

Trilogy Enhanced Income Fund

6.10% P.A^{1,2}

Adviser Investment Report: November 2024

Fund Overview

Key Metrics	
Inception	May 2017
Funds under management	\$74.59m
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
Platform Availability	
Netwealth	HUB24
Mason Stevens	Macquarie Wrap
Australian Money Market	OneVue
uXchange/Dash	Powerwrap

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.

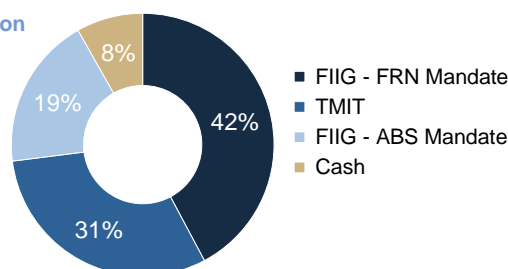
To enhance returns, part of the portfolio is invested in the Trilogy Monthly Income Trust (Trust). The Trust is a pooled mortgage trust that invests in loans secured by registered first mortgages of Australian property. The Trust finances a diverse range of property developments in the residential, commercial, industrial, and retail property sectors in Australia.

Historical Performance ^{2,3}							
	1 month	3 month	6 month	1 Year	3 Year	5 year	Inception
Return	0.50%	1.52%	3.10%	6.19%	4.83%	4.15%	4.14%
Benchmark	0.48%	1.46%	2.93%	5.85%	4.57%	3.43%	3.24%
Excess	0.02%	0.06%	0.17%	0.34%	0.26%	0.72%	0.90%

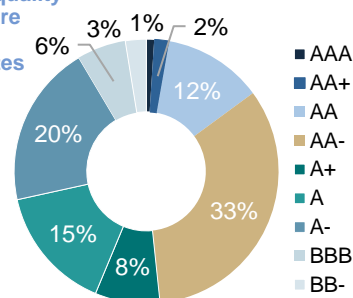
Note: 3-year, 5-year and inception data are reported on a per annum basis

Fund Snapshot⁷

Asset allocation



Credit quality exposure (FIG Mandates only)⁸



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 Australian primary market for asset-backed securities (ABS) remained active in November, with steady issuance across the banking and corporate sectors. Notable deals in the month include Firstmac (\$1.5bn), Mortgage House (\$750m) and Crimson Bond Trust (\$507m). This was despite market events such as the US presidential election and the RBA's decision to keep the official cash rate on hold at 4.35%. As at 30 November 2024, the Fund has 19% of its assets invested in an ABS mandate with FIIG.

In the Australian Tier 2 market, CBA issued \$1.5bn of a 15-year 6.152% fixed-rate bond, convertible to a floating rate note if not redeemed on the 10-year call date. Additionally, \$2.25bn of Tier 2 was issued in the non-bank sector from groups such as QBE, Barclays, and BNP. Secondary markets for subordinated debt also experienced heightened activity, with some counterparties reporting November as the busiest month for Tier 2 turnover this year. As at 30 November 2024, the Fund has 47% of its FRN mandate invested in subordinated debt, with the remainder in senior debt and cash.

The Fund holds approximately 31% of its assets in The Trilogy Monthly Income Trust (Trust). The Trust continues to provide a consistent return for the Fund, delivering 7.85% p.a. for the month ending 30 November 2024, as it did the month prior.

Outlook

Australia's GDP grew by 0.3% in Q3 2024, slightly below market expectations of 0.4%. On a per capita basis, GDP declined by 0.3%, reflecting a retreat for the seventh consecutive quarter due to an increasing population. The 12-month growth rate to September 2024 was 0.8%.⁹

The Australian dollar was the weakest performing major currency in the final week of November after it dropped below US64 cents. Economists at CBA and NAB have raised concerns that the Australian dollar could fall below US60 cents. Market speculation persists regarding whether the US will implement a 60% tariff on Chinese imports following the pre-election rhetoric, with strategists highlighting potential negative impacts on global economic growth.¹⁰

Looking ahead, markets are increasingly focused on future interest rate movements. As at 13 December, the ASX 30-Day Interbank Cash Rate Futures February 2025 contract was trading at 95.715. This suggests a 62% market expectation of an interest rate decrease to 4.10% at the next RBA board meeting.¹¹

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 30 November 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. The target benchmark is the Official Cash Rate target plus 1.50% p.a. assuming reinvestment of distributions but before fees and expenses and taxes, over a rolling 12 months period.
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. The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs of any specific person. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.
7. As at 30 November 2024.
8. Only includes investments associated with FIIG Investment Management Limited (FIIG) (FIIG Mandates) in the portfolio.
9. <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-national-income-expenditure-and-product/latest-release>
10. <https://www.afr.com/markets/debt-markets/buy-the-aussie-and-dump-the-greenback-says-morgan-stanley-20241209-p5kwt>
11. <https://www.asx.com.au/markets/trade-our-derivatives-market/futures-market/rba-rate-tracker>