COOLABAH CAPITAL INVESTMENTS™

THE INTELLECTUAL EDGE: MAKING EVERY BASIS POINT COUNT

Fund: **Coolabah Active Composite Bond Complex ETF**

Strategy: **Composite Bond**

Return (since Mar. 2017): **4.00% pa gross (3.32% pa net)**

Net return volatility (since Mar. 2017): **4.35% pa**

December 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.

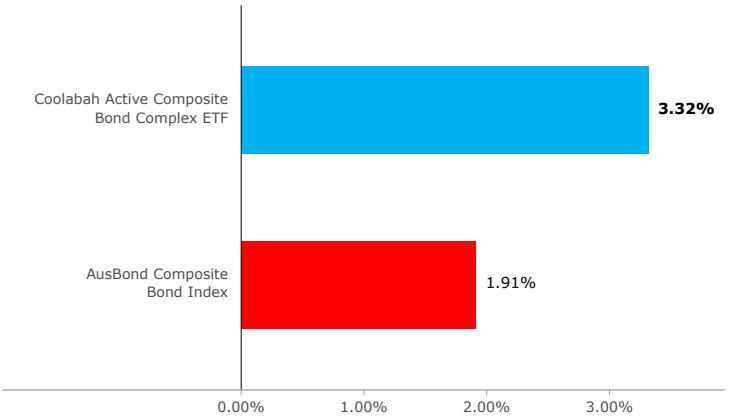
Strategy: The Fund offers exposure to an active fixed-income strategy focused on mispricing in government and corporate bond markets with the aim of delivering superior risk-adjusted returns over the Bloomberg AusBond Composite 0+ Yr Index, after management costs. The Fund is permitted to invest in bonds, 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 2025-12-31	Gross Return	Net Return†	Bloomberg AusBond Composite 0+Yr Index	Gross Excess Return‡	Net Excess Return†‡
1 month	-0.52%	-0.56%	-0.63%	0.10%	0.06%
3 months	-0.98%	-1.06%	-1.15%	0.17%	0.08%
6 months	0.24%	-0.05%	-0.75%	0.99%	0.70%
1 year	4.87%	4.32%	3.17%	1.70%	1.15%
3 years pa	**7.55%**	**6.75%**	**3.71%**	**3.83%**	**3.04%**
5 years pa	1.67%	1.05%	-0.43%	2.11%	1.48%
Inception pa Mar. 2017	**4.00%**	**3.32%**	**1.91%**	**2.09%**	**1.41%**

FIXD Complex ETF Returns (Net) vs Comparisons

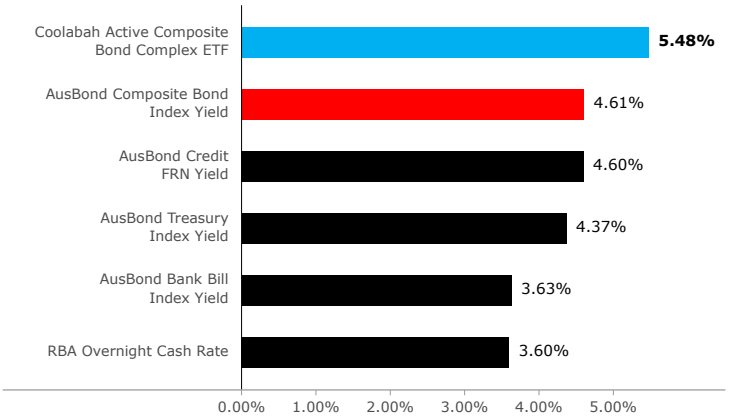
Annualized Total Returns Since Inception in March 2017 to December 2025



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

Annual Running Yield

31 December 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 and yields 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	71%	Modified Interest Rate Duration	4.92 years
Av. Portfolio Credit Rating	A+	Gearing Permitted?	Yes
Portfolio MSCI ESG Rating	AA	1 Year Av. Gross Portfolio Weight to Cash	3.8%
No. Cash Accounts	26	Gross Cash Accounts + RBA Repo-Eligible Debt	71.6%
No. Notes and Bonds	207	Net Annual Volatility (since incep.)	4.35%
Av. Interest Rate (Gross Running Yield)	5.48%	**Strategy Ratings:** Superior - More Complex (Foresight); Recommended (Lonsec); Recommended (Zenith)	

Signatory of: PRI Principles for Responsible Investment

Recommended Lonsec Research

Zenith RECOMMENDED

SUPERIOR MORE COMPLEX Foresight Analytics

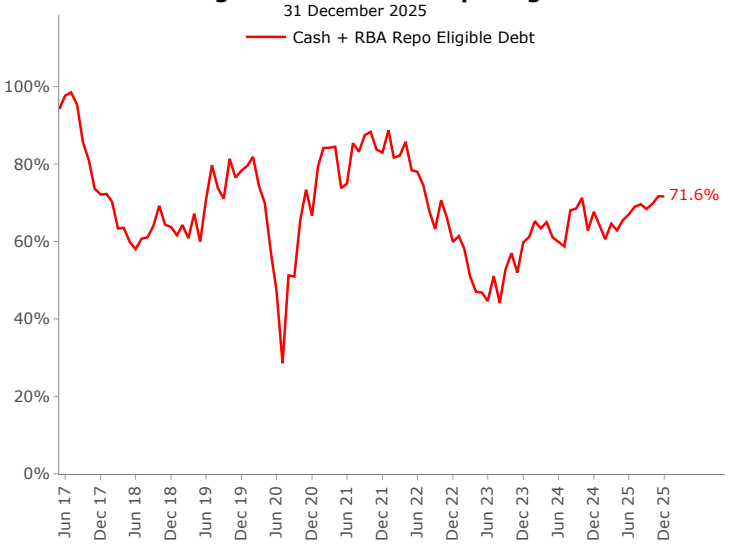
MSCI ESG RATINGS AA

CCC B BB BBB A AA AAA

Asset weighted average rating

Portfolio Weights: Cash + RBA Repo Eligible Debt

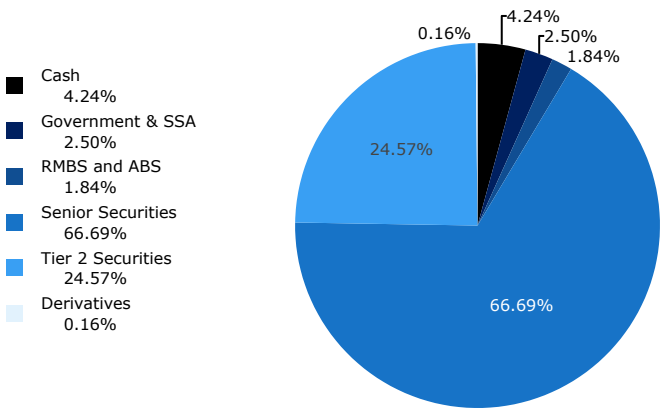
31 December 2025



Data Source: Coolabah Capital Investments

FIXD Complex ETF Portfolio Composition (GAV)

31 December 2025



Data Source: Coolabah Capital Investments

Disclaimer: Past performance does not assure future returns. Returns and yields 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.

The since inception gross (net) return of 4.00% pa gross (3.32% 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 4.35% 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

Signatory of: PRI Principles for Responsible Investment
Recommended Lonsec Research
Zenith RECOMMENDED
SUPERIOR MORE COMPLEX Foresight Analytics
MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA
Asset weighted average rating

Portfolio commentary: In December, the long duration daily liquidity Coolabah Active Composite Bond Complex ETF (FIXD) returned -0.52% gross (-0.56% net), outperforming the AusBond Composite Bond Index (-0.63%) by 0.10% (0.06% net). Over the previous 12 months, FIXD returned 4.87% gross (4.32% net), outperforming the AusBond Composite Bond Index (3.17%) by 1.70% (1.15% net). FIXD ended December with a running yield of 5.48% pa, a weighted-average credit rating of A+, and a portfolio weighted average MSCI ESG rating of AA.

Since the inception of FIXD 8.8 years ago in March 2017, it has returned 4.00% pa gross (3.32% pa net), outperforming the AusBond Composite Bond Index (1.91% pa) by 2.09% pa (1.41% pa net). While FIXD's return volatility since inception has been low at around 4.35% 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: In the month of December, there was a secular shift in interest rate expectations marked by a bull steepening in many global yield curves, whereby short-term interest rates declined while long-term rates climbed. This reflected several cross-currents, including the US Federal Reserve continuing to ease its policy rate lower, combined with investor anxiety about deteriorating budget deficits, ever-growing government bond issuance, and the specter of inflation rates not mean-reverting sustainably to central bank targets, amongst other things.

Coolabah's main macro ideas for 2026 are best summarized as follows:

- We believe in US economic and strategic exceptionalism and that the short- and medium-term efficacy of President Donald Trump's fiscal, trade, and geopolitical policies have been consistently underestimated by markets;
- We believe that the US economy will surprise with its strength in the years ahead, underpinned by the AI capex boom, reshoring of supply chains, a manufacturing renaissance, aggressive deregulation, reinvigorated entrepreneurial activity, political policy clarity, and renewed public support for business-friendly outcomes given the success of Texas and Florida juxtaposed against California and New York;
- We believe that the political zeitgeist globally remains focused on public spending in the name of winning short-term votes irrespective of the enduring fiscal consequences, which creates material inflation and interest rate risks in the period ahead;
- We believe that the AI revolution is more likely to be inflationary rather than disinflationary in the near-term as a consequence of resource bottlenecks, understated capex spending competition, and the likelihood that AI will generate positive rather than negative net employment demand over the next 1-2 years;
- We believe that the monetary policy easing cycle has run its course and that the risk of interest rate increases in 2026 and 2027 has been underestimated by markets, although a recent reassessment has taken place;
- We believe that government bond term premia and the long-term cost of capital are likely to remain elevated and could drift materially higher in an environment where the US economy expands at a faster-than-expected pace (and other nation-states eventually seek to emulate its policy posture);
- We believe that the probability of stronger-than-anticipated economic outcomes is likely ahead of the midterm elections in the US;
- We believe that risk premia have shifted from corporate to public sector balance sheets, which is why credit spreads have compressed while term premia and long-term risk-free rates have increased;
- We reckon the US de-dollarization dynamic is a short-term phenomenon and re-dollarization will eventually become a new normal once Trump's policies are better understood;

Signatory of: PRI Principles for Responsible Investment
Recommended Lonsec Research
Zenith RECOMMENDED
SUPERIOR MORE COMPLEX Foresight Analytics
MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA
Asset weighted average rating

Strategy commentary cont'd:

- We believe that the geopolitical environment is being overhauled by the "America First" mantra, which is predicated on a realpolitik logic that prizes unilateral actions to protect American (and capitalist) interests ahead of failed Western liberal-democratic virtue signalling that hoped to incentivize responsible behaviors from non-democratic actors, which has never played out in practice; and
- We believe that there are many latent inefficiencies in global bond markets that Coolabah is uniquely positioned to capitalize on.

In 2025, Coolabah traded AUD$129bn of bonds and CDS (USD$82bn). This was split by approximately A$71bn of credit trades combined with A$57bn of government and sub-sovereign trades.

In December, 10-year government bond yields rose around the world, led by Japan (+26bps), Australia (+23bps), Germany (+17bps), New Zealand (+15bps), France (+16bps), Italy (+15bps), and the US (+15bps). There were more modest moves in the UK, where 10-year gilt yields appreciated only 4bps.

A seasonal dip in new financial and corporate bond issuance, coupled with higher risk-free rates, helped physical and synthetic credit spreads perform in December. In derivative markets, the benchmark US and European investment-grade credit default swap indices, known as CDX IG and Main, compressed by 1.1bps and 2.1bps, respectively. This was echoed by the US and European high-yield indices, denoted by CDX HY and Xover, which also moved 6bps and 11bps tighter in the month.

In physical (or cash) bonds, investment-grade credit spreads across the US, UK, and European markets similarly drifted 3bps tighter in December. French and Italian government bond spreads to Bunds, which are another risk proxy, also contracted by about 1bp over the month.

In the Antipodes, spread moves were mixed: whereas benchmark 5-year Aussie major bank senior bond spreads climbed 2bps in December, subordinated major bank bond spreads declined 2bps. In the retail-centric ASX-listed hybrid market, 5-year major bank hybrid spreads plunged from 207bps to 171bps over the quarterly bank bill swap rate, albeit on diminishing turnover. This was a seasonally predictable dynamic amplified by scarcity into year-end as bank-issued hybrids are phased out by the regulator.

December USD IG issuance slowed sharply from November to US$38bn (YTD US$1.69trn), with muted supply across both financials and corporates. Coolabah selectively participated in attractively priced transactions, notably ANZ's 3-year FRN, multiple tranches of Merck's US$7.25bn multi-tranche deal, and S&P Global's 5-year tranche. These transactions saw strong demand (approximately 5-7x covered) and post-pricing spread tightening.

In EUR investment-grade credit, supply rebounded to €17.5bn (approximately €9.5bn financials), compared with no issuance in December 2024. Despite seasonally light conditions, demand remained healthy, with deals averaging a 2.6x subscription rate. The standout transaction was Goldman Sachs' dual-tranche HoldCo deal, which was well received following a long absence from the EUR market, complemented by solid demand for issues from BFCM and Deutsche Bank.

The rates sell-off hurt the performance of long-duration, or fixed-rate, bond indices. In USD, the Bloomberg Global Aggregate Corporate Index lost 0.10% in December as higher yields taxed fixed-rate bond prices. In contrast, the interest rate-hedged version of this index performed robustly, gaining 0.64%.

Given the relatively aggressive rise in Aussie government bond yields, the AusBond Composite Bond Index underperformed its Global Aggregate equivalent, losing 0.63% in December. The duration-hedged AusBond Floating-Rate Note Index performed better, offering a 0.37% return in the month.

Strategy commentary cont'd: Other risk markets were mixed. In the US, equities struggled to generate positive total returns: the S&P 500 was unchanged (0.06%) while the Nasdaq lost 0.67%. Japanese equities also lost ground, with the Nikkei 225 falling 0.37%. Other equity markets fared better, led by the UK (FTSE 100 up 2.26%), Europe (Euro Stoxx 50 up 2.25%), Australia (ASX 200 up 1.30%), and New Zealand (NZX 50 up 0.44%).

Brent Crude oil prices declined 3.72% in December, which is one disinflationary force in the global economy that could be accentuated by Trumpian interventions in Venezuela. That ultimate inflation hedge, gold, continued its record ascent, rising 1.89% over the month. Bitcoin's slump persisted, dropping 3.59% to USD 87,648.

In 2025, there were several big market thematics, including the advent of the trade war, the AI revolution and related hyperscaler capex boom, the emergence of further Fed cuts, and then burgeoning investor insouciance with President Donald Trump's otherwise radical economic and geopolitical ideas.

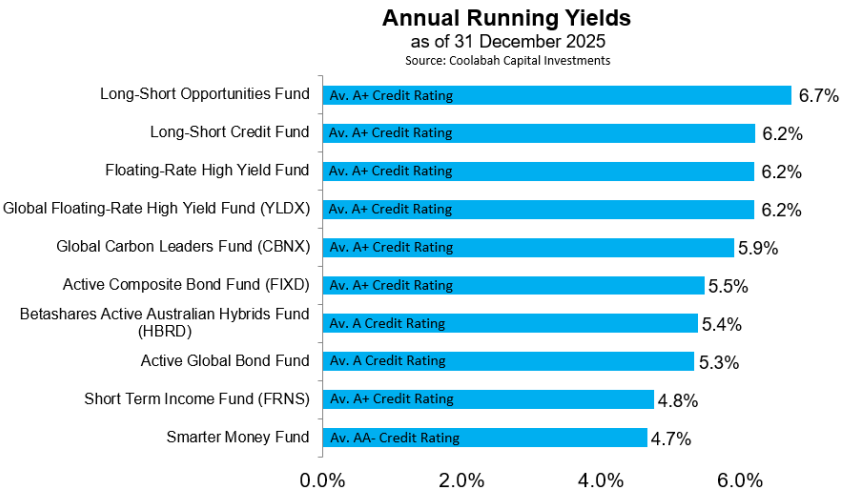
The trade-weighted US dollar depreciated by 7-8% as a result of de-dollarization diversification and the impact of the Fed's cuts, although the damage was done in the first half of the year (in the second half, the trade-weighted USD index tracked sideways).

In bond markets, one of the best-performing assets in 2025 was global duration. The 5.9-year duration Bloomberg Global Aggregate Corporate Index returned between 6.62% (AUD) and 7.08% (USD). This exceeded the cash rate in AUD (3.88%) and USD (4.24%), and the duration-hedged version of the Global Aggregate Corporate benchmark, which returned between 5.47% (AUD) and 5.89% (USD).

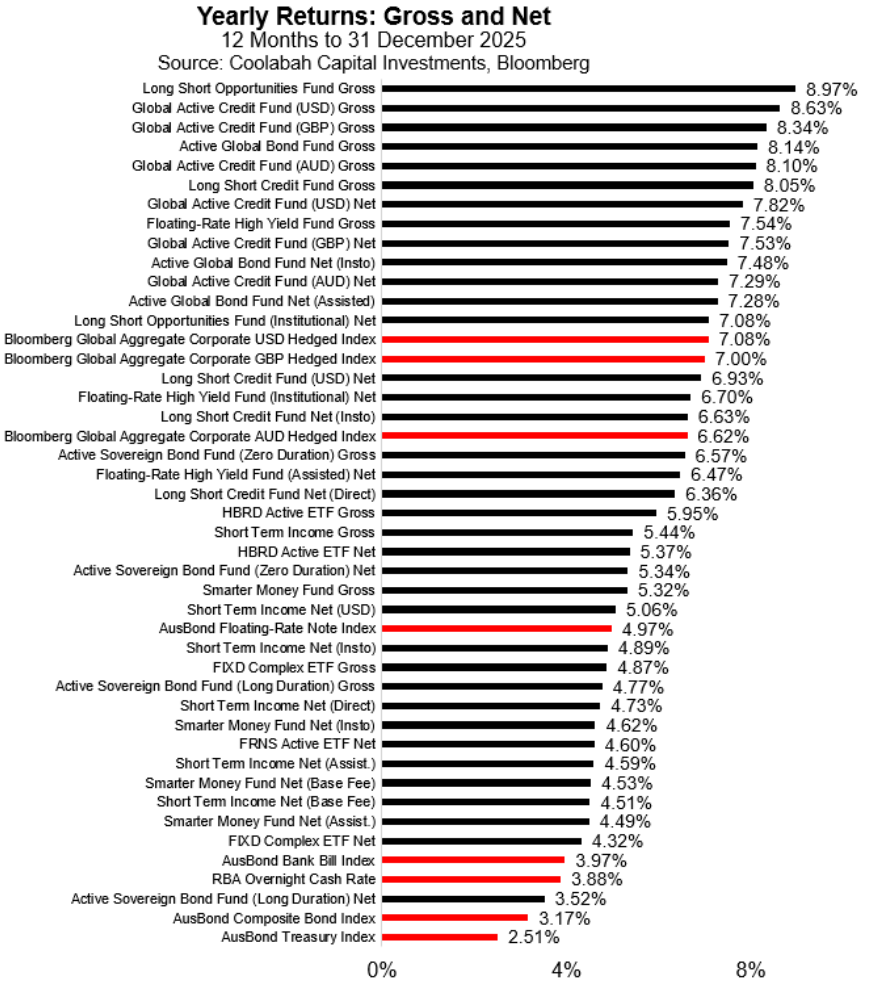
In the Aussie market, both long-duration and floating-rate indices delivered inferior outcomes to their global counterparts: the 4.8-year duration AusBond Composite Bond Index returned only 3.17%, while the AusBond FRN Index rose 4.97%.

Coolabah's best-performing strategies in 2025 were our long-duration funds benchmarked against the Bloomberg Global Aggregate Corporate Index. After fees, the Pacific Coolabah Global Active Credit Fund returned 7.82% in USD compared to the index's 7.08%. The AUD version of this strategy, called the Coolabah Active Global Bond Fund, returned 7.28% net compared to the AUD index's 6.62%.

Not far behind was Coolabah's A+ rated, daily liquidity, and floating-rate Long Short Opportunities Fund, which returned 7.08% after fees. Similar strategies, like the Long Short Credit Fund and the Floating-Rate High Yield Fund, offered comparable outcomes. Please note that past performance is no guide to future returns and investors should read the fund's PDS to better understand its risks.



Strategy commentary cont'd:





Don't forget to listen to Coolabah Capital's popular Complexity Premia podcast. You can listen on your favourite podcast app, or you can find it on Apple Podcasts or Podbean.

Performance Disclaimer:
Past performance does not assure future returns. 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. This information has been prepared by Coolabah Capital Institutional Investments Pty Limited ACN 605 806 059. It is general information only and is not intended to provide you with financial advice. You should not rely on any information herein in making any investment decisions. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The Information Memorandum or Investment Management Agreement for the fund or strategy should be considered before deciding whether to acquire or hold units in it. They can be obtained by contacting Coolabah. Coolabah Capital Institutional Investments Pty Limited, nor its respective shareholders, directors and associated businesses assume any liability to investors in connection with any investment in the funds or strategies, or guarantees the performance of any obligations to investors, the performance or any particular rate of return. The repayment of capital is not guaranteed. Investments in the funds or strategies are not deposits or liabilities of any of the above-mentioned parties, nor of any Authorised Deposit-taking Institution. The funds or strategies are subject to investment risks, which could include delays in repayment and/or loss of income and capital invested. Past performance is not an indicator of nor assures any future returns or risks. Coolabah Capital Institutional Investments Pty Ltd holds AFS Licence no. 482238 and is the Trustee and/or Investment Manager for the fund or strategy.

Ratings Disclaimer:
Foresight Analytics Disclaimer: The Foresight Analytics, and Foresight Analytics & Ratings logo is used for information purposes only and does not constitute a recommendation or an offer or solicitation to purchase any fund or company securities offered by Coolabah Capital Investments (the manager). Investors should refer to the full disclaimer on the manager's rated funds that can be found at https://www.foresight-analytics.com/general-disclaimer/
The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ('Zenith') rating (assigned ETL6313AU, ETL8504AU, SLT3458AU, ETL5010AU, ETL9561AU, ETL5578AU, ETL2716AU & FIXD June 2024) referred to in this piece is limited to 'General Advice' (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.
MSCI Disclaimer: Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent.
The rating issued 10/2022 ETL2716AU, 10/2022 FIXD is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2023 Lonsec. All rights reserved.

Signatory of: PRI Principles for Responsible Investment
Recommended Lonsec Research
Zenith RECOMMENDED
SUPERIOR MORE COMPLEX Foresight Analytics
MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA
Asset weighted average rating