, 9 April was a key inflexion point. Trump was demonstrating that he could listen to market signals and thread a much more nuanced needle. We saw this reflexivity in action days later when Trump initially declared that he wanted to sack the Fed chair Jay Powell, which promptly precipitated steep asset price declines, only to quickly walk his rhetoric back within 24 hours when he confirmed that there were, in fact, no plans to dispose of the embattled Fed chair.

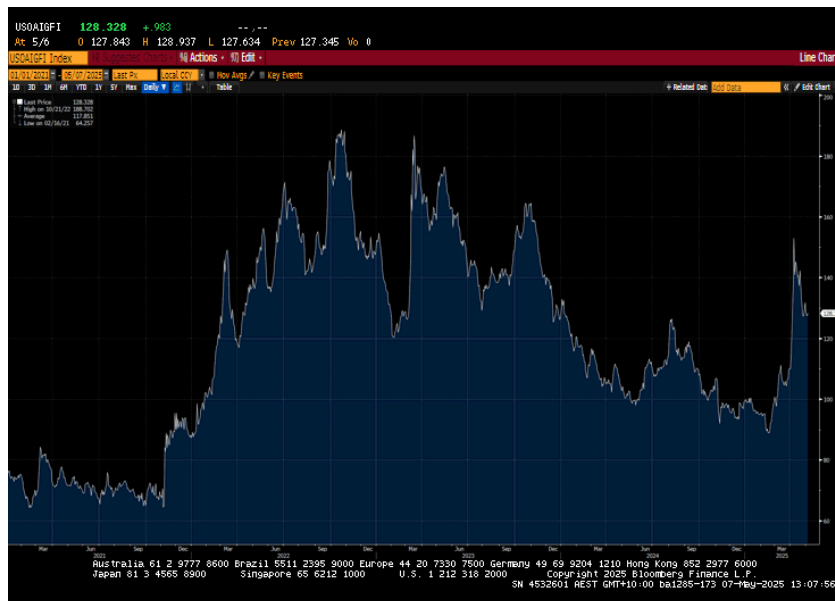
Given the moves in credit spreads, a lot of the bad news was now in the price. A reasonable probability of a US recession was being handicapped. Investors expected poor data flowing from both the inflation shock and the disruption to economic activity. While the Fed is nervous about consumer inflation expectations, any recession would quickly compel it to furnish interest rate relief. And Trump was showing that he could be a more nimble actor than the worst of the April price action implied. It was, therefore, time to buy.

We bought in the eye of the storm on 9-10 April when many investors were rushing for the exits. When there was peak fear. Sadly, those fleeing crystallised losses at the worst possible point, highlighting the well-known adage that investors tend to time markets very poorly indeed.

Strategy commentary cont'd: Looking ahead, portfolio yields have improved despite market expectations for four more RBA rate cuts this year. Credit spreads in many of Coolabah's key sectors are now trading on historically appealing levels (see the two charts below for US financial senior-ranking and subordinated spreads). Senior-ranking bonds issued in USD are especially interesting at present. And there has been a font of new primary market issuance in USD, EUR, and AUD that is coming with much more credible new issue concessions, which Coolabah has been keen to support. Combined, these variables should power future performance.



Bloomberg US Financial Senior Spreads



Strategy commentary cont'd:

Bloomberg US Financial Subordinated Spreads





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