

Trilogy Enhanced Income Fund

6.25% P.A^{1,2}

Investment report: *March 2024*

Fund Overview

Key Metrics	
Inception	May 2017
Funds under management	\$59.83m
Target asset allocation	Approximately 65% allocation to cash, term deposits, and direct and indirect investments in other short-term debt; and approximately 35% allocation to Trilogy Monthly Income Trust.
Fund Information	
Unit price	\$1.00 ⁴
Minimum initial investment	\$5,000
Distribution frequency	Monthly
Withdrawal notice period	30 days ⁵
Responsible entity management fee	0.35% p.a. (including GST) of total funds under management. Additional fees are charged to the Fund relating to the assets ⁵ .
APIR	TGY9789AU

Independent research ratings⁶



Investment Strategy and Performance

The Trilogy Enhanced Income Fund (Fund) invests directly and indirectly in a portfolio of cash, fixed interest investments and other financial assets such as a range of short to medium term bank deposits, bills of exchange, promissory notes, bonds, fixed or floating rate debt securities and income securities.

To enhance returns, part of the portfolio is invested in the Trilogy Monthly Income Trust (Trust). The Trust is a pooled mortgage trust that invests in loans secured by registered first mortgages of Australian property.

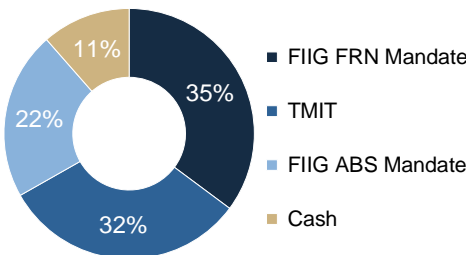
The Trust finances a diverse range of property developments in the residential, commercial, industrial, and retail property sectors in Australia.

Historical Performance^{2,3}

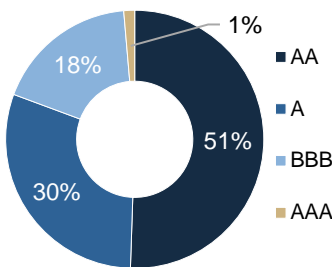
1 month	3 month	6 month	1 year	3 year	5 year	Inception
0.53%	1.54%	3.07%	5.94%	4.10%	3.89%	3.94%

Fund Snapshot⁷

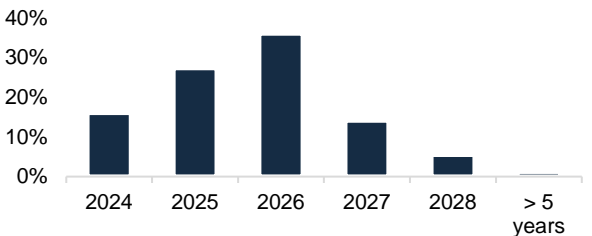
Asset allocation



Credit quality exposure (FIIG Mandates only)⁸



Maturity⁸ (FIIG Mandates only)



Investments in the Trilogy Enhanced Income Fund ARSN 614 682 469 can only be made on the application form accompanying the Product Disclosure Statement (PDS) dated 10 April 2024 issued by Trilogy Funds Management Limited (Trilogy Funds) ABN 59 080 383 679 AFSL 261425 and available from www.trilogyfunds.com.au. Please also consider the Target Market Determination (TMD) dated 10 April 2024 which is available at www.trilogyfunds.com.au.

This product carries capital, distribution and other risks. You should consider Section 6 of the PDS before investing. Information included in this communication about investment yield and returns should be considered only as part of a balanced review of all the features, benefits and risks associated with the product. Please read the PDS and the TMD in full. All investments, including those with Trilogy Funds, involve risk which can lead to no or lower than expected returns, or a loss of part or all of your capital. Investments in Trilogy Funds' products are not bank deposits and are not government guaranteed.

Fund and Market Update

The Fund delivered a return of 6.25% p.a. for the month ending 31 March 2024. This return was built off accruals associated with asset backed securities (ABS) and floating rate notes (FRNs) to which the Fund has a major exposure. During March, the market saw higher issuance volume post the summer break. Over 10 ABS deals were mandated or launched in the month with approximately 50% of these deals pre-sold or oversubscribed. During the month, \$0.7m ABS were added to the portfolio through active deployment. Minimal cash is currently maintained in the portfolio, relying instead on senior bank FRNs for standby liquidity. These FRNs were and will continue to be efficiently liquidated whenever investment opportunities in ABS arise.

The portfolio continues to benefit from a contraction in credit margins on these securities. We continue to maintain a preference toward shorter maturity and higher-rated securities. This preference is designed to insulate the portfolio against unforeseen market volatility should central banks maintain a “higher for longer” stance.

Outlook

In the monetary space, the RBA held the cash rate steady at 4.35% in March 2024. The headline monthly consumer price inflation indicator was steady at 3.4% over the year to January 2024, with momentum easing over recent months underpinned by moderating goods inflation. Services inflation remains elevated but is moderating at a more gradual pace⁹. While the RBA statement is notably less hawkish, market expects not to see the easing cycle until later this year¹⁰.

Across the broader geopolitical landscape, local rate cut decisions will be impacted by rate cut expectations by the US Federal Reserve. Stronger than expected consumer and producer price figures fueled concerns that inflation in the world’s largest economy was proving stickier than expected. While this does not materially shift the US Federal Reserve expectations of cutting rates (as many as 3 this calendar year), expectations in the market have now aligned¹¹.

Our team continue to be vigilant in monitoring market rate movements and repositioning assets in the portfolio as necessary if attractive risk-adjusted returns in fixed-rate instruments begin to appear.

Product Disclosure Statement (PDS) is available on the Fund webpage [here](#).

The Target Market Determination (TMD) for Units in the Fund is available free of charge on the Fund webpage [here](#).

1. Equivalent net distribution rate annualised paid to investors for the month ended 31 March 2024.
2. All distribution rates quoted are variable, net of fees, costs and taxes and assume no distribution reinvestment. Past performance is not a reliable indicator of future performance.
3. 3-year, 5-year and inception data are reported on a per annum basis.
4. The unit price is fixed, however, capital losses can occur in circumstances where the Fund incurs a capital loss.
5. See PDS & TMD for details.
6. The information contained in the Foresight Analytics report and encapsulated in the investment rating is of a general nature only. The report and rating reflect the opinion of Foresight Analytics and Ratings Pty Limited (AFSL 494552). It does not take into account an individual's objectives, financial situation or needs. Professional advice should be sought before making an investment decision. A fee has been paid by the fund manager for the production of the report and investment rating.
7. As at 31 March 2024.
8. Only includes investments associated with FIIG Investment Management Limited (FIIG) (FIIG Mandates) in the portfolio.
9. Statement by the Reserve Bank Board: Monetary Policy Decision <https://www.rba.gov.au/media-releases/2024/mr-24-05.html>
10. RBA keeps rate rise in reserve <https://www.afr.com/policy/economy/rba-not-ruling-anything-in-or-out-as-it-leaves-cash-rate-at-4-35pc-20240319-p5fdha>
11. US inflation moderating; consumer spending underpinning economy <https://www.reuters.com/markets/us/us-inflation-increases-moderately-february-consumer-spending-surges-2024-03-29/>