

Strategy & Objective

The investment strategy of the Arculus Fixed Income Fund is to identify appropriate investments from the pool of Australian sovereign and Australian senior bank bonds that are expected to generate a sufficiently high yield, commensurate with the assumed risk, with minimum volatility of returns. The Fund is not benchmark aware so is without a duration target. It is focused on achieving an absolute return of the 90-day BBSW rate plus 150bps. The Fund may be appropriate for investors seeking a low to medium risk investment over a 1 to 3-year period.

The Fund aims to provide income and capital stability and a high degree of liquidity in all market conditions. The total return will mainly comprise income from security income payments. The target rate of return is the 90-day Bank Bill Swap Rate plus 1.5% before fees.

ESG

Environmental, Social and Governance issues form part of the risk analysis framework. For further information on Arculus' ESG policies and practices, visit <https://arculus.com.au/environment-social-and-governance/>.

Fund details

DDH Graham Limited (DDH) is the responsible entity of the Fund. As responsible entity, DDH is responsible for the management and administration of the Fund, including the issue of the Fund's Product Disclosure Statement and all other public announcements concerning the Fund.

DDH has appointed GCI Australia Pty Ltd (one of Australia's leading Investment management businesses) ABN 68 140 364 576 (GCI) as the Fund's outsourced investment manager. Arculus Funds Management Pty Ltd (Arculus), a wholly owned subsidiary and Corporate Authorised Representative of GCI undertakes the investment management activities for the Fund.

APIR Code DDH8305AU
ARSN 622 419 578

Fund availability

This Fund can be accessed by investing directly, or indirectly, using the BT Panorama, Allan Gray, HUB24, and Netwealth platforms.

Performance to 31 October 2025 (annualised)

	3M	6M	1Y	2Y	3Y	5Y	Since Inception
Total Return	1.01%	2.70%	4.84%	5.76%	5.48%	2.21%	2.21%
Cash Distribution	1.15%	2.99%	5.69%	5.27%	4.76%	3.24%	2.79%
+/- Growth	-0.14%	-0.29%	-0.85%	0.49%	0.72%	-1.03%	-0.58%

The Fund is benchmark unaware, but the target rate of return is the 90-day Bank Bill Swap Rate plus 1.5% before fees.

* Fund returns are net of all fees. Returns are calculated using exit prices and are calculated after all fees and costs have been deducted, assumes any distributions are reinvested and no allowance made for tax. The 'distribution' component represents the amount paid by way of distribution, including net realised capital gains. Numbers may not sum due to rounding. Past performance is not an indicator of future performance.

The inception date of the Fund was 16 November 2017.

Australian index returns 31 October 2025

Index	1m Return	3M Return	12M Return
Bloomberg Australia Bank Bill Index	0.30%	0.91%	4.11%
Bloomberg Australia Gov't 3-5 Year Index	0.18%	0.34%	5.44%
Bloomberg Australia Composite 0-3 Year Index	0.25%	0.68%	4.74%
Bloomberg Australia Composite 3-5 Year Index	0.23%	0.48%	6.04%
Bloomberg Australia Composite All Maturities Index	0.36%	0.80%	6.47%

Bloomberg Index data is sourced from Evans & Partners.

Fund rating

Initially rated 'Favourable' by SQM Research in December 2018, the Fund was upgraded to 'Superior' in December 2020 and retained annually. The latest review was March 2025.

As of 30 June 2025, the Fund is also rated by FundMonitors.com.

Fund ratings are not a recommendation and are subject to change.



5 Year



Fund size

As of 31 October 2025, the Net Asset Value of the Fund was \$44,426,588.40.

Portfolio characteristics 31 October 2025

Running Yield*	2.92%
Yield to Maturity*	4.27%
Average Margin	0.73%
Average Years to Maturity	2.23
Number of Securities Held	38
Floating	93.43%
Fixed	3.21%
Cash	3.36%
Modified Duration	0.07
Credit Duration	1.55

* Based on fund metrics at review date. Future returns may be different.

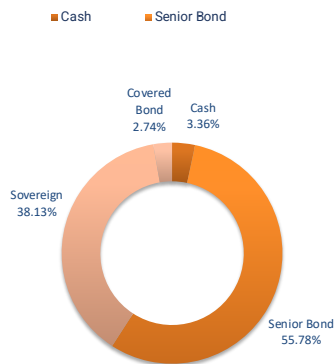
Fees

MER	0.368% + GST
Buy/Sell Spread	+0.10% / -0.10%
Performance Fees	Nil

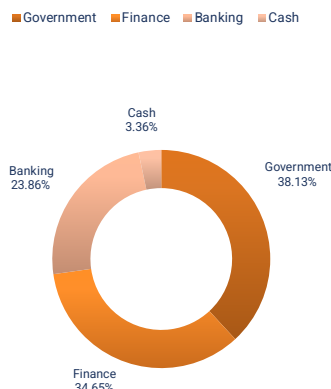
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Asset breakdown

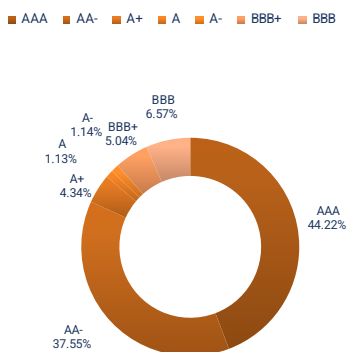
Sub Type Analysis



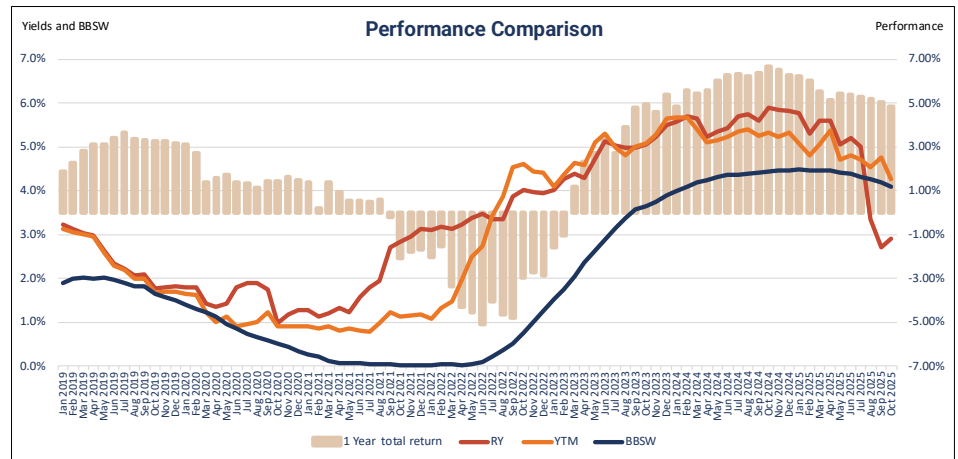
Sector Allocation



Credit Rating



Performance



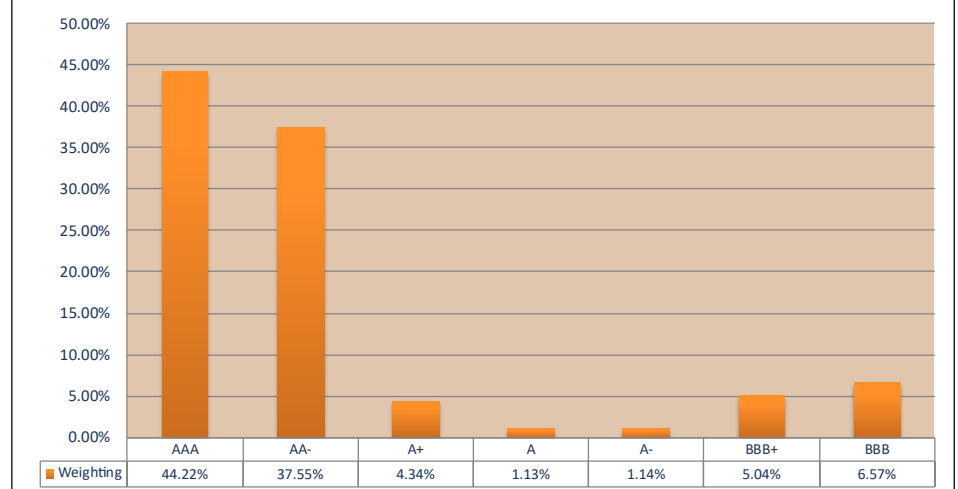
Source Arculus, DDH Graham Limited data.

The portfolio returned a solid 35 basis points (bps) in the month of October. This is a particularly good result given that the portfolio had over a 50% weighting to Commonwealth Treasury bonds maturing in October and November that had YTM's of 3.64%.

Fund positioning

The portfolio remains conservatively positioned with a high weighting to Commonwealth Treasury AAA short-dated bonds and major bank senior bonds rated AA-. The universe and holdings in the portfolio are considered highly liquid such that they could be sold within one day under normal conditions and no more than three days under stressed market conditions.

Asset Ratings

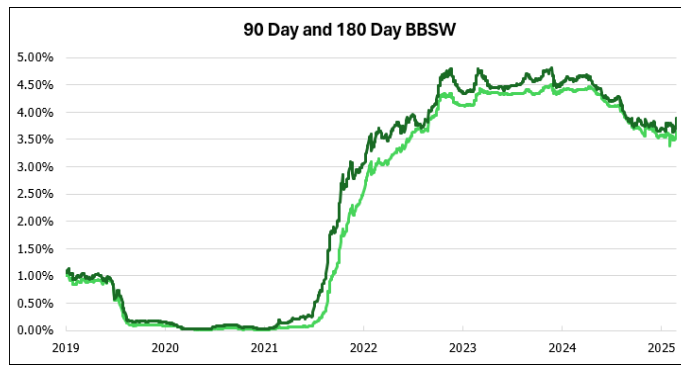


Source Arculus

The maturity of the Commonwealth bond holding on the 11th of October funded the redemptions linked to the Fund being removed from the Macquarie Wrap Super platform with new inflows partially offsetting them. This allowed for the portfolio to retain its senior bank floating bond holdings and the 38% weighting to Commonwealth bonds maturing on the 16th of November. When this Commonwealth Treasury holding is reinvested into senior bank bonds, we expect to have improved the YTM to near 5% whilst retaining both a short fixed and credit spread duration.

Market review & outlook

October proved to be a more volatile month than expected for fixed rate bond investors. At the beginning of the month the 90-day BBSW rate was trading at 3.61%. On the 16th the slightly worse than expected rise in seasonally adjusted unemployment to 4.5% and market priced in a November rate cut with bidding the 90-day BBSW rate down 3.49%. While the unemployment rate did rise this was partly due to the participation rate increasing to 67% and the employment to population ratio was unchanged at 64%. At the end of the month the surge in inflation pushed the 90-day BBSW rate back up to finish the month at 3.64%.

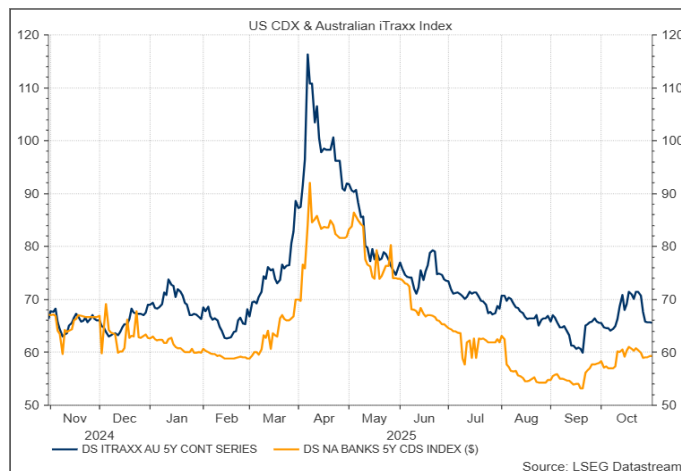


Source Arculus

The rise in the 90-day BBSW rate is good news for investors with floating rate bond investments and funds with a low modified duration score. This is because on each coupon date the next coupon is adjusted for the current 90-day rate. Credit margins, however, remain at very tight levels. The fall in margins near the end of the month, as displayed by the iTraxx index chart below, would have been partly due to the rise in the equity market and also a lack of inventory available. Major bank credit margins traded in a tight range very near to the same levels seen in September. In the first week of November the major banks begin their reporting cycle, and we would expect to see new bond issuance follow that may push margins wider.

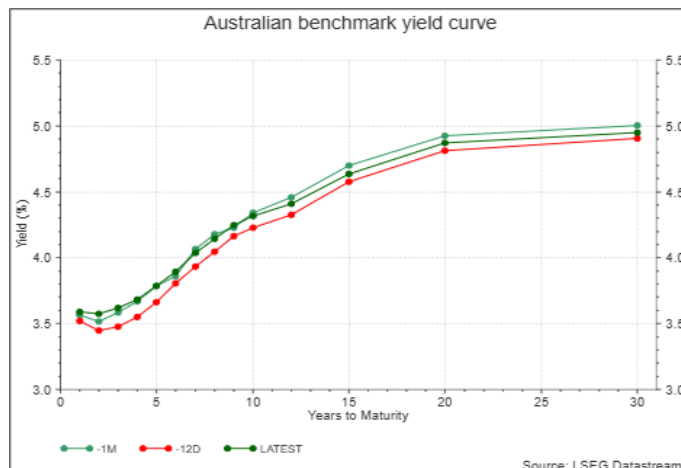
Major bank senior margins:

- 5-year 70bps
- 4-year 66bps
- 3-year 60bps
- 2-year 50bps
- 1-year 35bps



Source: LSEG Datastream

During October, the fixed benchmark yield curve dipped after unemployment data was released (shown by the red curve below), but then reversed course when CPI data came out, pushing yields back up. By month end, the key 10-year and 5-year bond yields returned to approximately their starting levels.



Source: LSEG Datastream