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

Fund: **Coolabah Long-Short Credit PIE Fund**
Strategy: **Alternatives/Unconstrained Fixed-Income**
Return (since Dec. 2021): **6.97% pa net**
Net return volatility (since Dec. 2021): **2.89% pa**

December 2025

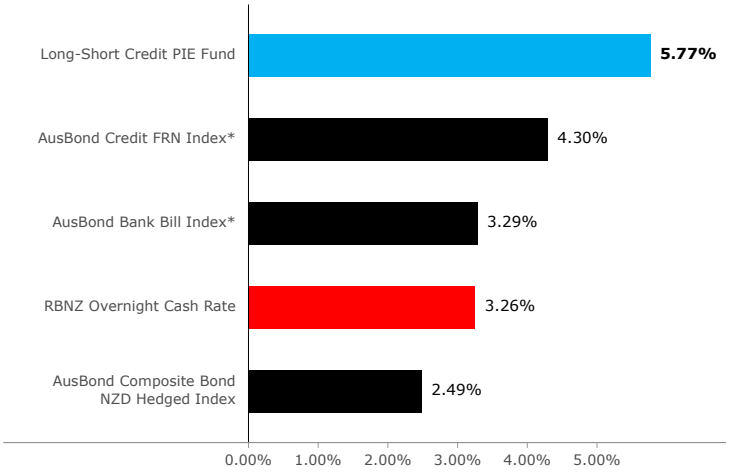
Objective: The Fund targets investment returns, after fees and before tax, of 4% to 6% per annum above the overnight interbank cash rate as published by the Reserve Bank of New Zealand (RBNZ), with less than 5% per annum volatility over rolling 3 year periods.

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 currently invests in the Smarter Money Long-Short Credit Fund (Underlying Fund), an Australian unit trust managed by Coolabah. The Fund targets a position of being fully hedged back to New Zealand dollars.

The Underlying Fund 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.

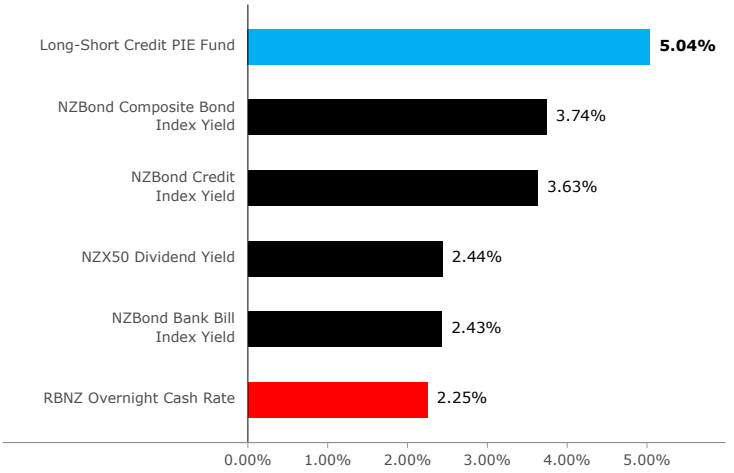
Period Ending 2025-12-31	Net Return†	RBNZ Overnight Cash Rate	Net Excess Return‡
1 month	0.44%	0.20%	0.24%
3 months	0.79%	0.61%	0.18%
6 months	3.05%	1.40%	1.65%
1 year	5.77%	3.26%	2.51%
3 years pa	**10.63%**	**4.57%**	**6.06%**
Inception pa Dec. 2021	**6.97%**	**3.93%**	**3.04%**
Underlying LSCF Strategy*			
5 years pa	5.69%	3.24%	2.45%
Inception pa Sep. 2017	**5.57%**	**2.43%**	**3.14%**

Long Short Credit PIE Fund Returns (Net) vs Comparisons
1 Year Returns to December 2025 (NZD hedged)



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

Annual Running Yield
31 December 2025 (NZD)#



Data Source: RBA, Bloomberg, Coolabah Capital Investments

* The underlying strategy is an Australian unit trust. The returns displayed are estimated in NZD based on the actual AUD returns with 1 month forward contracts. † Net returns are calculated from the historic gross returns using the current fee structure as displayed in the PDS. ‡ The Excess Return columns represent the gross and net return above the AusBond Bank Bills Index hedged to NZD. # The yields shown are estimates based on the yield of the underlying strategy hedged to New Zealand Dollar (NZD) using the NZD Bank Bill 3 Month Index (NDBB3M) and the AUD Bank Bill 3 Month Index (BBSW3M).

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.

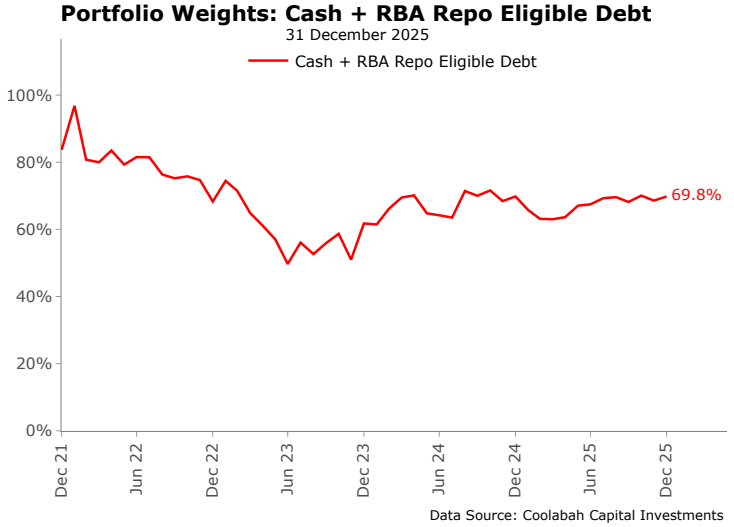
Note: all portfolio statistics other than yields and duration are reported on gross asset value

Av. Portfolio Credit Rating	A+	Gearing Permitted?	Yes
Portfolio MSCI ESG Rating	AA	1 Year Av. Gross Portfolio Weight to Cash	5.5%
No. Cash Accounts	34	Gross Portfolio Weight to AT1 Hybrids	0.0%
No. Notes and Bonds	216	Gross Cash Accounts + RBA Repo-Eligible Debt	69.8%
Av. Interest Rate (Gross Running Yield)	5.04%	Net Annual Volatility (since incep.)	2.89%
Modified Interest Rate Duration	0.26 years	**Underlying Strategy Ratings:** Recommended (Lonsec); Recommended (Zenith); Superior - More Complex (Foresight Analytics)	

Signatory of: PRI Principles for Responsible Investment

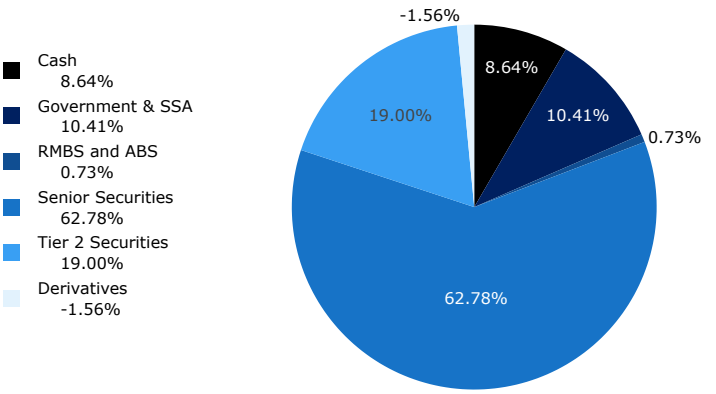
MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA
Asset weighted average rating

Portfolio Weights: Cash + RBA Repo Eligible Debt



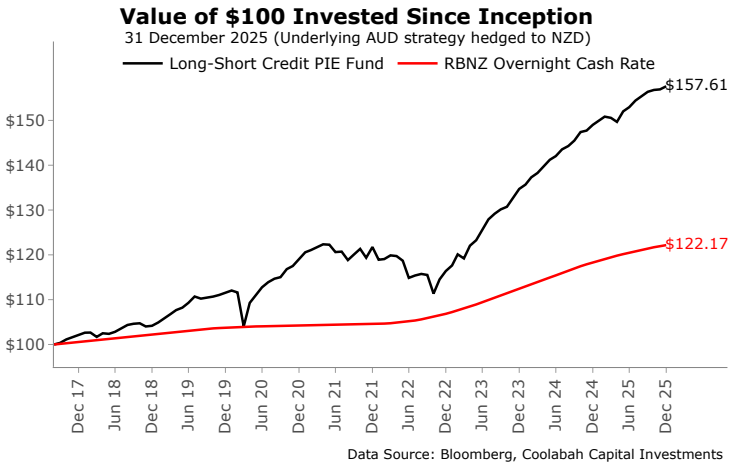
Data Source: Coolabah Capital Investments

Long Short Credit PIE Fund Portfolio Composition (GAV)



Data Source: Coolabah Capital Investments

Value of $100 Invested Since Inception



Data Source: Bloomberg, Coolabah Capital Investments

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The since inception net return of 6.97% pa net is the total annual return earned by the fund since Dec. 2021, 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 Long-Short Credit PIE Fund, with quarterly distributions reinvested. Investment return will vary depending upon investment date and any additional investments and withdrawals made. **The annualised volatility estimate of 2.89% pa** is based on the standard deviation of net daily returns since inception, which are then annualised, attributable to the Coolabah Long-Short Credit PIE Fund.

Portfolio Managers	Christopher Joye, Ashley Kabel, Roger Douglas, Fionn O'Leary (Coolabah Capital Investments)		
Fund Inception	09-Dec-2021	Distributions	Quarterly
Morningstar Ticker	25326	Unit Pricing	Daily (earnings accrue daily)
Asset-Class	Alternatives/Hedge Funds	Min. Investment	NZD$1,000
Target Return	Net 4.0%-6.0% pa over RBNZ cash rate	Withdrawals	Daily Requests (funds normally in 4 days)
Investment Manager	Coolabah Capital Investments (Retail)	Buy/Sell Spread	0.00%/0.05%
Supervisor	Public Trust	Mgt. & Admin Fee	1.00% pa
Manager	FundRock NZ	Perf. Fee	20.5% of returns over AusBond Bank Bills Index hedged to NZD + 1% pa

Signatory of: PRI Principles for Responsible Investment

MSCI ESG RATINGS AA
CCC B BB BBB A AA AAA
Asset weighted average rating

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

Portfolio commentary: In December, the zero-duration daily liquidity Long-Short Credit PIE Fund (NZLSCP) returned 0.44% net, outperforming the AusBond Bank Bill Index* (0.20%), the RBNZ Overnight Cash Rate (0.20%), and the AusBond Credit FRN Index* (0.26%). Over the previous 12 months, NZLSCP returned 5.77% net, outperforming the RBNZ Overnight Cash Rate (3.26%), the AusBond Bank Bill Index* (3.29%), and the AusBond Credit FRN Index* (4.30%). NZLSCP ended December with a running yield of 5.04% pa, a weighted-average credit rating of A+, and a portfolio weighted average MSCI ESG rating of AA.

Since the inception of NZLSCP 4.1 years ago in December 2021, it has returned 6.97% pa net, outperforming the AusBond Bank Bill Index* (3.91% pa), the RBNZ Overnight Cash Rate (3.93% pa), and the AusBond Credit FRN Index* (4.76% pa). While NZLSCP's return volatility since inception has been low at around 2.89% 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;

Strategy commentary cont'd:

- 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;
- 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.

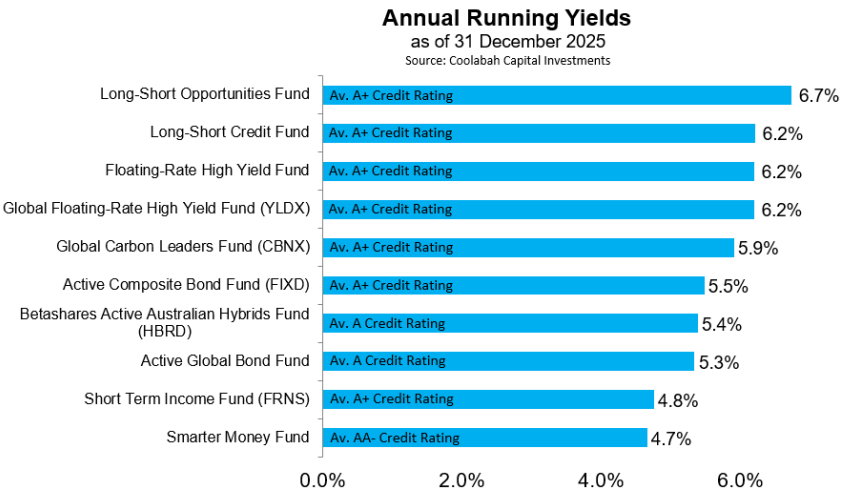
The trade-weighted US dollar depreciated by 7-8% as a result of de-dollarization diversification and the impact of the Fed's cuts, although the damage was done in the first half of the year (in the second half, the trade-weighted USD index tracked sideways).

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).

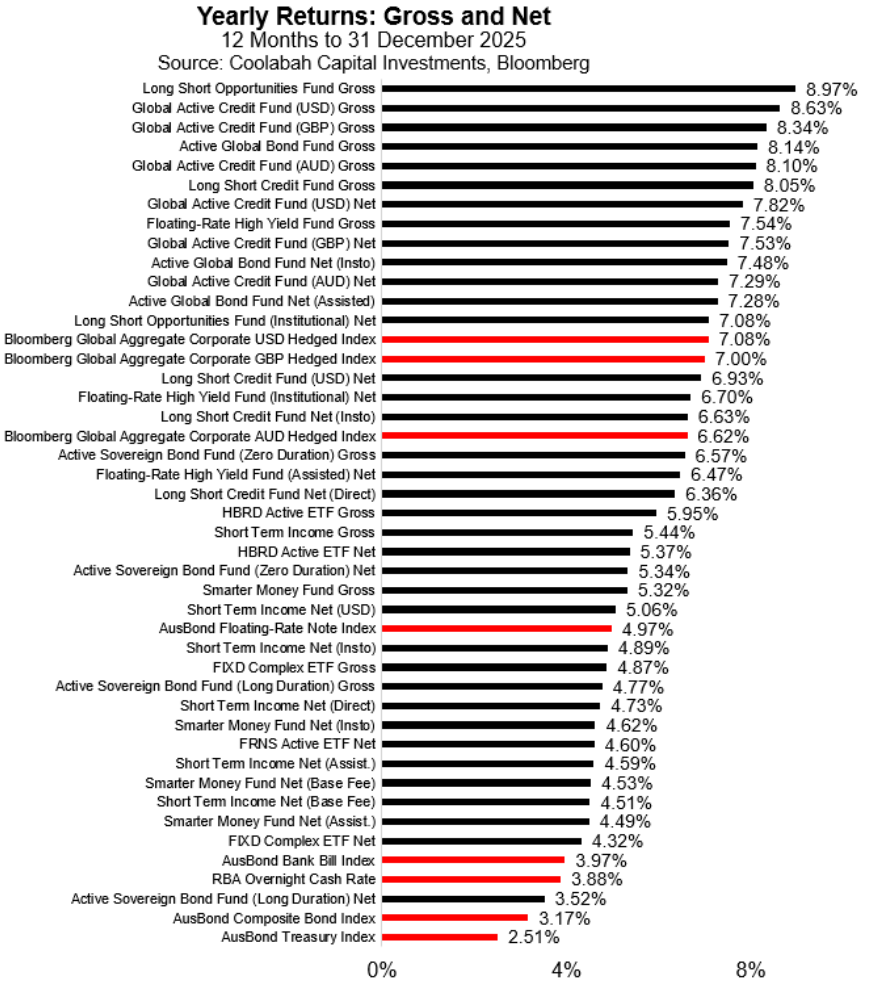
In the Aussie market, both long-duration and floating-rate indices delivered inferior outcomes to their global counterparts: the 4.8-year duration AusBond Composite Bond Index returned only 3.17%, while the AusBond FRN Index rose 4.97%.

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:



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