Fixed Income Fund

Low-volatility income from Australian sovereign and senior bank bonds.

MONTHLY FACT SHEET · 31 AUGUST 2026

STRATEGY & OBJECTIVE

The Arculus Fixed Income Fund invests in Australian sovereign and senior bank bonds selected to generate a yield commensurate with the assumed risk, and to provide consistent income with a minimum volatility of returns. It is benchmark-unaware with no duration target, focused on an absolute return of the 90-day BBSW rate plus 1.5% p.a. before fees.

The Fund aims to provide income, capital stability and a high degree of liquidity in all market conditions, with total return comprising mainly security income. It may suit investors seeking a low-to-medium-risk investment over a 1–3 year horizon.

KEY FACTS

APIR code	DDH8305AU	ARSN	622 419 578
Structure	Registered MIS (unitised)	Inception	16 Nov 2017
Responsible entity	DDH Graham Limited	Investment manager	GCI Australia / Arculus
Target return	90-day BBSW + 1.5%	MER (GST incl.)	0.40%
Buy / sell spread	+0.10% / −0.10%	Performance fee	Nil
Risk profile	Low–Medium	Suggested term	1–3 years

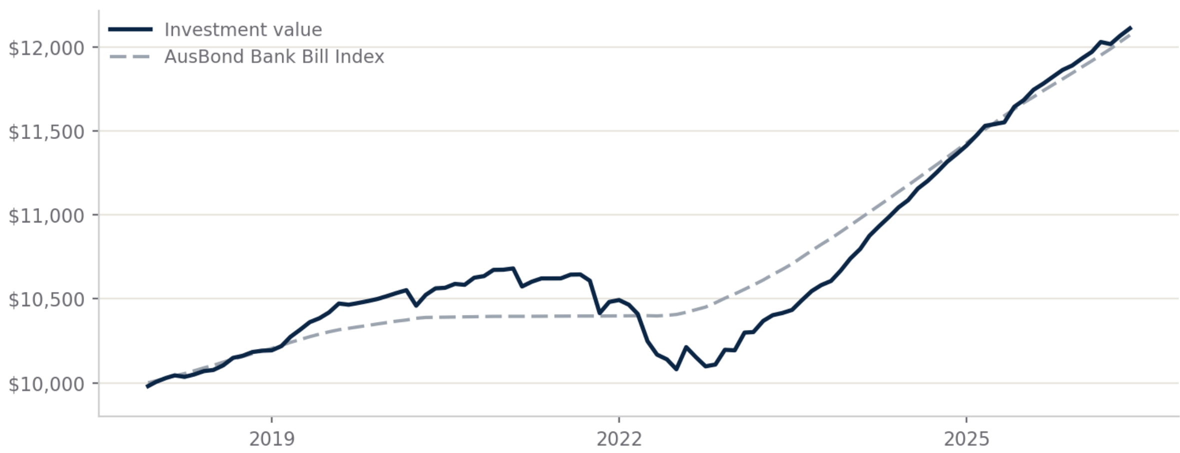
Platforms BT Panorama, Allan Gray, HUB24 and Netwealth and can be added to any platform on request.

PERFORMANCE TO 31 AUGUST 2026 (% ANNUALISED, NET OF FEES)

% p.a.	3M	6M	1Y	2Y	3Y	5Y	Incep.
Total return	**1.23%**	**1.91%**	**4.05%**	**4.61%**	**5.14%**	**2.86%**	**2.38%**
Cash distribution	0.85%	1.81%	3.71%	4.76%	4.75%	3.61%	2.81%
Growth	0.38%	0.10%	0.34%	−0.15%	0.39%	−0.75%	−0.43%

Benchmark-unaware; target return is the 90-day BBSW rate plus 1.5% before fees. Returns use exit prices, assume reinvestment of distributions, and exclude tax. Past performance is not an indicator of future performance.

GROWTH OF $10,000 SINCE INCEPTION



Growth of a $10,000 investment to 31 May 2026, since the Fund's inception — net of fees, with distributions reinvested. Distributions are unfranked. [TBC — chart and caption to be refreshed to 31 August 2026 on receipt of the administrator's performance workbook; the chart has now been three months without an update.] Past performance is not an indicator of future performance.

Arculus Funds Management

PORTFOLIO CHARACTERISTICS

Running yield	5.75%	Yield to maturity	5.50%
Average margin	0.95%	Avg years to maturity	1.93
Modified duration	0.15	Credit duration	1.95
Floating	95.52%	Fixed	2.47%
Cash	2.01%	Securities held	44

Net asset value **$40.94m** *as at 31 August 2026*

FUND POSITIONING — AUGUST 2026

August was a month of extension. The portfolio remains entirely senior and covered paper, entirely investment grade and effectively entirely floating rate; what changed is the shape. A five-year major bank senior line added at 7.3% of the Fund lifted credit duration by 0.21 years to 1.95, pulled 5.2 percentage points out of the twelve-month maturity bucket and tightened the average traded credit margin by 13 bps. This is the first material extension of the book in several months and it was funded from the front end. Holdings fell from 45 to 44, with the five largest accounting for 31.7% of the Fund and no single line above 7.4%.

Running yield rose 9 bps to 5.75%. Roughly half the move is mechanical, with 90-day BBSW rising 4 bps to 4.55% and resetting through a book in which effectively every holding carries a quarterly BBSW-linked coupon; the balance is composition, as the weighted average issue margin the book carries (1.27%) sits well above the 0.84% at which it currently trades. Yield to maturity rose 2 bps to 5.50% while average credit margin eased 2 bps to 0.95%, so with BBSW 4 bps higher the whole of the yield move and more is a credit margin effect — largely mix, since the new five-year line came at a traded margin of 0.67% against a book average of 0.97% entering the month.

Modified duration rose from 0.08 to 0.15 years. For a book of this construction that figure measures the average time to the next coupon reset rather than any exposure to the level of interest rates: in days, the average time to reset moved from roughly 29 to roughly 58, a function of where the book sits in the quarterly coupon cycle at the reporting date and nothing more. Floating-rate exposure eased to 95.52% with cash rising to 2.01%; the two lines classified as fixed are unchanged at 2.47% and carry rate duration of 0.21 to 0.22 years, which places them inside the floating-rate cohort and puts the effective floating weight at 97.99%. The Fund remains entirely investment grade, with exposure rated AA− or better easing from 45.2% to 43.5%, the BBB band rising from 47.6% to 49.2% and the single-A band little changed at 7.3%. By sub-type senior bonds eased from 96.8% to 96.2% and covered bonds were steady at 1.7%; by sector, banking rose from 69.1% to 72.0% and finance fell from 29.5% to 26.0% on the classification of the new line. The Fund returned 36 bps in August, sourced almost entirely from coupon income.

FUND RATING

The Fund has been rated Investment Grade by Lonsec. Fund ratings are not a recommendation and are subject to change.