Fortlake Real-Higher Income Fund

RETAIL OFFER

FORTLAKE ASSET MANAGEMENT

MONTH (NET)	1 YEAR (NET)	5 YEARS (NET)	SINCE INCEPTION
0.83%	12.97%	8.68%	9.25%
Excess +0.44%	Excess +8.78%	Excess +5.22% p.a.	Excess +6.31% p.a.

Running yield: **5.91%** Years to maturity: **2.93** Total exposures: **621** Country exposures: **61**

THREE THINGS THAT MATTERED

The fund returned 0.83% net for the month and 12.97% over the past year, with a Sharpe ratio of 3.0. The decompression between stronger and weaker credits that we flagged in August and September continued and the Fund was positioned to benefit. Running yield is 5.91%.

Trifurcation persists. Leveraged finance has split into three distinct segments, namely the generics, the hyperscaler universe and lower rated credits. October widened the gaps between them. Generic credit held up. The hyperscaler universe repriced as investors questioned whether the largest technology companies can earn an adequate return on their capex. In US investment grade, we are closely watching for potential fallen angels as public market borrowing rapidly grows. Weaker credits underperformed most, with CCC yields and their premium over stronger high yield borrowers rising sharply. Numerous well known specialist distressed managers are now reporting material losses for the year, underlining the risk of concentrated exposure to the most fragile capital structures.

Credit spreads widened globally. European investment grade was more resilient, with France being the exception. French government bond spreads over Germany neared their 2011 peak on fiscal and political strain. French banks came under pressure alongside the sovereign, weighing on European financials. Globally loan spreads reached their widest in 18 months and liability management exercises became widespread. In private credit, the share of loans where borrowers are deferring cash interest has nearly doubled since 2022 to 9.8% and more expected to follow as we head towards the end of the year.

Rates rallied across the curve. US and Australian 10-year yields fell around 30bp. Brent crude rose almost 14% on US-Iran tensions and European gas prices reached their highest level since 2022. Together with strong US growth data and a firmer inflation print, this stalled the rally into the end of the month and keeps central banks leaning hawkish, as affirmed by the RBA raising the cash rate to its highest level in 18 years to start November.

RETURNS

PERIOD	NET	INDEX*	EXCESS
1 month	0.83%	0.40%	+0.44%
3 months	1.62%	1.14%	+0.48%
6 months	6.33%	2.24%	+4.09%
1 year	12.97%	4.19%	+8.78%
3 years p.a.	6.58%	4.26%	+2.32%
5 years p.a.	8.68%	3.46%	+5.22%
Since inception**	**9.25%**	2.94%	+6.31%

*RBA Cash Rate Target accumulation index. **Fund inception 18 December 2020; periods over one year are annualised. Returns and cash from Morningstar to September 2026; from October 2026 calculated by Fortlake from CFS unit prices and the RBA cash rate target.

MONTHLY RECORD* *Since inception*

Best month	**4.78%**
Worst month	**−4.31%**
Positive months	**76.06%**

*Best and worst month on net returns, positive months on gross returns, over the 71 months since inception. Past performance is not an indicator of future performance. All data as at 31 October 2026 unless otherwise stated.

ATTRIBUTION *Contribution to monthly gross return*

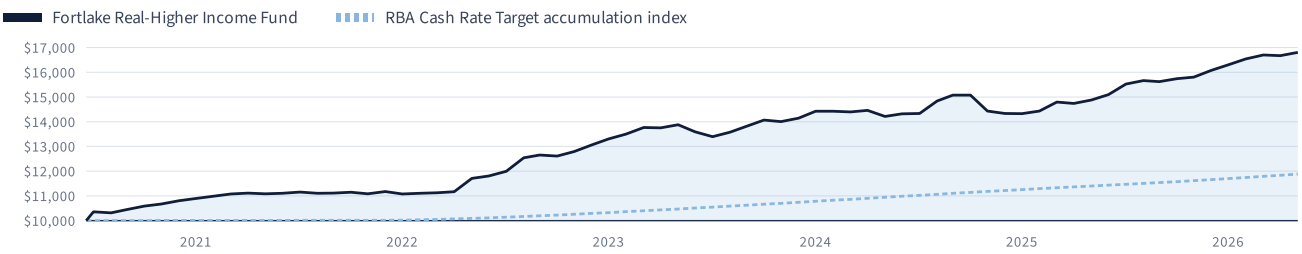
Bond sleeve	Default arbitrage	Macro overlay	TOTAL GROSS
+29.4 bp	+55.3 bp	+7.9 bp	+92.6 bp
			Fees and costs −9.2 bp

Fortlake Real-Higher Income Fund: performance and portfolio

FORTLAKE ASSET MANAGEMENT

GROWTH OF $10,000

Net of fees, since inception



Month-end values, net of fees, distributions reinvested; sources as on page 1. A $10,000 investment at inception was worth $16,807 at 31 October 2026, versus $11,880 for the RBA Cash Rate Target. Past performance is not an indicator of future performance.

MONTHLY RETURNS

%, net of fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2026	0.89	−0.27	0.75	0.44	1.70	1.39	1.47	0.98	−0.19	**0.83**	—	—	**8.27**
2025	3.56	1.60	0.00	−4.31	−0.64	−0.05	0.72	2.51	−0.38	0.95	1.47	2.84	**8.33**
2024	1.37	1.73	1.85	−0.44	0.97	1.98	0.04	−0.20	0.41	−1.69	0.74	0.09	**6.99**
2023	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**
2022	−0.47	0.11	0.29	−0.56	0.84	−0.92	0.27	0.17	0.41	4.78	0.86	1.63	**7.54**
2021	−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**
2020												—	3.54	**3.54**

SECTOR EXPOSURE

	%
Financial	95.30
Utilities	12.01
Industrial	9.18
Energy	6.33
Government	3.69
Consumer, non-cyclical	2.70
Technology	0.77
Basic materials	0.15
Diversified	−1.12
Consumer, cyclical	−12.17
Communications	−16.83

Per cent of net beta-adjusted credit spread duration as at 31 October 2026, across 621 exposures in 61 countries; negative values denote net short positioning.

CREDIT RATING

	%
AA+	7.20
AA	31.28
AA−	2.80
A+	1.60
A	3.15
A−	24.34
BBB+	18.98
BBB	7.86
BBB−	2.78

Average A+

Per cent of the bond portfolio as at 31 October 2026.

REGION

	%
Europe	45.18
Australia	35.88
N. America	9.94
Asia ex. Jpn	7.91
Africa	1.04
Japan	0.05

Per cent of net beta-adjusted credit spread duration as at 31 October 2026.

FUND FACTS

OBJECTIVE
RBA Cash Rate + 5% p.a.

FUND TYPE
Australian unit trust

INCEPTION
18 December 2020

MANAGER
Fortlake Asset Management Ltd

RESPONSIBLE ENTITY
Colonial First State Investments Ltd

MANAGEMENT FEE
0.484% p.a. incl. GST

RE FEE & COSTS
0.60% p.a. incl. GST

BUY / SELL SPREAD
0.10% / 0.10%

MIN. INVESTMENT
$25,000

DISTRIBUTIONS
Quarterly

LIQUIDITY
Daily applications and withdrawals

PLATFORMS
See fortlake.com.au

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