

Return (since Feb. 2025): 5.30% gross (4.59% net)

Net return volatility (since Feb. 2025): 2.06% pa

#### September 2025

**Objective:** The investment objective of the Fund is to provide investors with exposure to a global floating-rate portfolio of investment-grade bonds and hybrid securities with enhanced yields.

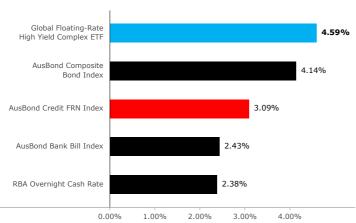
COOLABAH CAPITAL INVESTMENTS THE INTELLECTUAL EDGE: MAKING EVERY BASIS POINT COUNT

Strategy: The Fund aims to generate higher income than other traditional fixed income investments by investing in a floating-rate portfolio of investment-grade bonds and hybrid securities issued predominately by global banks and enhancing the yields (or interest-rate) through the use of gearing (or leverage). It also has the capacity to invest in government bonds, corporate bonds and hybrid securities. The Fund aims to offer a floating-rate profile by targeting an interest rate duration risk of less than 3 months. The Fund can borrow and use derivatives, meaning the Fund is geared (or leveraged). Leverage can amplify gains and also amplify losses. The Fund does not invest in equities, unrated unlisted debt securities or property.

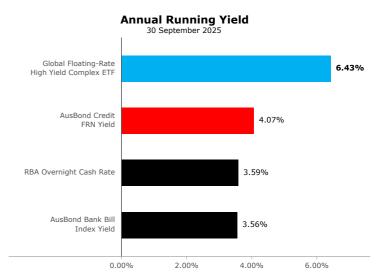
Period Ending 2025-09-30	Gross Return	Net Return	Bloomberg AusBond Credit FRN 0+ Yr Index	Gross Excess Return <sup>‡</sup>	Net Excess Return <sup>‡</sup>
1 month	0.89%	0.79%	0.43%	0.45%	0.36%
3 months	2.96%	2.68%	1.32%	1.64%	1.35%
6 months	5.15%	4.58%	2.59%	2.56%	1.99%
Inception Feb. 2025	5.30%	4.59%	3.09%	2.21%	1.50%

# Global Floating Rate High Yield Complex ETF (Net) vs Comparisons

Total Returns Since Inception in February 2025 to September 2025



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



Data Source: RBA, Bloomberg, Coolabah Capital Investments

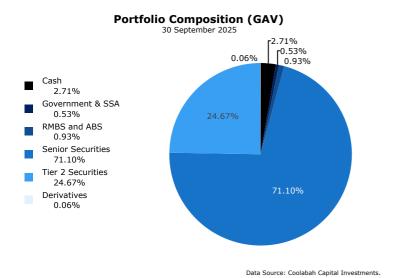
**Disclaimer:** Past performance does not assure future returns. Returns and yields are shown net of management fees and costs unless otherwise stated. All investments carry risks, including that the value of investments may vary, future returns may differ from past returns, and that your capital is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

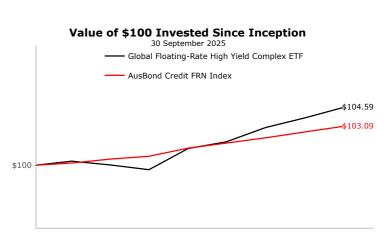
Note: all portfolio statistics other than yields and duration are reported on gross asset value

Av. Portfolio Credit Rating	A+	Av. Interest Rate (Gross Running Yield)	6.43%
Portfolio MSCI ESG Rating	AA	Modified Interest Rate Duration	0.38 years
No. Cash Accounts	13	Gearing Permitted?	Yes
No. Notes and Bonds	144	Net Annual Volatility (since incep.)	2.06%

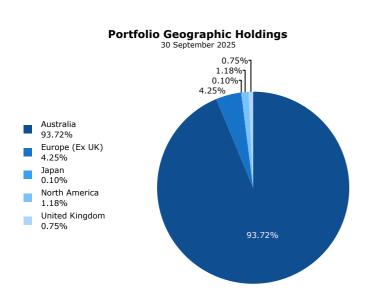


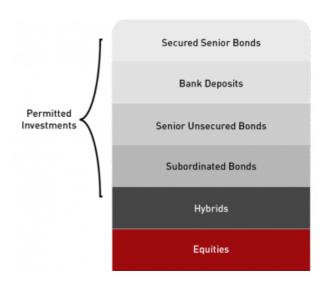






Data Source: Bloomberg, Coolabah Capital Investments





Data Source: Coolabah Capital Investments.

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

Ticker	YLDX	Fund Inception	17-Feb-2025
ISIN	AU0000380826	Distributions	Monthly
Asset-Class	Global Floating Rate	Unit Pricing	Daily (earnings accrue daily)
Target Objective	Yield focused	Min. Investment	AUD\$1,000
Investment Manager	Coolabah Capital Investments (Retail)	Withdrawals	Daily requests (funds normally in 3 days)
Responsible Entity	Equity Trustees	Buy/Sell Spread	On exchange
Custodian	Citigroup	Mgt. & Admin Fee	1.00% pa





Portfolio commentary: In September, the zero-duration daily liquidity Coolabah Global Floating-Rate High Yield Fund (YLDX) returned 0.89% gross (0.79% net), outperforming the AusBond Bank Bill Index (0.29%), the RBA Overnight Cash Rate (0.31%), and the AusBond Credit FRN Index (0.43%). Over the September quarter, YLDX returned 2.96% gross (2.68% net), outperforming the AusBond Bank Bill Index (0.92%), the RBA Overnight Cash Rate (0.92%), and the AusBond Credit FRN Index (1.32%). YLDX ended September with a running yield of 6.43% pa, a weighted-average credit rating of A+, and a portfolio weighted average MSCI ESG rating of AA.

Since the inception of YLDX in February 2025, it has returned 5.30% gross (4.59% net), outperforming the RBA Overnight Cash Rate (2.38%), the AusBond Bank Bill Index (2.43%), and the AusBond Credit FRN Index (3.09%). Since inception, YLDX's Sharpe Ratio, which measures risk-adjusted returns, has been 2.36x gross (1.78x net). While YLDX's return volatility since inception has been low at around 2.06% 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:** There was a secular risk rally in September as the US Federal Reserve belatedly cut interest rates, which—save for a few notable exceptions—powered price appreciation in both bond and equity markets around the world.

As 10-year government bond yields declined in many markets, including the US (-8bps), Italy (-5bps), the UK (-2bps), and Germany (-1bps), duration rallied solidly, with the benchmark 5.9-year-duration Bloomberg Global Aggregate Corporate Bond Index rising 1.17%.

In New Zealand, there was an especially sharp 17bps decline in 10-year government bond yields after second-quarter GDP growth plunged 0.9%, which was substantially worse than the central bank's expectation of a 0.3% contraction. This will likely compel the RBNZ to cut rates more aggressively, with markets now pricing in a terminal rate of only 2.25% (or three standard 25bps cuts). This is materially below the RBNZ's ~3% estimate of neutral.

Bucking this trend were modest increases in 10-year yields in Australia (+2bps) and France (+2bps), driven by burgeoning inflation and fiscal fears, respectively. Instability in France's political decision-making processes is creating significant anxieties in bond markets regarding a further deterioration in its already bloated budget deficit, which is almost 6% of GDP. A key point of political friction has been the 2023 increase in the retirement age from a globally low 62 years to 64 years.

In Australia, a new monthly inflation series pointed to a reacceleration of core inflation in August, with all eyes now focused on the official third-quarter print in late October. While the RBA had been projecting a 0.6% increase in trimmed mean inflation for the September quarter, the August monthly release has forced consensus estimates much higher, to around 1%. This sits uncomfortably with both the RBA's inflation target and its current easing bias.

The RBA had signalled that it would be prepared to cut rates again toward its neutral estimate in the low 3% zone if the quarterly pace of underlying inflation remained contained at around 0.7% to 0.8%. A much higher number, however, could force the current easing cycle to end at a cash rate almost one percentage point above the RBA's formal quantitative estimates of neutral, which average around 2.7%. In their defence, RBA officials have repeatedly downplayed their statistical neutral estimates, asserting that a more reasonable guide is likely to be in the low 3% vicinity.

It is worth stressing that there are signs of sticky services inflation in many countries, including the US and UK, and Coolabah assesses that there is a non-trivial risk that some central banks may have to reverse course on rate cuts in 2026 and/or 2027.

Tighter credit spreads in Europe (-7bps), the UK (-7bps), the US (-5bps), and Australia (-3bps) helped the duration-hedged version of the Bloomberg Global Aggregate Corporate Index appreciate by a healthy 0.81% in September.







Strategy commentary cont'd: In Australia, there was more striking spread compression further down the capital structure: whereas 5-year major bank senior bond spreads contracted 3bps in the month, Tier 2 subordinated bonds (-7bps) and AT1 hybrids (-14bps) outperformed. This is likely being driven by a search for all-in yield as cash rates have declined.

Equity markets mostly rallied firmly in September, led by the Nasdaq (5.4%), the S&P 500 (3.5%), the Eurostoxx 50 (3.3%), the NZX 50 (2.8%), and the FTSE 100 (1.8%). As future RBA rate cuts were called into question, the ASX 200 fell 0.8%.

While oil prices slipped further (Brent down 1.6%), gold continued its march toward US\$4,000 (US\$3,859). Bitcoin also rose 6.4% to US\$114,641, although it remains below recent peaks.

September saw \$216 billion in USD investment-grade credit issuance, marking the fifth-highest month ever by volume and the largest by number of tranches. The financial sector accounted for nearly 44% of the supply, bringing total YTD issuance to \$1.35 trillion according to Bank of America. Significant deals included Commonwealth Bank of Australia's 5-year bond, which priced at the tightest-ever spread for a 5-year USD senior bond issued by an Australian bank in USD according to Citi. Oracle's \$18 billion multi-tranche issuance was a major market event, with high demand and bonds rallying post-issuance.

The Euro market saw €83 billion in IG issuance, with 37% from financials, including strong demand for bonds from banks like Nordea and Belfius. Notably, ABN Amro continued their successful issuance programme under the new harmonised EU Green Bond framework. European SSA issuance included an inaugural deal from the Australian State of Victoria, which drew €17 billion in demand for a €2 billion deal, and a €5 billion climate bond from the European Investment Bank, both performing well post-issuance. Other significant deals came from the European Union, Italy, and Portugal.

Since mid-April 2025, Coolabah has been actively positioned to capitalise on a relatively stable economic and geopolitical regime characterised by robust performance across equity and bond markets.

In September, Coolabah's strategies consequently outperformed major indices, led by the A-rated, daily liquidity, 5.9-year-duration Pacific Coolabah Global Active Credit UCITS Fund, which returned 1.41% net of fees compared to the Bloomberg Global Aggregate Corporate Index's 1.17%. Over the past 12 months, this strategy has beaten the index by 1.21% after all fees. The Australian version of this solution, the Coolabah Active Global Bond Fund, returned 1.29% after fees.

The recently launched A-rated, daily liquidity Pacific Coolabah Credit Alpha UCITS Fund, which is hedged to zero duration, also delivered strong returns in September, climbing 0.87% after all fees.

In Australia, the A+ rated, daily liquid, zero-duration Long Short Opportunities Fund returned 0.81% net, similar to the performance of Coolabah's other A+ rated, daily liquid, zero-duration strategies, including the Global Floating-Rate High Yield Fund or YLDX (0.79% net), the Floating-Rate High Yield Fund (0.77%-0.79% net), and the Long Short Credit Fund (0.69% net).

Over the past year, the Long Short Opportunities Fund has returned 8.6% net, closely followed by the Long Short Credit Fund (7.8%-8.1% net) and the Floating-Rate High Yield Fund (7.5%-7.7% net).

While yields have declined somewhat, they remain high by recent historical standards and well above the RBA's 3.6% cash rate. Although credit spreads have tightened sharply, this dynamic needs to be juxtaposed against a widening of term premia for sovereigns.

In the post-2008 period, term premia—measuring the difference between short- and long-term risk-free government bond yields—were often non-existent or negative. Today, they are demonstrably positive in many markets as investors fret about a tsunami of public debt issuance.

By contrast, many corporate balance sheets have strengthened as firms have built up cash and de-levered. There has, in effect, been a risk transfer in credit spread terms from corporate to public balance sheets following the pandemic. Rising term premia therefore need to be weighed against tighter corporate credit spreads.

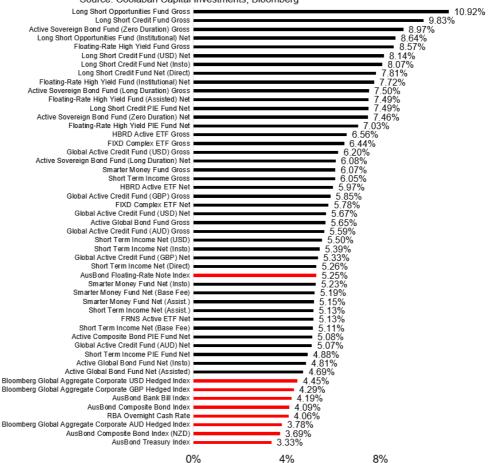




## Strategy commentary cont'd:

## Yearly Returns: Gross and Net

12 Months to 30 September 2025 Source: Coolabah Capital Investments, Bloomberg



Note that past performance is no guide to future returns and investors should read the product PDS to better understand risks and consult an independent adviser.

## Initial tariff impacts on world trade/inflation

The US government is still introducing new tariffs, but the highest effective US tariff rates in decades has fallen short of announced tariff rates to date because of:

- 1. Government exemptions and corporate deals;
- 2. US firms substituting away from high-priced goods to cheaper alternatives; and
- 3. China likely rerouting some sales to the US through lower-tariff Asian countries, even though rerouting is meant to attract a 40% penalty tariff.

US tariffs have slowed world trade and dramatically changed trade flows, but the saving grace has been the lack of retaliation by other countries. The profound shift in US trade policy should unwind globalisation, leading to less efficient production and higher costs, where Brexit suggests the structural shift will take several years.

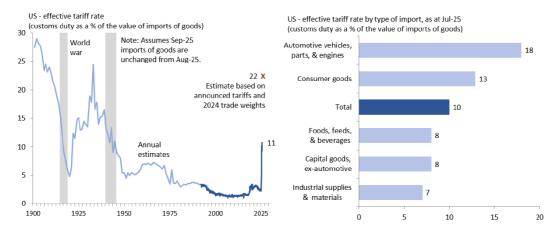
There is no clear sign of a disinflationary impulse from US tariffs to the rest of the world via weaker world growth and/or China dumping goods meant for the US market. World export prices have risen and Chinese export prices are little changed, although a weaker USD has made China more competitive.



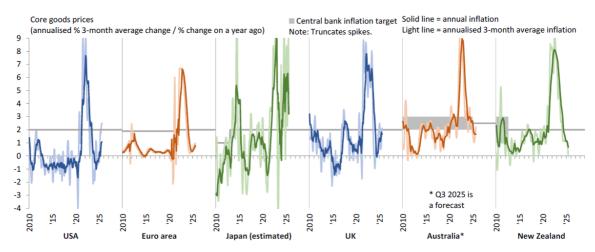




Strategy commentary cont'd: Goods prices are actually rising at the retail level in many countries, partly because of recent rises in import prices. There are no broad-based supply disruptions, but some multinationals could be evening out the cost of US tariffs by globally raising prices.



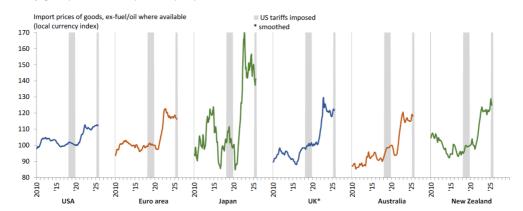
urce: Bureau of Economic Analysis, Peterson Institute for International Economics, Coolabah Capital Investments. As at Oct 2025



Source: Australian Bureau of Statistics, Bureau of Labor Statistics, Cabinet Office, Office for National Statistics, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments. As at Oct 2025.

#### Import prices were rising in many economies in the lead-up to the US tariffs

• Some of the pick-up in goods prices likely reflects higher import prices, which were rising in several economies in the lead-up to the new US tariffs, albeit at widely varying rates (the euro area and Japan are exceptions).



Source: Australian Bureau of Statistics, Bureau of Labor Statistics, Cabinet Office, Office for National Statistics, Statistics Canada, Statistics New Zealand, Coolabah Capital Investments. As at Oct 202







## Strategy commentary cont'd: High AUS Q3 underlying inflation - RBA on hold into next year

Trimmed mean inflation looks like it will print well above the RBA's forecast for Q3, such that a rate cut this year looks unlikely barring a sudden rise in unemployment and/or a significant left-field shock from overseas.

The RBA is forecasting a 0.6% increase in the trimmed mean CPI in Q3, where Governor Bullock recently said that the RBA could still cut in November if inflation printed at either 0.7% or 0.8%, depending on the detail of the CPI and assuming that the staff still forecast inflation would return to the 2.5% target.

Coolabah expects a high 1.0% increase in the trimmed mean CPI for Q3. The 1.0% estimate is still a forecast given that the CPI components for the final month of the quarter are estimated and since the monthly CPI indicator is an incomplete version of the quarter CPI, If correct, a 1.0% increase for the trimmed mean CPI would follow a 0.7% increase in Q1 and a rise of 0.6% in Q2 and would be the largest increase since the start of 2024.

Such an outcome would put the RBA on hold into next year until it could judge whether higher inflation in Q3 was temporary, where the ABS will soon start publishing the full monthly CPI - which is closely aligned to the quarterly release according to the ABS - with October data, together with a short history, due in November.

Unless it proves temporary, a high outcome for Q3 could also cause the RBA to question its optimistic views on both a lower neutral policy rate and a lower NAIRU.

## Small fall in ADP payrolls in Sep

The White House has shut down the government in a dispute over the budget and if the shutdown persists, the official payrolls report will not be released because it does not fall into the category of an essential government service.

Payrolls have broadly stalled over recent months and the private-sector ADP employment report showed a marginal decline of less than 0.1% in September after a downwardly-revised flat outcome in August.

Much of this weakness was due to the benchmarking of the ADP employment report to the official QCEW payrolls survey, which is practically a census of all American firms.

ADP noted that this benchmarking was less precise than usual because "[the latest] QCEW [survey] contained a higher-than-normal number of missing or redacted values for establishment size by [industry] sector and geography subgroups".

On economic statistics, the Bureau of Economic Analysis - which publishes the core PCE deflator and GDP as part of the national accounts - continues to add to the list of economic indicators that it no longer publishes or has suspended because of budget cuts. This echoes the more severe cutbacks in key environmental and health data by other US government agencies.

On the Fed, the Supreme Court was due to decide whether Fed Governor Cook could be stood down until a ruling is made on whether President Trump can fire her. The court has said that it will now decide on her future in January, which means she will continue to work at the Fed until then.

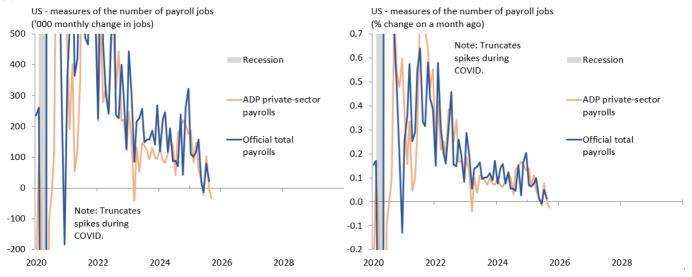
A January decision would precede the Board of Governors vote on recertifying the regional Fed presidents in February, where the White House plans to block at some of them from sitting on the FOMC. The legislation is not clear whether a regional Fed president can be blocked by just one governor or if it needs to be a majority decision.

Also on the Supreme Court, it will decide on the government appeal against the (Federal) Court of International Trade ruling that most of the new tariffs were illegal - ie, they had no grounding in matters of national security - in November. If the tariffs are struck down, it is not clear whether the government has properly-legislated tariffs waiting in the wings.





## Strategy commentary cont'd:



## EA inflation in line with ECB forecasts in Sep

Euro area core inflation tracked in line with the ECB's forecast in September, suggesting the ECB can continue to sit tight on rates, although with tentative signs of a deterioration.

Annual core inflation was 2.3% in Q3, down from 2.4% in Q2 and in line with the ECB's latest quarterly forecast.

The ECB is forecasting a further gradual improvement in inflation into next year, although the monthly profile of the data tentatively suggests that there is some risk that the improvement takes longer.

That is, on our seasonal adjustment, the core CPI rose by 0.2% in September for the fourth month in a row, but the trend annualised monthly inflation rate has edged up from a recent low of 2.25% to 2.5%, above the annual inflation rate of 2.3%, where the latter almost rounded up to 2.4%.

Core goods prices continue to rise, up 0.9% for the ninth month in a row, with trend annualised monthly inflation running at just over 1%, above the annual inflation rate of 0.8%. By way of comparison, annual inflation was running at about 0.5% prior to COVID. Core goods inflation is rising in the larger advanced economies, increasing strongly in Japan and picking up in the US, euro area and the UK.

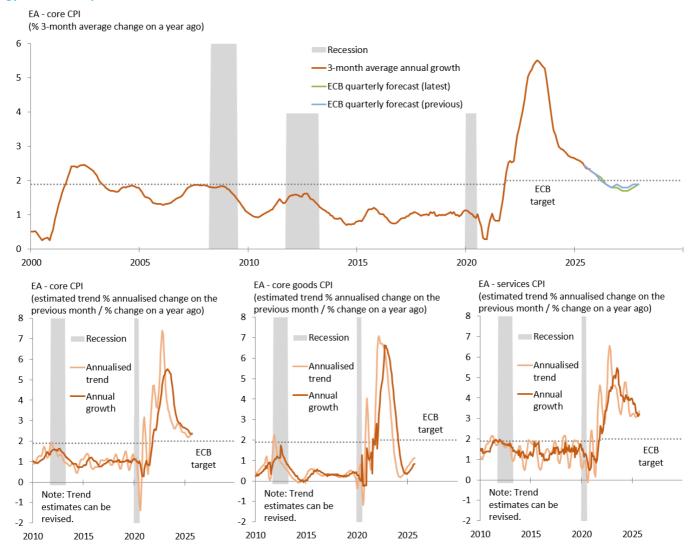
Services prices rose by another 0.3% in the month, with trend annualised monthly inflation steady at 3.2%. Annual inflation was again steady at 3.2%, above its pre-COVID rate of around 1.75%. Services inflation has improved in most countries, but is still above pre-pandemic levels.







# Strategy commentary cont'd:











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