

# Fortlake Sigma Opportunities Fund

## Monthly Fact Sheet—May 2025

Portfolio Running Yield currently stands at 4.79%. Since inception the strategy's performance has maintained a solid 8.36% (net) return.

Current Fund positioning can be looked at through the prism of capital movements and yield. Currently, unrealised capital movements which are negative (on the short high yield portfolio) will in time be eroded and whittled down by three elements 1) the gradual passage of time as positions move toward maturity; 2) the yield on the investment grade (IG) portfolio which is at a very high level due to the positions which were locked in during the Liberation Day dislocation; 3) the Fund has structured a large portion of its short high yield exposure through options which will ultimately decay at ever faster levels and greater profitability as they also move toward maturity. The Fund entered these positions during the Liberation Day dislocation to take advantage of near all-time high volatility.

Once capital movements stop or slow the yield of the Fund will become the dominant return driver and eclipse capital noise coming from the movements in spreads. For example, if yields are running at 13% p.a.; capital movements will have to be equal or greater than this number to cause negative performance going forward. As the yield goes higher this also means that capital movements would need to be continuously larger to drive negative performance, an unlikely outcome as time goes on, given that bonds ultimately have to mature and pull back to par.

Over the month, the Fund experienced tightening credit spreads against high yield protection that the Fund owns. The investment grade portfolio has not contracted as quickly as high yield spreads albeit we expect this to rectify itself in the coming weeks as "all spreads" begin to move in sync, which would be more consistent with pre Liberation Day movements i.e. betas will move back into alignment. The associated betas between our investment grade portfolio and (short) high yield portfolio are a momentary phenomenon and have to ultimately correct through the passage of time as they move to maturity.

### Portfolio Snapshot at 31 May 2025

Portfolio Running Yield (Gross)	4.79%
Average Credit Quality	AA-
Weighted Average Years to Maturity	2.38
Total Number of Exposures	457
Total Country Exposures	25

### Portfolio Returns to 31 May 2025

	Gross	Net	Benchmark*	Excess Return (net)
1M	-0.14%	-0.26%	0.34%	-0.60%
3M	-4.06%	-4.62%	1.03%	-5.65%
1Y	-1.00%	-3.08%	4.42%	-7.50%
2Y p.a.	5.91%	3.39%	4.41%	-1.01%
3Y p.a.	9.73%	7.10%	3.85%	3.25%
Since Inception p.a.**	10.93%	8.36%	2.62%	5.74%

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

### Fund Statistics at 31 May 2025

Since Inception*	
Best Month Since Inception	6.20%
Worst Month Since Inception	-5.37%
% Positive Months Since Inception	69.81%

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

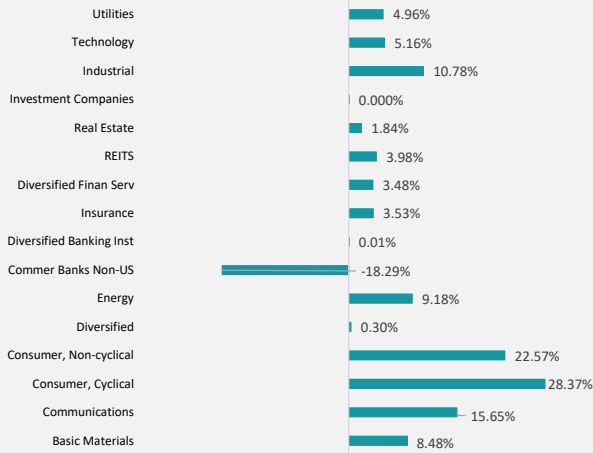
Fund attribution over the month was defined by **Default Arb** (-31.6 bps), **Corporate Hedges** (-55.5 bps), **Corporate/Gov Bonds** (+44.9 bps), **Inflation** (0bps), **Duration/Curve** (+33.5 bps), and **Convertible Arb** (-5.5 bps) contributing to overall (gross) return.

### Fund Facts

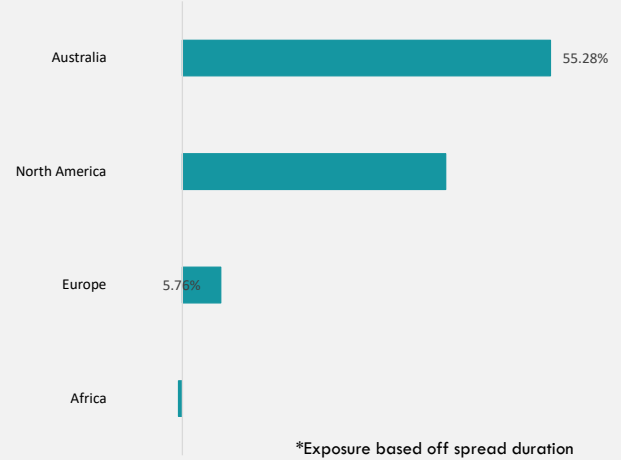
Investment Return Objective: RBA Cash Rate Target + 7% - 10% p.a.

Fund Managed by	Fortlake Asset Management Limited	Management Fee	0.9225% p.a. including GST
Fund Type	Wholesale Australian Unit Trust	Performance Fee	20.5% including GST over 6% of net returns
Fund issued by	Colonial First State Investments Ltd	Responsible Entity Fee	0.59% p.a. including GST
Responsible Trustee	Colonial First State Investments Ltd	and Indirect Costs	
Fund Inception	18-Dec-20	Buy/Sell Spread	0.1/0.1%
Minimum Investment	\$500,000	Distribution Frequency	Quarterly
		Liquidity	Daily

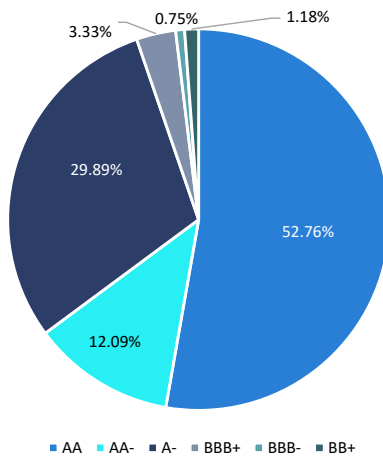
### MARKET EXPOSURE BY SECTOR



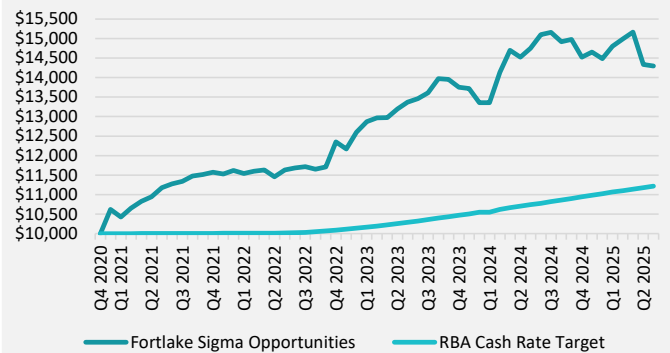
### MARKET EXPOSURE BY REGION\*



### CREDIT RATING



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



### FSOF - Correlation Analysis - 31/05/2025

Fixed Income		Equities	
Ausbond Credit 0+ Index	-0.17	MSCI World Equity Index	-0.20
AusBond Government Index	-0.02	S&P 500	-0.20
AusBond Composite Index	-0.05	ASX 200 Index	-0.18
Australian 10-year Government Bond	-0.12		
Australian 3-year Government Bond	-0.10		

### May 2025 (1 month) Return Analysis

FSOF (gross returns)	-0.14%
Ausbond Credit 0+ Index	0.58%
AusBond Government Index	0.10%
AusBond Composite Bond Index	0.16%
Australian 10-year Government Bond	2.24%
Australian 3-year Government Bond	0.32%
MSCI World Equity Index	5.69%
S&P 500	6.15%
ASX 200 Index	3.80%

### Fortlake Sigma Opportunities Fund - Australian Unit Trust - Performance (net returns)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Year
2025	2.17%	1.27%	1.18%	-5.48%	-0.26%								-1.32%
2024	3.34%	2.40%	3.97%	-1.20%	1.57%	2.36%	0.40%	-1.60%	0.40%	-3.03%	0.89%	-1.14%	8.42%
2023	2.15%	0.74%	0.08%	1.68%	1.35%	0.64%	1.10%	2.71%	-0.18%	-1.42%	-0.24%	-2.61%	6.03%
2022	-0.65%	0.50%	0.26%	-1.47%	1.53%	0.42%	0.27%	-0.56%	0.54%	5.49%	-1.49%	3.52%	8.42%
2021	-1.80%	2.14%	1.67%	1.08%	2.14%	0.87%	0.57%	1.20%	0.34%	0.50%	-0.40%	0.79%	9.41%
2020												6.20%	6.20%

Source: Morningstar

All data as at 31 May 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 & fees or costs may change in future years.

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