

Fortlake Real-Income Fund (Managed Fund)

Monthly Fact Sheet— September 2024

Portfolio Running Yield currently stands at 5.56%. One-year returns remain strong at 7.78% (net), and since inception the strategy's performance has maintained a solid 9.90% (net) return.

We remain neutral on credit, with active tilts in the high yield space, focusing on defaults. Increased volatility in credit and interest rates presents opportunities that we anticipate will enhance performance in the coming months.

Dispersion remains prominent in credit markets, though we're starting to see more industries moving into distress. A few distressed credits still drive spreads, with Avon Products Inc. (AVP) recently defaulting under Chapter 11 in August. AVP went through a default auction in September, delivering a 34-cent recovery rate, a neutral outcome for the Fund. Credit spreads have tightened, aided by the Federal Reserve's -50bp rate cut in September. However, the dispersion between distressed and non-distressed names remains at its cheapest since 2019. Over the month, the Fund actively managed credit risk to reduce hedging costs.

Shorting the widest names in high yield indices is costly due to carry and elevated interest rate term structures. However, as the term structure falls, hedging costs may decrease, potentially widening spreads. Significant arbitrage opportunities have opened up in high yield indices, often linked to credit short covering. Risks remain nuanced across credit markets and European leveraged loan indices. While some distressed names show dispersion, aggregate spreads haven't widened significantly. We expect this to change as distress broadens across industries. Economic data is softening, which could exacerbate risks in weaker sectors.

Portfolio Snapshot at 30 September 2024

Portfolio YTM (Gross)	5.10%
Average Credit Quality	A-
Weighted Average Years to Maturity	3.54
Total Number of Exposures	513
Total Country Exposures	25

Portfolio Returns to 30 September 2024

	Net	Benchmark*	Excess Return (net)
1M	0.18%	0.36%	-0.19%
3M	0.85%	1.12%	-0.27%
1Y	7.78%	4.49%	3.29%
2Y p.a.	15.79%	4.06%	11.73%
3Y p.a.	9.99%	2.89%	7.10%
Since Inception p.a.**	9.90%	4.77%	5.14%

*RBA Overnight Cash Rate. **Fund inception: 18-Dec-2020

Fund Statistics at 30 September 2024

Since Inception*

Best Month Since Inception	5.55%
Worst Month Since Inception	-1.06%
% Positive Months Since Inception	82.22%

*Fund inception: 18-Dec-2020. Past performance is not an indicator of future performance and fees or costs may change in future years.

Interest rate volatility remains high, driven by concerns about labor market weakness, economic growth, and the Federal Reserve's upcoming rate cuts. This trend has pushed yields lower throughout the month.

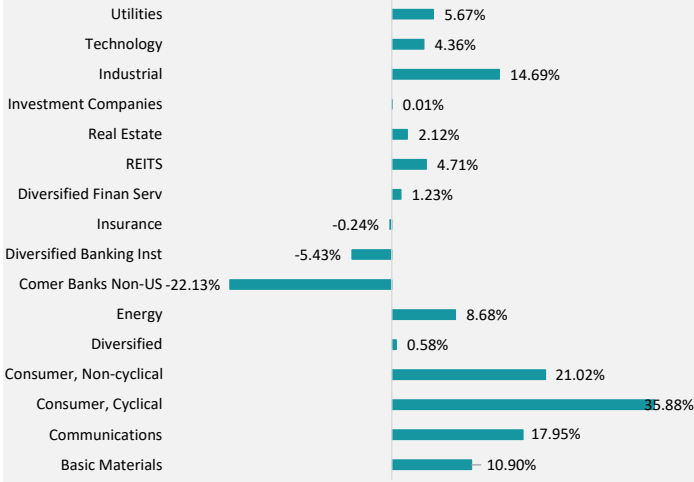
Fund attribution over the month was defined by **Default Arb** (+54.1 bps), **Corporate Hedges** (-121.4 bps), **Corporate/Gov Bonds** (+38.2 bps), **Inflation** (0bps) and **Duration/Curve** (+51.6 bps) contributing to overall (gross) return.

Fund Facts

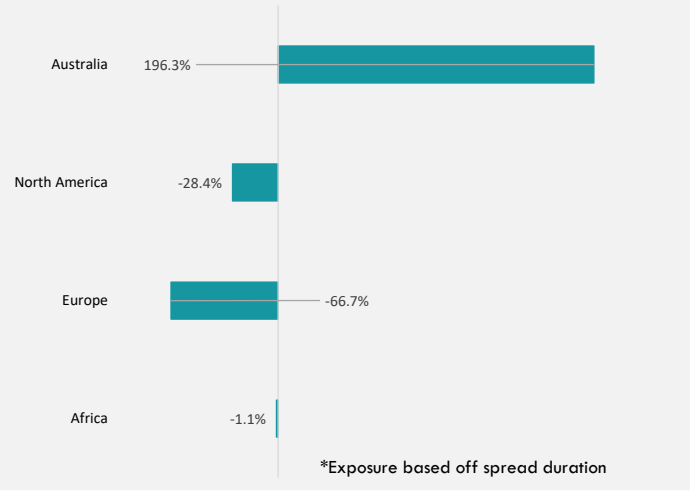
Investment Return Objective: RBA Overnight Cash Rate + 3.5% p.a.

Fund Managed by	Fortlake Asset Management Limited	Management Fee	0.41% p.a. including GST
Fund Type	Australian Unit Trust	Responsible Entity Fee and Indirect Costs	0.31% p.a. including GST
Fund Issued by	Colonial First State Investments Ltd	Buy/Sell Spread	0/0.1%
Responsible Entity	Colonial First State Investments Ltd	Distribution Frequency	Quarterly
Fund Inception	18-Dec-20	Liquidity	Daily
Minimum Investment	\$1,000		

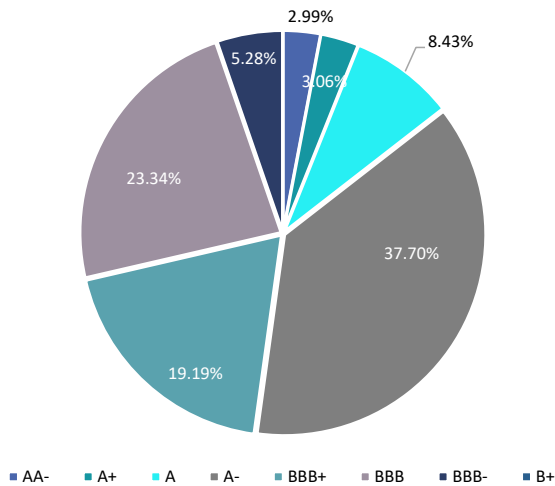
MARKET EXPOSURE BY SECTOR



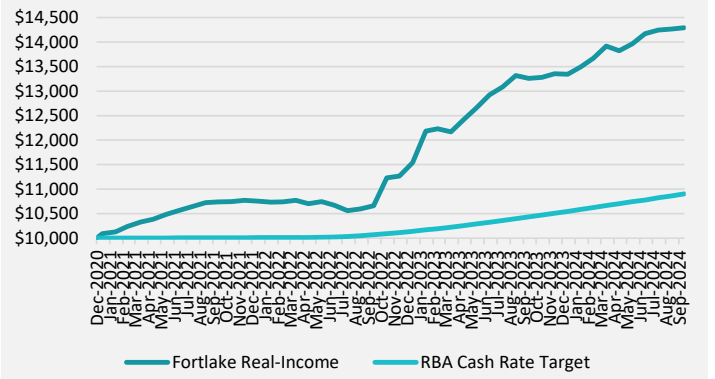
MARKET EXPOSURE BY REGION*



CREDIT RATING



INVESTMENT GROWTH OF \$10,000*



*Hypothetical performance assumes net returns and reinvestment of all distributions since inception. Past performance is not an indicator of future performance and fees or costs may change in future years.
Source: Morningstar

Fortlake Real Income Fund Performance (net returns)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year
2024	1.13%	1.28%	1.83%	-0.68%	1.05%	1.47%	0.51%	0.16%	0.18%				7.10%
2023	5.55%	0.42%	-0.54%	2.06%	1.96%	2.04%	1.30%	1.75%	-0.42%	0.14%	0.56%	-0.07%	15.63%
2022	-0.20%	0.04%	0.29%	-0.63%	0.41%	-0.70%	-1.06%	0.35%	0.62%	5.33%	0.34%	2.41%	7.28%
2021	0.37%	1.08%	0.92%	0.55%	0.97%	0.75%	0.72%	0.75%	0.17%	0.04%	0.25%	-0.14%	6.60%
2020												0.91%	0.91%

Source: Morningstar

All data as at 30 September 2024 unless otherwise stated. Past performance is not an indicator of future performance and fees or costs may change in future years.

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