



**February 2026**

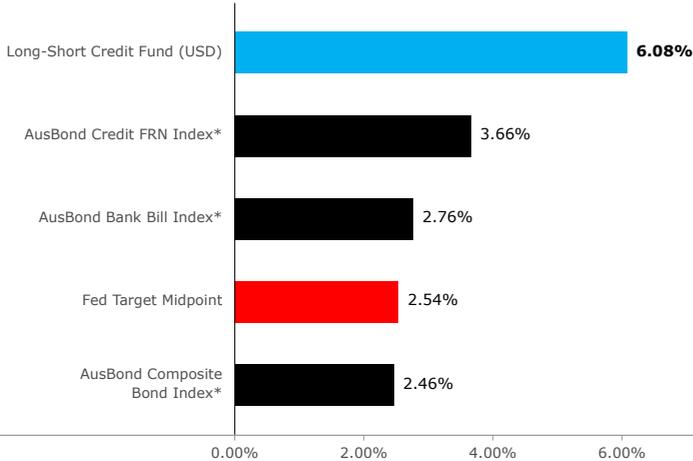
**Objective:** The Fund targets generating absolute returns of 4% to 6% p.a. above the midpoint of the US Federal Funds Target Range after management fees and performance fees with less than 5% p.a. volatility over rolling 3 year periods, and low to no correlation with equities, fixed-rate bonds, and property markets.

**Strategy:** The Fund provides exposure to an actively managed, absolute return fixed-income strategy focused on exploiting long and short mispricings in global credit markets. The Fund has exposure to an Underlying Pool which invests primarily in debt securities, hybrids and derivatives. The Underlying Pool employs an “active” fixed-income investment strategy, seeking to take ‘long’ and/or ‘short’ positions in relation to debt and hybrid securities which are considered mispriced. The goal is to generate ‘alpha’, or risk-adjusted excess returns, through identifying and exploiting mispricings in the underlying assets and/or derivatives related to them.

The Underlying Pool is permitted to invest in Australian and global bonds, such as government and semi-government bonds, bank and corporate bonds, hybrid and asset-backed securities, including residential-mortgage-backed securities, issued in Australian Dollars or hedged to Australian Dollars, as well as cash, cash equivalents and related derivatives. It can borrow, use derivatives and short-sell, meaning it may be geared (or leveraged). Leverage can amplify gains and also amplify losses.

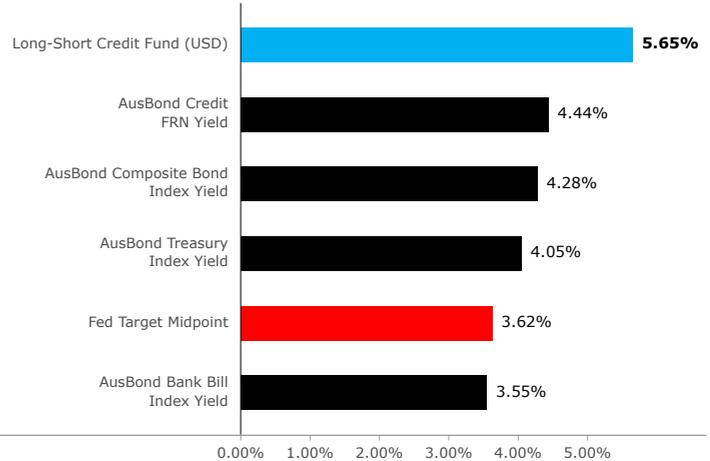
Period Ending	Gross Return (USD)	Net Return (USD) <sup>†</sup>	US Fed Fund Target Midpoint	Gross Excess Return (USD) <sup>‡</sup>	Net Excess Return (USD) <sup>‡‡</sup>
2026-02-28					
1 month	0.10%	0.09%	0.27%	-0.18%	-0.18%
3 months	1.93%	1.57%	0.90%	1.03%	0.67%
6 months	3.66%	2.99%	1.91%	1.75%	1.08%
1 year	8.03%	6.62%	4.11%	3.92%	2.51%
<b>3 years pa</b>	<b>12.18%</b>	<b>10.00%</b>	<b>4.79%</b>	<b>7.40%</b>	<b>5.21%</b>
5 years pa	7.72%	6.04%	3.37%	4.35%	2.67%
<b>Inception pa Sep. 2017</b>	<b>7.90%</b>	<b>6.08%</b>	<b>2.54%</b>	<b>5.36%</b>	<b>3.54%</b>

**Long Short Credit Fund Returns (Net) vs Comparisons**  
Annualized Total Returns Since Inception in September 2017 to February 2026



Data Source: RBA, Bloomberg, Apex Fund Services, Coolabah Capital Investments

**Annual Running Yield**  
28 February 2026



Data Source: RBA, Bloomberg, Coolabah Capital Investments

<sup>†</sup> Net returns are calculated from the historic gross returns using the current fee structure as displayed in the Product Disclosure Statement. \*USD gross returns are estimated from AUD gross returns using 1 month forward contracts. <sup>‡</sup> The Excess Return columns represent the gross and net return above the midpoint of the US Federal Funds Target Range.

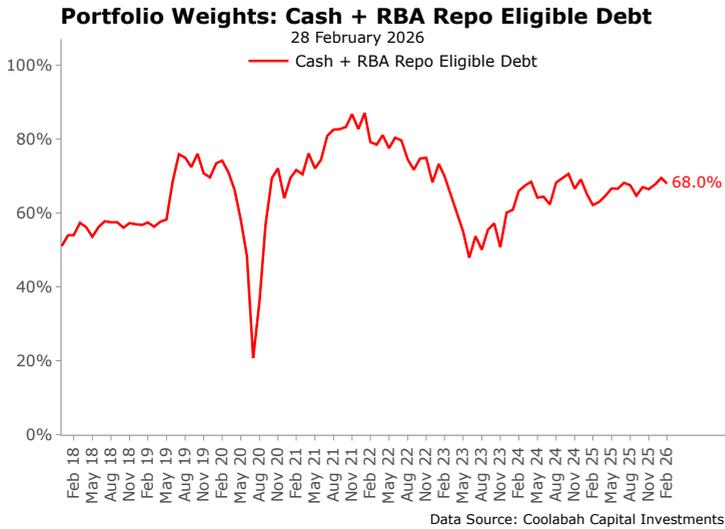
**Disclaimer:** Past performance does not assure future returns. Returns and yields are shown net of management fees and costs unless otherwise stated. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is not guaranteed. To understand Fund’s risks better, please refer to the Product Disclosure Statement available at Coolabah Capital Investments’ [website](#).

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

Net Monthly Returns > Fed Target Midpoint	75%	Modified Interest Rate Duration	0.26 years
Av. Portfolio Credit Rating	A+	Gearing Permitted?	Yes
Portfolio MSCI ESG Rating	AA	1 Year Av. Gross Portfolio Weight to Cash	2.5%
No. Cash Accounts	30	Gross Portfolio Weight to AT1 Hybrids	0.0%
No. Notes and Bonds	249	Gross Cash Accounts + RBA Repo-Eligible Debt	68.0%
Av. Interest Rate (Gross Running Yield)	5.65%	Net Annual Volatility (since incep.)	

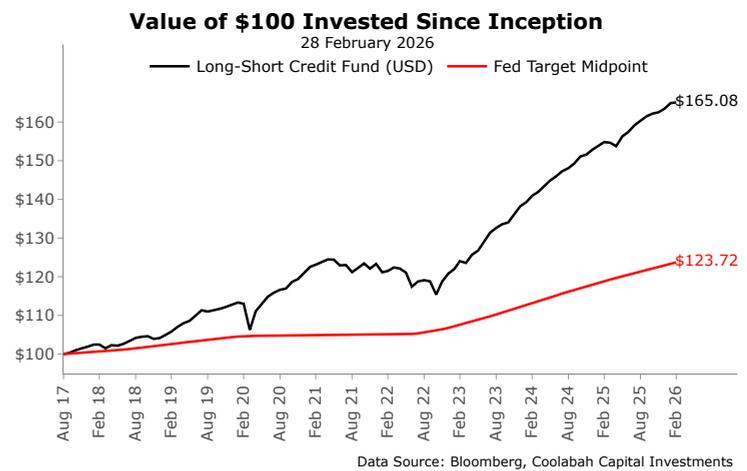
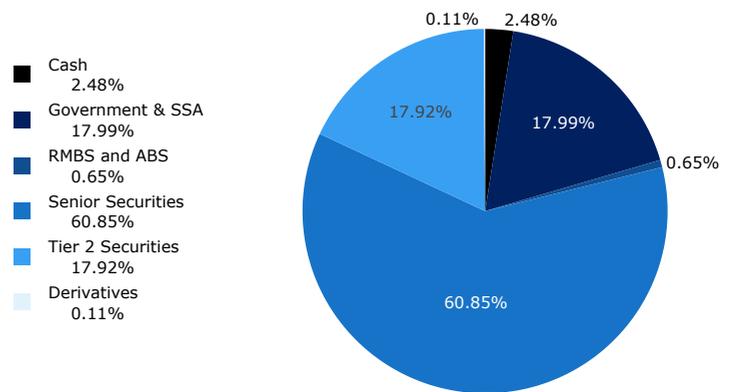


Asset weighted average rating



### Long Short Credit Fund Portfolio Composition (GAV)

(Gross Levered Statistics) - 28 February 2026



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The since inception gross (net) return of 7.90% pa gross (6.08% pa net) is the total annual return earned by the fund since Sep. 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 Smarter Money Long-Short Credit Fund - USD Investor Class, with quarterly distributions reinvested. Investment return will vary depending upon investment date and any additional investments and withdrawals made. The annualised volatility estimate of 2.69% pa is based on the standard deviation of net daily returns since inception, which are then annualised, attributable to the Smarter Money Long-Short Credit Fund - USD Investor Class.

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

APIR Code	ETL7843AU	Fund Inception	31-Aug-17
ISIN	AU60ETL78432	Distributions	Quarterly
ARSN	617 838 543	Unit Pricing	Daily (earnings accrue daily)
Asset-Class	Alternatives/Hedge Funds	Min. Investment	US\$1,000
Target Return	4.0%-6.0% pa over Fed Funds Target Mid Point	Withdrawals	Daily Requests (funds normally in 5 days)
Investment Manager	Coolabah Capital Investments (Retail)	Buy/Sell Spread	0.00%/0.05%
Responsible Entity	Equity Trustees	Mgt. & Admin Fee	0.75% pa
Custodian	Citigroup	Perf. Fee	20.5% of returns over Fed Funds Target Midpoint + 0.75% pa

*In the commentary below, returns indicated with \* are estimated returns in USD based on AUD returns hedged to USD with 1m forward contracts. All other returns are USD Denominated where unit classes in USD exist, and estimated from AUD returns hedged to USD using 1m forward contracts before the inception of the USD unit class. Strategy commentary is for the AUD Market.*

**Portfolio commentary:** In February, the zero-duration daily liquidity Long-Short Credit Fund (LSCF) returned **0.10% gross (0.09% net)**, compared to the Fed Target Midpoint (**0.27%**), the AusBond Bank Bill Index\* (**0.28%**), and the AusBond Credit FRN Index\* (**0.32%**). Over the previous 3 years, LSCF returned **12.18% pa gross (10.00% pa net)**, outperforming the Fed Target Midpoint (**4.79% pa**), the AusBond Bank Bill Index\* (**5.01% pa**), and the AusBond Credit FRN Index\* (**6.10% pa**). LSCF ended February with a running yield of **5.65% pa**, a weighted-average credit rating of **A+**, and a portfolio weighted average MSCI ESG rating of **AA**.

Since the inception of LSCF 8.5 years ago in September 2017, it has returned **7.90% pa gross (6.08% pa net)**, outperforming the Fed Target Midpoint (**2.54% pa**), the AusBond Bank Bill Index\* (**2.76% pa**), and the AusBond Credit FRN Index\* (**3.66% pa**). Since inception, LSCF's Sharpe Ratio, which measures risk-adjusted returns, has been 1.90x gross (1.32x net). While LSCF's return volatility since inception has been low at around 2.69% 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:** Following strong performance of risk assets in January, February saw a retracement. The Nasdaq 100 and S&P 500 declined 2.3% and 0.8% respectively, despite resilient economic data, with US payrolls posting their largest gain in over a year and the ISM manufacturing index reaching its strongest level since 2022.

Weakness was largely driven by concerns around AI disintermediating white-collar sectors, with software and services falling 10% over the month. Sentiment was further unsettled by a widely circulated Citrini Research note suggesting aggressive AI adoption could tip the US economy into recession by 2027.

In contrast, Japanese equities performed strongly, with Prime Minister Takaichi's commanding election victory helping drive the Nikkei up 10.4% to a new record high.

Although US military action in Iran occurred after month-end - and was not therefore reflected in February's asset performance - escalating tensions between the two countries were already evident in commodity markets, with Brent crude rising 2.5% to a seven-month high.

The US Supreme Court struck down President Trump's IEEPA-based tariffs, ruling that the statute did not grant such powers. The administration responded quickly by announcing a 10% global tariff for 150 days, adding further uncertainty around the trajectory of US trade policy.

Amid geopolitical tensions, trade uncertainty and concerns around AI-driven disruption, safe-haven demand increased and global benchmark 10-year government bond yields declined sharply: US Treasuries fell 30bps, German Bunds 20bps, UK Gilts 29bps and French OATs 21bps.

Credit markets widened in line with the broader risk-off tone, with US and European investment-grade spreads ending the month 10bps and 11bps wider respectively. In Australia, senior spreads were unchanged and subordinated bond spreads rose by 4bps. This taxed the performance of interest-rate hedged, or zero-duration, strategies.

In Europe, €85bn of investment-grade credit was issued during the month, including €38bn from financials and €47bn from corporates. Financials deals averaged a 2.4x subscription rate, reflecting falling yields and deals pricing with limited new-issue premium. The standout transaction was Google's five-part £5.5bn issuance, which attracted £30bn of demand and included a 100-year tranche. Other notable issuers included Goldman Sachs, BPCE and NatWest.

In the US, \$193bn of investment-grade credit was issued in February, heavily skewed toward corporates, which accounted for around 70% of total supply. Within financials, most deals priced with limited new-issue concession and, as a result, average secondary performance was marginally weaker, with spreads around 0.4bps wider on the break.

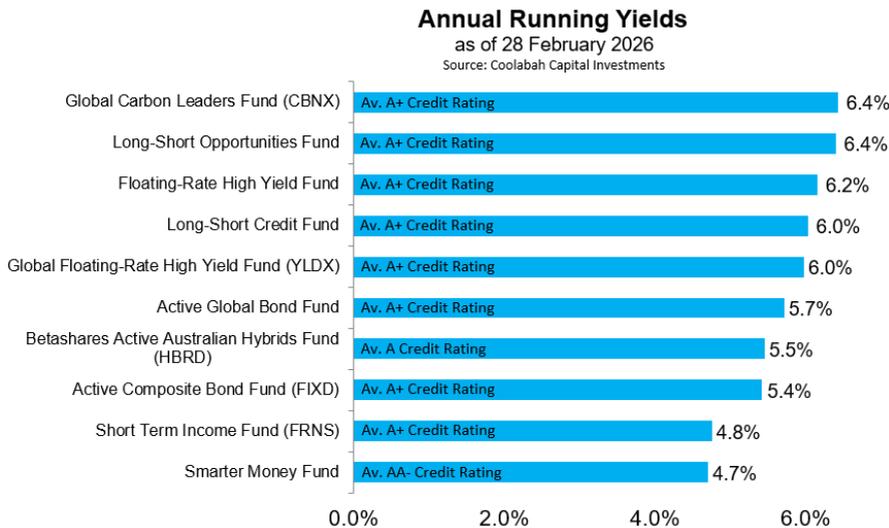
**Strategy commentary cont'd:** In Australia, A\$24.5bn of investment-grade credit was issued during the month, this was heavily skewed towards financials, making up 87% of issuance. Within financials issuance, we saw issuers initially favour senior bonds before issuing more subordinated debt. Credit spreads are tight compared with historical ranges, especially in subordinated debt, so as issuance continued, we saw demand fall despite reasonable new-issue concessions.

A\$ financial senior deals averaged a 2.8x subscription rate compared to financial subordinated deals which averaged a 2.2x subscription rate. Semis issued around A\$12bn of bonds during the month across syndications, tenders, and reverse enquiries. All states issued except for ACT. Syndication accounted for A\$8.5bn of bonds, with an average subscription rate of 3.75x, and a significant increase in offshore participation.

In sovereign markets, the month of February was characterised by heightened market uncertainty. Iran has dominated the headlines, with its talks with the US almost a daily focus for markets. New Federal Reserve Chair Kevin Warsh, announced on the last day of January, has also been at the centre of attention, with market participants attempting to discern both the direction and potential impact of his future policy stance.

The general market response has been to buy treasuries — and safe havens more broadly. Gold is once again higher on the month, just off its highs, and the US 2s30s curve is 5bps steeper, reflecting what could be a more dovish Fed at the front end paired with a tighter stance on the Fed balance sheet at the longer end.

Despite these market headwinds, February was still a decent month for issuance, with the main European sovereigns now, on average, around 20% through their annual funding needs, and Tier 1 SSA issuers such as the European Investment Bank having completed around 50% of their global funding programmes for the year.



**Avoid cockroaches like the plague in the higher-for-longer world**

We have been focused on several core macro theses. The first is that AI could be inflationary, rather than deflationary, given the spending and ensuing bottlenecks it is generating, without yet displacing large swathes of the labour market.

A second idea is that inflation may be stickier than markets expect in light of rampant public spending, low unemployment rates, and, in countries like Australia, New Zealand and the UK, persistently dire productivity.

As our colleague Kieran Davies recently showed, core inflation in most developed nations has been [stuck above their central banks' targets](#). Australia is distinguished by the fact that we are the only country where unemployment is lower than the so-called natural rate that is compatible with stable inflation.

**Strategy commentary cont'd:** This is attributable to the Reserve Bank of Australia's decision to lavish the local economy with excessively cheap money in the name of driving artificially high employment growth, which was particularly helpful during the federal election last year!

The third is that markets have not been properly pricing in the risks of interest rate increases and/or a hawkish pivot from the US Federal Reserve. In mid-2025, there was a 0% probability imputed to US rate rises over the next three years, which made no sense. The recent oil and gas shocks in the Middle East could substantially raise the chance of a re-rating of future interest rate expectations. In many countries, gas prices have jumped by more than 50%.

A fourth idea has been that the perennially underestimated US President Donald Trump is the most influential actor of the 21st century. Trump is reshaping everything: the penetration of alternative and mainstream media; global trade; the defence and foreign policies of almost all nations; conflicts in Europe and the Middle East; the fate of individual states like Venezuela, Iran, Cuba and Greenland; the calculus of key adversaries, like China and Russia; the tenure and longevity of despots (Maduro and Khamenei); and, of course, his domestic economy, polity and sense of national identity. Nobody really saw this coming back in the Celebrity Apprentice days.

A fifth thought has been that the US economy will be stronger than most people assume as a result of super stimulatory fiscal and monetary policy, re-shoring of strategic supply chains, the AI capex boom (which hyper-scalers are desperately trying to understate), aggressive deregulation, and an ascendent entrepreneurial zeitgeist as the private rather than the public sector is reinstated as the heart and soul of the economy.

A final insight has been that "re-dollarisation" rather than "de-dollarisation" could come back in vogue due to Trump's assertive revival of US exceptionalism and geopolitical primacy. Whether you like it or not, US hegemony is back. Even Trump's regulation of "stablecoins", which now have to be backed by US dollar assets, creates demand for his own exchange rate. The ultimate value of any currency is the guarantee afforded by its government. And there is no stronger backing right now than that offered by the United States of America.

One investment corollary of all of this is that you want to avoid default risk, or [Jamie Dimon's so-called "cockroaches"](#), like the plague in a higher-for-longer rate environment. If rates continue to climb, we will see more and more household and corporate stress, which few have prepared properly for.

Another is that you want to be as liquid as possible. In recent times, investors across different asset classes have been repeatedly burnt by illiquidity (or the inability to trade). Many have been locked, or gated, in their funds, unable to withdraw money when everyone rushes for the exit at the same time. We have seen examples of this in real estate and risky debt markets.

The cost of illiquidity has been underestimated by investors duped by the search for yield, especially during the low-rates-for-long climate that prevailed after the global financial crisis. The problem with the absence of liquidity is that it gives you zero freedom to adjust your decisions in times of crisis, or in periods of distorted valuations, when you would normally want to capitalise on such opportunities.

It is little appreciated that we typically start with tremendous illiquidity in our lives: your house is illiquid; your human capital likewise (it is hard moving jobs); a business owner's equity is difficult to trade; we cannot touch our super savings until we are 65; and then we are often encouraged to load-up on illiquid assets via a portfolio construction process that often ignores these constraints. One should, therefore, consider liquid assets, especially when the expected returns offered by illiquid alternatives are lower than they have been in the past, which is generally true today.

Perhaps the cheapest asset right now is the simplest and safest: cash, which also affords almost infinite liquidity and flexibility. The interest rate available on the Reserve Bank of Australia's cash rate, or bank-issued term deposits, is much higher than it has been, on average, over the past 25 years. The same observation is true of US cash.

**Strategy commentary cont'd:** Long-term risk-free rates are also attractive by historical standards. The yield on a 10-year, AAA-rated Australian Commonwealth government bond is way above its 25-year average. And for good reason: the budget deficits today are much bigger than they have been in the past.

Fixed-income investors are, therefore, demanding higher interest rates on otherwise riskless debt. They worry about imprudent political spending, inflation and interest rates. They are, as a consequence, requiring more compensation for this uncertainty in the form of higher yields.

### **The 're-dollarisation' trade is crushing gold and bitcoin**

Two of our biggest ideas in 2025 were the notion of US "re-dollarisation" and the prospect of interest rate increases rather than decreases (and a higher long-term cost of capital more generally).

In 2026, we have seen both the re-emergence of tighter monetary policy and early signs of the revival of the US dollar as the dominant global currency. The collapses in the price of both gold and bitcoin are two clear casualties of the re-dollarisation dynamic.

This latter is based on the belief that the US is aggressively re-establishing its hegemonic primacy and driving a resurgence in its competitive economic advantages in innovation, entrepreneurship and production. The AI-induced hyperscaler capex boom is the one example of this. Another is US President Donald Trump's unprecedented projection of American power right around the globe.

The trigger for [the plunge in the value of cryptocurrencies and gold](#), which had been leveraged as an alternative savings solution to the dollar, was (counter-intuitively) Trump announcing his choice for the US Federal Reserve chair to replace incumbent Jerome Powell.

While the mainstream elites would have us believe that Trump was going to select a dovish patsy to slash rates and destroy the Fed's credibility, he opted instead for the long-time inflation hawk Kevin Warsh.

Warsh is a former Morgan Stanley investment banker who served on the Fed board between 2006 and 2011. During this tenure he developed a reputation for being an uber-hawk, opposing quantitative easing and excessively cheap money, and seeking rapid normalisation of near-zero interest rate policies even when the economy seemed weak.

The stunning 75% rise in the value of gold reflected investor concerns about US monetary debasement, Trump's perceived degradation of the Fed's credibility and the risk of higher inflation as a consequence of profligate fiscal policy.

Cryptocurrencies have relentlessly exploited these apprehensions, purporting to be an inflation hedge and superior store of wealth. This fool's gold was given a huge boost by Trump's crypto-boosting policies that were arguably designed to advance his own personal interests.

Yet, in February bitcoin plunged to just US\$60,000, some 13% below its closing level on US election day in 2024 and a breathtaking 52% below its record peak around US\$126,000. It's been a savage blow for the crypto community.

In fact, bitcoin has been trading below its 2021 highs. If you bought this Ponzi scheme back then, you would have net lost money over the past four years.

We have previously explained that bitcoin has no real intrinsic value other than as an ostensibly stealthy and income-free savings tool for those seeking to squirrel away wealth beyond the reach of governments.

Bitcoin is not a stable store of wealth – it's one of the most capriciously volatile assets that exists. Despite hyperbolic hopes, bitcoin has never been used as a secular medium of exchange or pervasive digital payment mechanism.

**Strategy commentary cont'd:** Bitcoin is not the inflation hedge that many allege: in fact, it is an amplifier of inflation-related downside risks. In 2022, bitcoin plummeted 78% from its peak as a result of the steep rate hikes that were required to quell the demand-side inflation shock.

Finally, even the most fervent crypto warriors concede that both bitcoin and the blockchain have security vulnerabilities that could expose them to future compromises that would eviscerate their reason for being.

The most compelling use case for this faux digital money is as a possible redoubt for those who live in non-democratic states and are subject to the constant threat of having their wealth appropriated.

This column further contends that interest rate increases that make cash deposits more attractive have the effect of cannibalising the demand for cryptocurrencies that claim to serve as a credible surrogate.

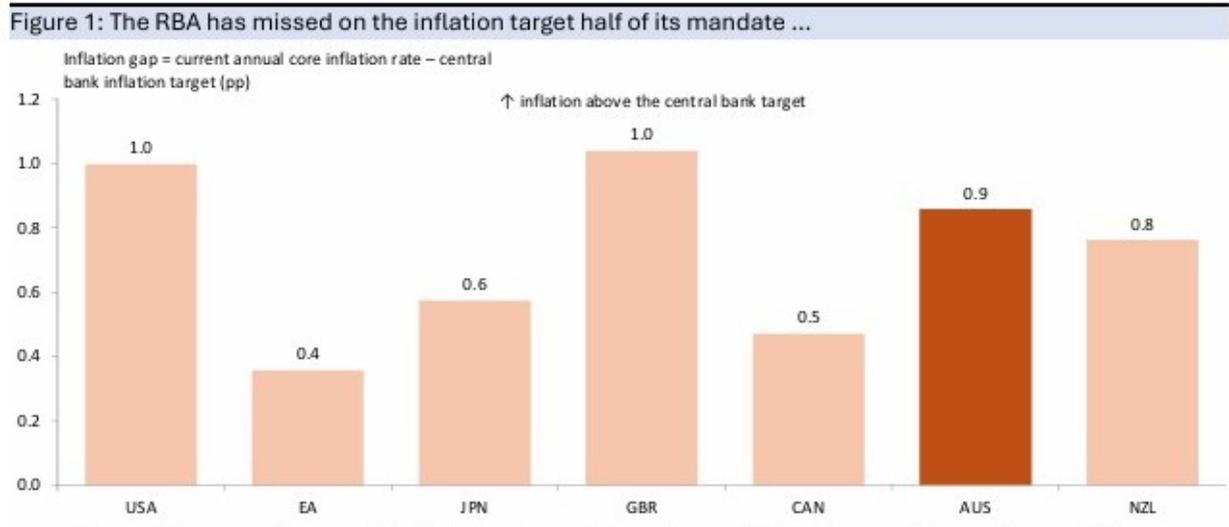
One thing that savers learn during any real crisis is that their cash is not worth anything without an implicit or explicit government guarantee. This is why all bank deposits attract one. And in any stress event, the value of cryptocurrencies has typically been smashed precisely because otherwise sanguine savers suddenly start running for the exits. This is the digital equivalent of a run on bank deposits.

**The RBA as an outlier among central banks**

The RBA is an outlier among advanced economy central banks, underachieving on inflation and overachieving on employment, with monetary policy that is hardly restrictive. This has been a policy choice made by the RBA as it **tested** for a lower NAIURU using lower interest rates.

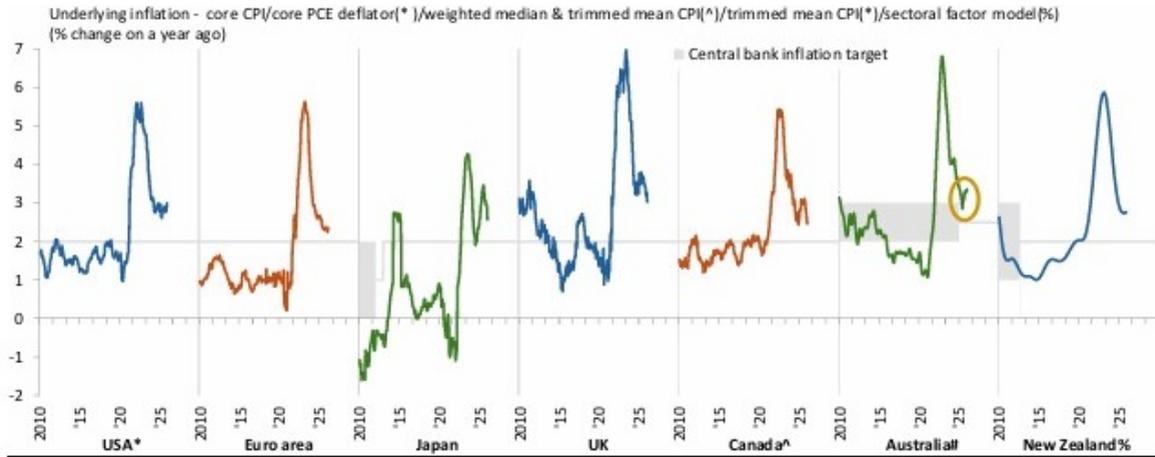
The Middle East conflict could change the outlook dramatically, but assuming inflation remains persistent, scenarios using different assumptions for the NAIURU point to a cash rate of about 4.25-4.75%, which compares with the staff's economic outlook that is based on market pricing that has a cash rate peak of 4.25%.

Financial conditions have loosened considerably over recent years, but have tightened a little lately on the sharp rise in the AUD that reflects expectations of higher interest rates. RBA modelling shows a higher AUD can help contain inflation, although the impact is hard to see in the data.



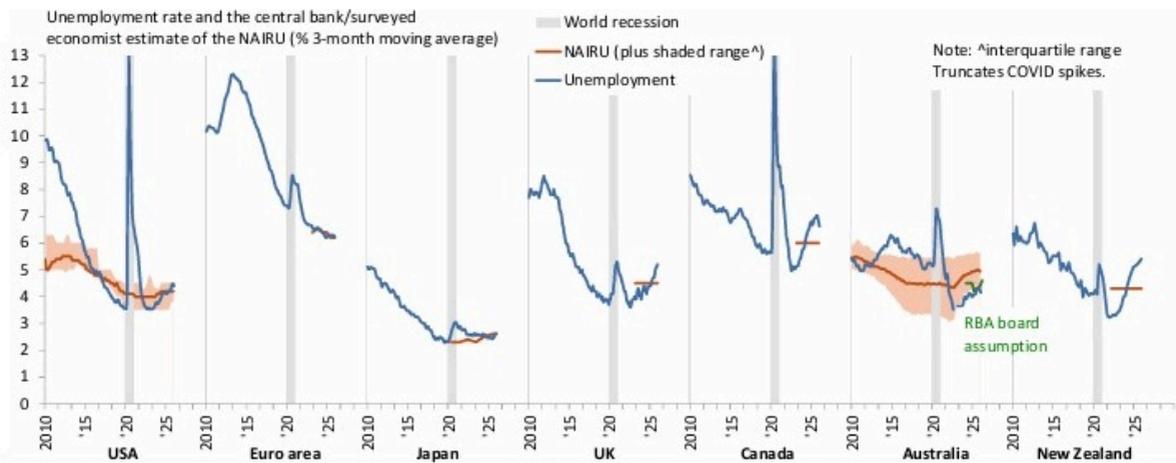
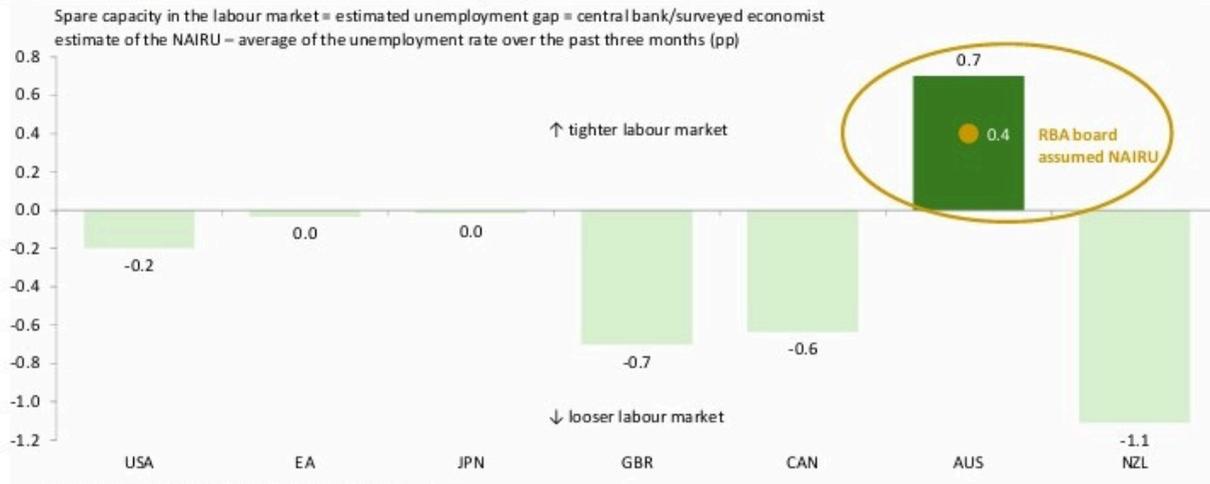


Strategy commentary cont'd:



Source: Australian Bureau of Statistics, Bank of England, Bank of Japan, Board of Governors of the Federal Reserve System, Bureau of Economic Analysis, Cabinet Office, European Central Bank, Eurostat, Office for National Statistics, Reserve Bank of Australia, Reserve Bank of New Zealand, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments

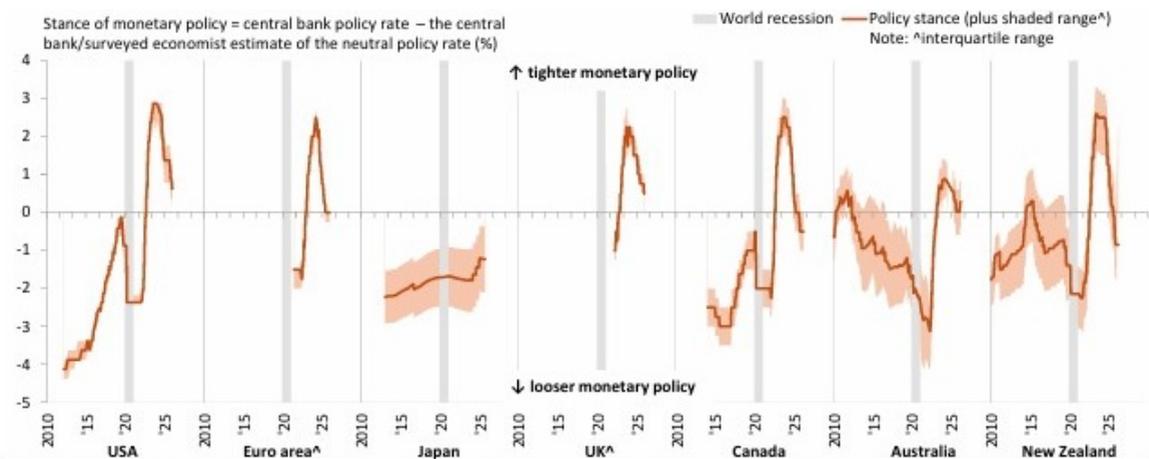
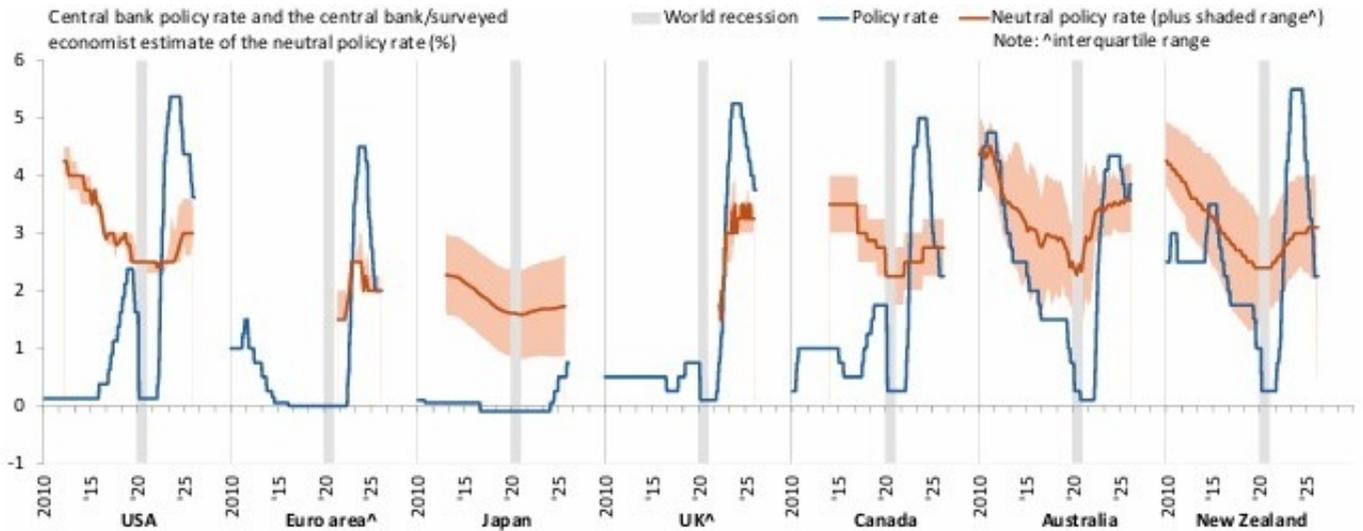
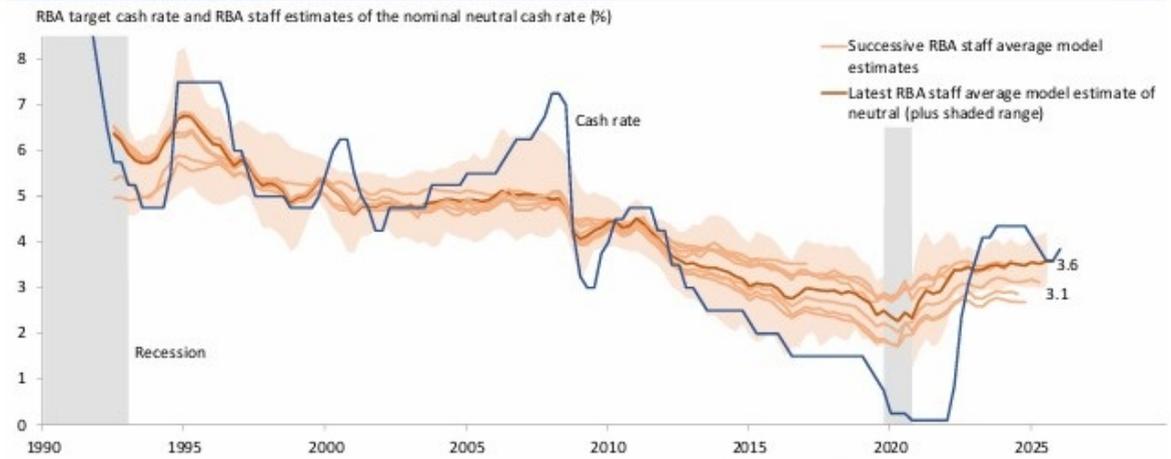
Figure 2: ... but has overachieved on the employment half of its mandate



Source: Australian Bureau of Statistics, Bank of England, Bank of Japan, Board of Governors of the Federal Reserve System, Bureau of Economic Analysis, Cabinet Office, European Central Bank, Eurostat, Office for National Statistics, Reserve Bank of Australia, Reserve Bank of New Zealand, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments

Strategy commentary cont'd:

Figure 3: The RBA has revised up its estimate of the neutral cash rate to about 3½%, which suggests monetary policy is hardly restrictive



Source: Australian Bureau of Statistics, Bank of England, Bank of Japan, Board of Governors of the Federal Reserve System, Bureau of Economic Analysis, Cabinet Office, European Central Bank, Eurostat, Office for National Statistics, Reserve Bank of Australia, Reserve Bank of New Zealand, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments

Strategy commentary cont'd:

Figure 4: Scenario work using simple policy rules suggests a cash rate between 4¼-4¾% is plausible if high inflation persists, where the RBA's own economic forecasts incorporate a peak cash rate of about 4¾%.

**ASSUMES:** Nominal neutral cash rate = 3.1% (r-star=1.1%)  
Inflation target = 2½%  
Taylor rule = Yellen (2016) version

**KEY:** Current: TM CPI inflation 3.4%, unemployment 4.2%  
End 2026: RBA staff forecasts of TM CPI inflation 3.2%, unemployment 4.3%  
End 2027: RBA staff forecasts of TM CPI inflation 2.7%, unemployment 4.5%  
Mid 2028: RBA staff forecasts of TM CPI inflation 2.6%, unemployment 4.6%

**(1) RBA board estimate of the NAIRU = 4.6%**

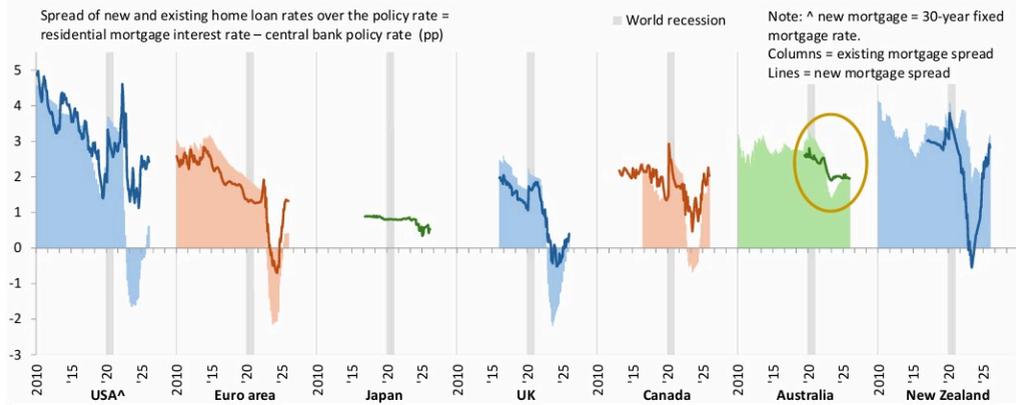
r-star	Underlying inflation													
	2%	2¼%	2½%	2¾%	3%	3¼%	3½%	3¾%	4%	4¼%	4½%	4¾%	5%	
3¾%	5.1	5.4	5.8	6.2	6.6	6.9	7.3	7.7	8.1	8.4	8.8	9.2	9.6	
3¼%	4.6	4.9	5.3	5.7	6.1	6.4	6.8	7.2	7.6	7.9	8.3	8.7	9.1	
4%	4.1	4.4	4.8	5.2	5.6	5.9	6.3	6.7	7.1	7.4	7.8	8.2	8.6	
4¼%	3.6	3.9	4.3	4.7	5.1	5.4	5.8	6.2	6.6	6.9	7.3	7.7	8.1	
4½%	3.1	3.4	3.8	4.2	4.6	4.9	5.3	5.7	6.1	6.4	6.8	7.2	7.6	
4¾%	2.6	2.9	3.3	3.7	4.1	4.4	4.8	5.2	5.6	5.9	6.3	6.7	7.1	

**(2) RBA staff average estimate of the NAIRU = 4.9%**

r-star	Core inflation													
	2%	2¼%	2½%	2¾%	3%	3¼%	3½%	3¾%	4%	4¼%	4½%	4¾%	5%	
3¾%	5.7	6.0	6.4	6.8	7.2	7.5	7.9	8.3	8.7	9.0	9.4	9.8	10.2	
3¼%	5.2	5.5	5.9	6.3	6.7	7.0	7.4	7.8	8.2	8.5	8.9	9.3	9.7	
4%	4.7	5.0	5.4	5.8	6.2	6.5	6.9	7.3	7.7	8.0	8.4	8.8	9.2	
4¼%	4.2	4.5	4.9	5.3	5.7	6.0	6.4	6.8	7.2	7.5	7.9	8.3	8.7	
4½%	3.7	4.0	4.4	4.8	5.2	5.5	5.9	6.3	6.7	7.0	7.4	7.8	8.2	
4¾%	3.2	3.5	3.9	4.3	4.7	5.0	5.4	5.8	6.2	6.5	6.9	7.3	7.7	

Source: Australian Bureau of Statistics, Reserve Bank of Australia, Coolabah Capital Investments

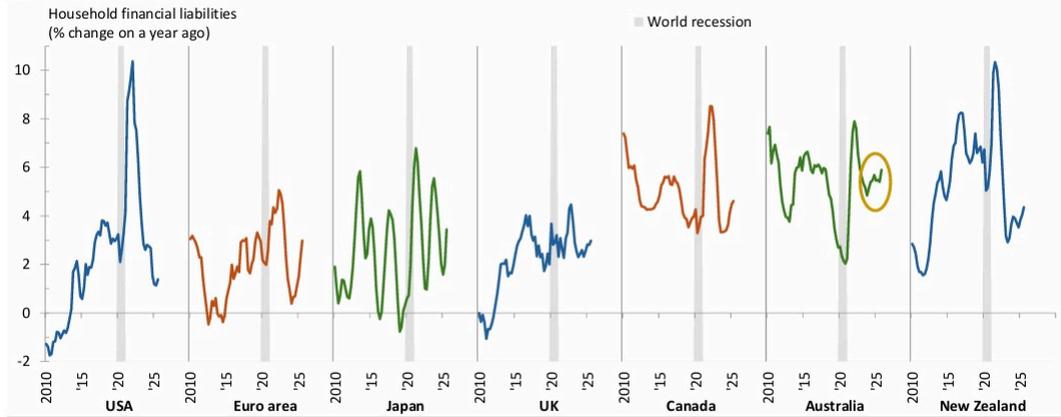
Figure 5: Mortgage spreads have compressed in Australia since the onset of COVID, but have been neutral for financial conditions over the past year



Source: Australian Bureau of Statistics, Bank of England, Bank of Japan, Board of Governors of the Federal Reserve System, Bureau of Economic Analysis, Cabinet Office, European Central Bank, Eurostat, Office for National Statistics, Reserve Bank of Australia, Reserve Bank of New Zealand, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments

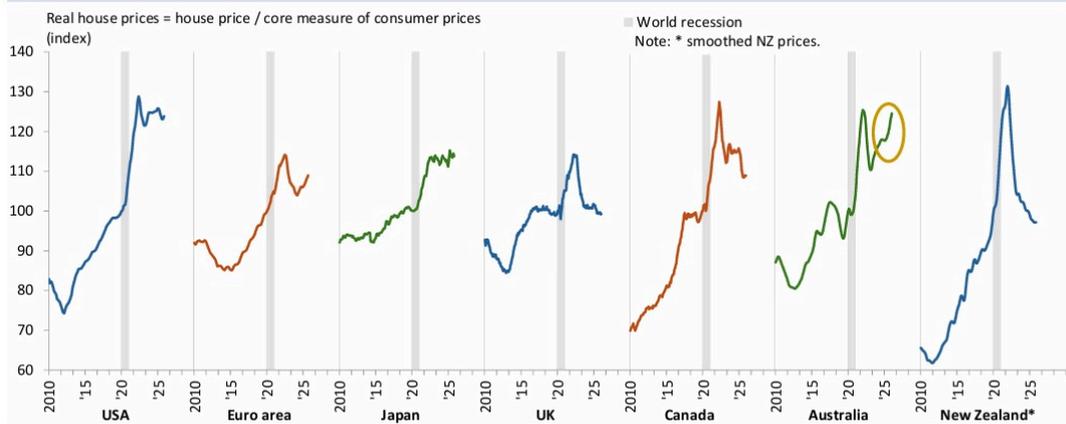
Strategy commentary cont'd:

Figure 6: Strong growth in credit, relative to both history and other countries, suggests monetary policy is not particularly tight



Source: Australian Bureau of Statistics, Bank of England, Bank of Japan, Board of Governors of the Federal Reserve System, Eurostat, Office for National Statistics, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments

Figure 7: The same is true for house prices, which are almost at an all-time high in inflation-adjusted terms



Source: Australian Bureau of Statistics, Bank for International Settlements, Bank of Japan, BIS CoreLogic, Europace, Eurostat, Federal Reserve Bank of St Louis, Nationwide, Office for National Statistics, REINZ, Reserve Bank of Australia, S&P/Case-Shiller, Statistics Canada, Statistics New Zealand, Teranet and National Bank of Canada, Coolabah Capital Investments

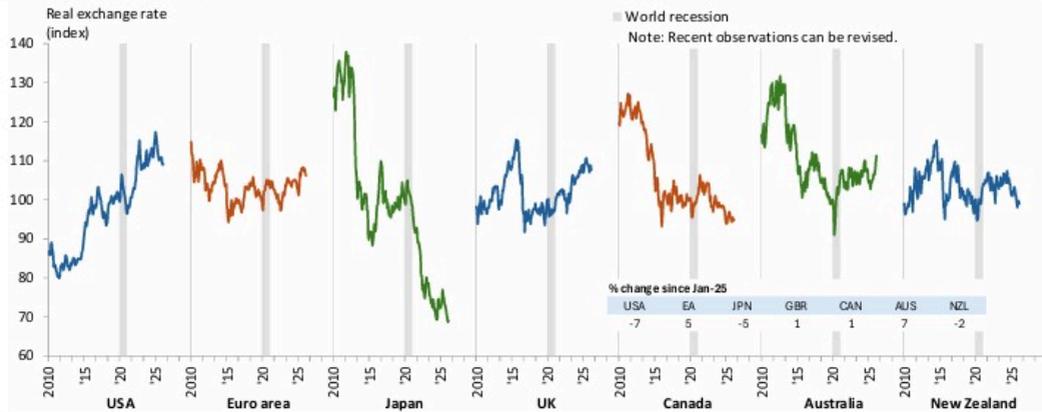
Figure 8: Stock prices have been broadly neutral for financial conditions, with Australia left behind by the global boom



Source: Australian Bureau of Statistics, Bank for International Settlements, Bank of Japan, Cabinet Office, Eurostat, Federal Reserve Bank of St Louis, Office for National Statistics, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments

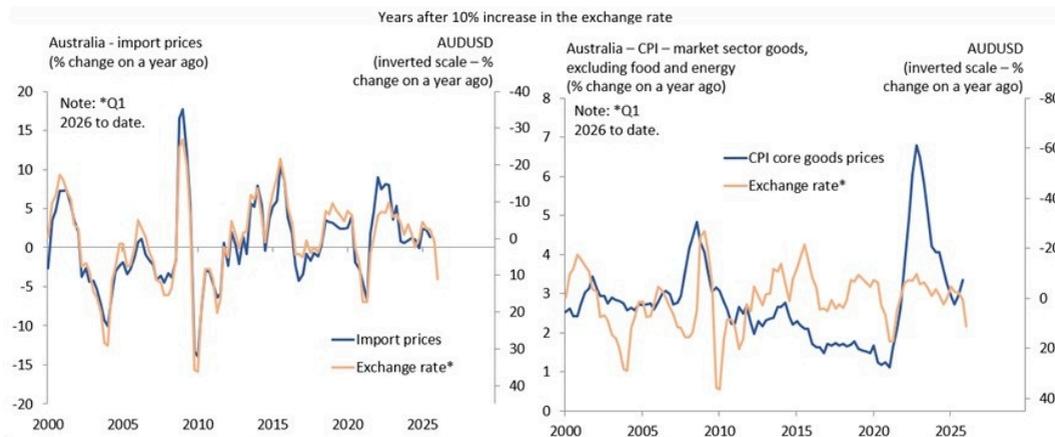
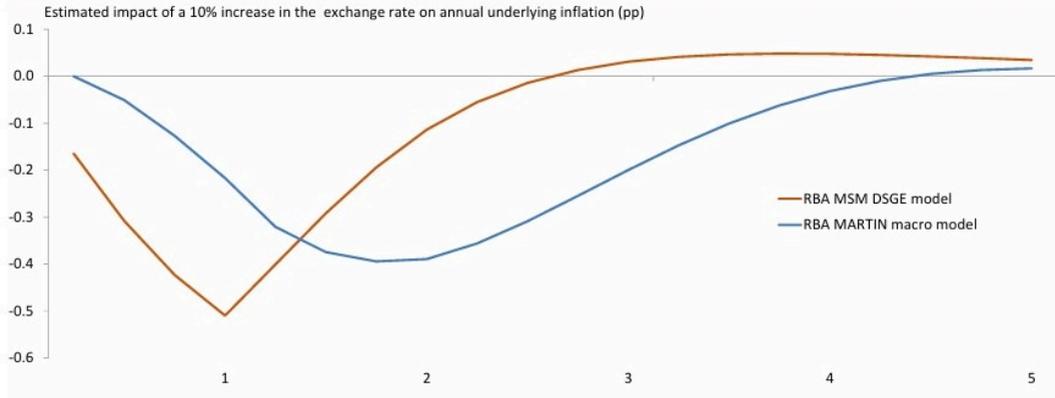
Strategy commentary cont'd:

Figure 9: The sharply higher AUD, which has risen on the back of expectations of higher interest rates, has contributed to tighter financial conditions



Source: Bank for International Settlements, Bank of Japan, Federal Reserve Bank of St Louis, Reserve Bank of Australia, Reserve Bank of New Zealand, Coolabah Capital Investments

Figure 10: RBA modelling shows that a large appreciation in the currency should reduce inflation, although the impact of the currency on goods prices is hard to see in the data



Source: Australian Bureau of Statistics, Reserve Bank of Australia, Coolabah Capital Investments



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