

# Trilogy Enhanced Income Fund



Investment report: *January 2024*

APIR: TGY9789AU

## Investment at a glance

### Unit Price<sup>3</sup>:

\$1.00

### Minimum initial investment:

\$5,000

### Minimum additional investment:

No minimum

### Distribution frequency:

Monthly

### Preferred method of payment:

Direct debit, BPAY. (Contact us for other options.)

### Withdrawal notice period:

30 days. See PDS & TMD for details.

### Automatic reinvestment:

Ordinary units: Available  
Platform units: Not available

### Responsible entity management fee:

0.35% p.a. (including GST) of total funds under management. Additional fees are charged to the Trust relating to the assets. See PDS for details.

### Entry & exit fees:

Nil - but other fees and costs apply, see PDS.

### 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.

### Risks:

This product carries capital, distribution and other risks. You should consider Section 5 of the PDS before investing.

### Independent research ratings:



## 6.05% PA<sup>1,2</sup>

January 2024 net distribution rate annualised. Variable rate. Past performance is not a reliable indicator of future performance.

## Historical performance<sup>2</sup> (Inception May 2017)

1 Month %	3 Month %	6 Month %	1 Year %	3 Year %PA	5 Year %PA	Since Launch %PA
0.51	1.52	3.05	5.71	3.94	3.83	3.88

## Commentary

### Fund update

The Trilogy Enhanced Income Fund delivered a return of 6.05% p.a. for the month ending 31 January 2024. This return was built off the continual accrual picked up in asset backed securities and floating rate notes to which the Fund has a major exposure. The portfolio additionally benefited from a contraction in credit margins on these securities. December and early January are typically quieter periods for primary issuance of securities, including asset-backed securities and senior and subordinated debt issuance from major financial institutions. We have seen this market open up in February, with a number of issuances coming to market with a strong bid-cover ratio. The underlying asset allocation across our portfolio remains relatively steady with direct and indirect investments, including our investment in the Trilogy Monthly Income trust, contributing positively to returns.

### Market update

There were a number of key data points released in January which have influenced rate cut expectations. The change in CPI for the 12 months to 31 December 2023 came in at 4.1%, which was softer than expected. This brought forward expectations of easing monetary policy.

<sup>1</sup> Equivalent net distribution rate annualised paid to investors for the month ended 31 January 2024.

<sup>2</sup> 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.

<sup>3</sup> The unit price is fixed, however, capital losses can occur in circumstances where the Fund incurs a capital loss.

<sup>4</sup> 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.



## Commentary (continued)

Supporting this was an RBA publication stating that they expect price growth to return to the top of its target band by the end of 2025<sup>6</sup>. The reported unemployment rate for December 2023 remained unchanged at 3.9% from November 2023; and this coincided with an unchanged participation rate at 67.0%<sup>7</sup>. A further consideration for the RBA in their rate cut decision is the impact of the \$20-billion-a-year stage three income tax cuts expected later this year.

Across the broader geopolitical landscape, local monetary policy will also be impacted by expectations regarding US Federal Reserve policy. In that light, S&P Global noted that consumer price inflation will continue to moderate in 2024, consistent with rebalancing supply and demand. The US is on track for much weaker growth in the final quarter of 2023 based on S&P Global report which led to market consensus expectations of monetary tightening.

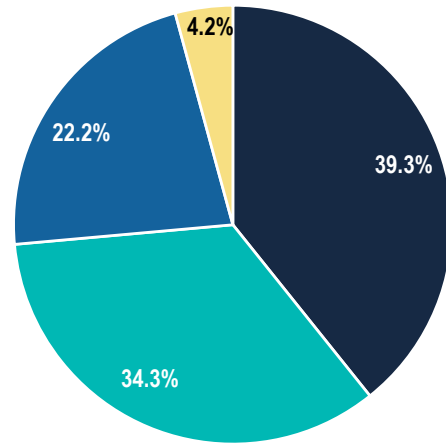
Our team continues to be vigilant in monitoring market rate movements and repositioning assets in the portfolio; which we would undertake as necessary should attractive risk-adjusted returns emerge in fixed rate instruments.

## Portfolio information

### Funds under management (FUM)<sup>5</sup>

\$58,344,711

### Asset allocation



- Trilogy Monthly Income Trust
- FIIG Securities - FRN Mandate
- FIIG Securities - ABS Mandate
- Cash

<sup>5</sup> All figures are based on unaudited figures as at 31 January 2024 and may be subject to change. LVR is based on valuation (for development and construction loans, the "as-if complete" valuation) inclusive of GST. Some figures have been rounded to the nearest percent.

<sup>6</sup> <https://www.rba.gov.au/monetary-policy/rba-board-minutes/2023/2023-11-07.html>

<sup>7</sup> <https://www.abs.gov.au/statistics/labour/employment-and-unemployment#:~:text=Labour%20Force%2C%20Australia,employment%20increased%20to%2014%2C246%2C000.>

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 30 September 2022 issued by Trilogy Funds Management Limited (Trilogy Funds) ABN 59 080 383 679 AFSL 261425 and available from [www.trilogyfunds.com.au](http://www.trilogyfunds.com.au). Please also consider the Target Market Determination (TMD) dated 30 September 2022 which is available at [www.trilogyfunds.com.au](http://www.trilogyfunds.com.au). 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.