

# Fortlake Real-Higher Income Fund

## Monthly Fact Sheet—February 2025

Portfolio Running Yield currently stands at 5.67%. One-year returns remain strong at 9.16% (net) and since inception the strategy's performance has maintained a solid 10.28% (net) return.

Over the month the Fund benefited from the prior months' hedging activities, we expect this benefit to keep flowing through for some time. Fund correlations are currently set at close to 0 relative to credit and equity. There was significant weakness across a variety of High Yield issuers over the month and this contributed, significantly, to the strong monthly performance. Given the strategies employed we believe that these correlations will remain independent of most asset classes in the months ahead. As previously noted, the Fund also used duration to help hedge credit exposure, cross subsidise credit protection and we have seen significant gains from this strategy over the month.

Interest rates are an active area for the Fund, as we continue to see noteworthy cross market opportunities between Europe and the US. Whilst volatility has come down this month, we expect to see some defensive strategies taking the lead for performance in the short term future. The Fund remains very active on low beta defensive strategies and has a preference to leverage this approach rather than build positions in high beta areas of the credit markets.

The positive outlook for the Fund's return profile is premised on higher risk-free rates playing a more significant role in the months ahead, whilst interest rates are lower, we have locked in the higher term structure which will benefit the Fund in the months ahead. Our preference is to retain this risk as opposed to alternative forms of credit risk given the complacency in credit markets.

### Portfolio Snapshot at 28 February 2025

Portfolio Running Yield (Gross)	5.67%
Average Credit Quality	BBB+
Weighted Average Years to Maturity	3.40
Total Number of Exposures	527
Total Country Exposures	25

### Portfolio Returns to 28 February 2025

	Net	Benchmark*	Excess Return (net)
1M	1.60%	0.33%	1.27%
3M	5.31%	1.09%	4.23%
1Y	9.16%	4.50%	4.66%
2Y p.a.	9.15%	4.36%	4.79%
3Y p.a.	10.70%	3.51%	7.19%
Since Inception p.a.**	10.28%	2.52%	7.76%

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

### Fund Statistics at 28 February 2025

Since Inception*	
Best Month Since Inception	4.78%
Worst Month Since Inception	-2.07%
% Positive Months Since Inception	79.17%

\*Fund inception: 18-Dec-2020. Past performance is not an indicator of future

performance and fees or costs may change in future years.

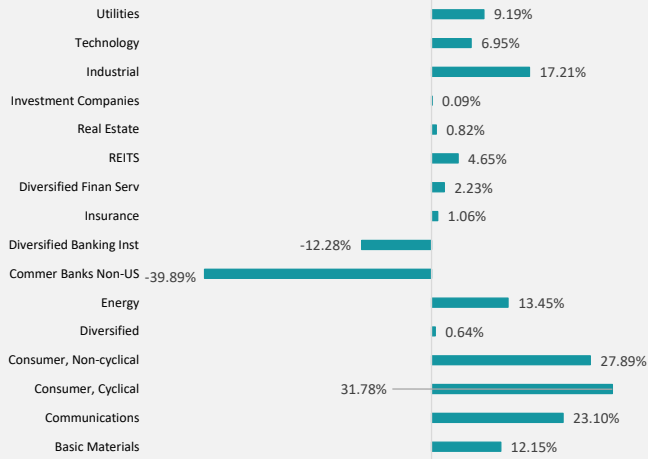
Fund attribution over the month was defined by **Default Arb** (+74.5 bps), **Corporate Hedges** (+38.9 bps), **Corporate/Gov Bonds** (+95.4 bps), **Inflation** (0bps) and **Duration/Curve** (-36.5 bps) contributing to overall (gross) return.

### Fund Facts

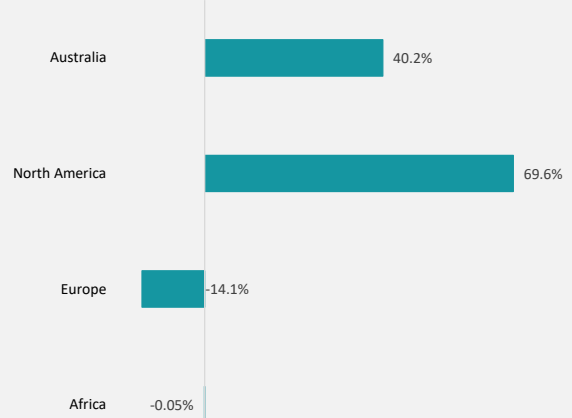
Investment Return Objective: RBA Cash Rate Target + 5% p.a.

Fund Managed by	Fortlake Asset Management Limited	Management Fee	0.484% p.a. including GST
Fund Type	Australian Unit Trust	Responsible Entity Fee and Indirect Costs	0.62% p.a. including GST
Fund Issued by	Colonial First State Investments Ltd	Buy/Sell Spread	0.1/0.1%
Responsible Entity	Colonial First State Investments Ltd	Distribution Frequency	Quarterly
Fund Inception	18-Dec-20	Liquidity	Daily
Minimum Investment	\$25,000		

**MARKET EXPOSURE BY SECTOR**

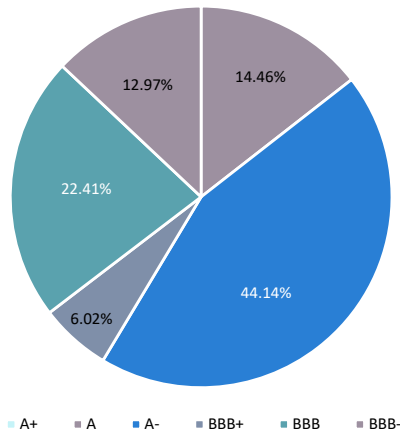


**MARKET EXPOSURE BY REGION\***

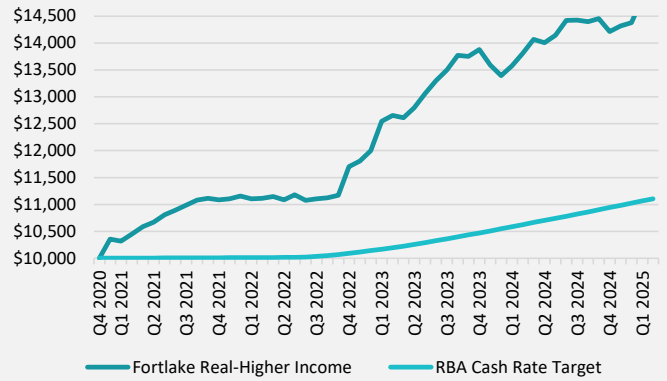


\*Exposure based off spread duration

**CREDIT RATING**



**INVESTMENT GROWTH OF \$10,000\***



**FRHIF - Correlation Analysis - 28/02/2025**

<u>Fixed Income</u>		<u>Equities</u>	
Ausbond Credit 0+ Index	-0.05	MSCI World Equity Index	-0.10
AusBond Government Index	-0.02	S&P 500	-0.09
AusBond Composite Index	-0.03	ASX 200 Index	0.00
Australian 10-year Government Bond	0.01		
Australian 3-year Government Bond	0.01		

**February 2025 (1 month) Return Analysis**

FRHIF (gross returns)	1.72%
Ausbond Credit 0+ Index	0.79%
AusBond Government Index	0.98%
AusBond Composite Bond Index	0.93%
Australian 10-year Government Bond	-3.05%
Australian 3-year Government Bond	-2.01%
MSCI World Equity Index	-0.81%
S&P 500	-1.42%
ASX 200 Index	-4.22%

**Fortlake Real-Higher Income Fund Performance (net returns)**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year
<b>2025</b>	3.56%	1.60%											5.21%
<b>2024</b>	1.37%	1.73%	1.85%	-0.44%	0.97%	1.97%	0.04%	-0.20%	0.41%	-1.69%	0.74%	0.09%	6.98%
<b>2023</b>	4.55%	0.89%	-0.34%	1.44%	2.06%	1.86%	1.49%	2.00%	-0.12%	0.92%	-2.07%	-1.46%	11.64%
<b>2022</b>	-0.47%	0.11%	0.29%	-0.56%	0.84%	-0.92%	0.27%	0.17%	0.41%	4.78%	0.86%	1.63%	7.55%
<b>2021</b>	-0.37%	1.28%	1.31%	0.81%	1.27%	0.81%	0.85%	0.85%	0.33%	-0.27%	0.18%	0.45%	7.75%
<b>2020</b>												3.54%	3.54%

Source: Morningstar

All data as at 28 February 2025 unless otherwise stated. Past performance is not an indicator of future performance. Fees or costs may change in future years

\*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.

Colonial First State Investments Limited ABN 98 002 348 352, AFSL 232468 (CFSIL) is the responsible entity and issuer of the Fortlake Real-Income Fund, Fortlake Real-Higher Income Fund and Fortlake Sigma Opportunities Fund. This document contains general financial product advice only, does not purport to contain all matters relevant to any particular financial instrument and is not intended to be a recommendation, offer or invitation to purchase, sell or otherwise deal in securities or other investments. This information has been prepared without taking account of your objectives, financial situation or needs. Before acting, you should consider the Product Disclosure Statement (PDS) and the appropriateness of the product for your circumstances and seek independent or specific advice from an appropriately qualified professional. The target market for this product is defined in the Target Market Determination (TMD) which is available with the PDS at [www.fortlake.com.au](http://www.fortlake.com.au). Past performance is not an indicator of future performance and fees or costs may change in future years. CFSIL and Fortlake Asset Management, nor any of its directors, authorised representatives, employees, or agents, makes any representation or warranty as to the reliability, accuracy, or completeness of any information or advice. Nor do they accept any liability or responsibility arising in any way (including negligence) for errors in, or omissions from, any information or advice.