APOSTLE ETHICAL GLOBAL CREDIT FUND

OCTOBER 2023

The Apostle Ethical Global Credit Fund is an actively managed strategy that provides investors with access to global credit markets hedged to Australian Dollars. The Fund aims to invest in public and private alternative high yield and investment grade fixed income markets by partnering with specialist investment managers. The Fund is actively managed at the underlying strategy and asset allocation level to position the portfolio to preserve capital and generate target returns across a full market cycle.

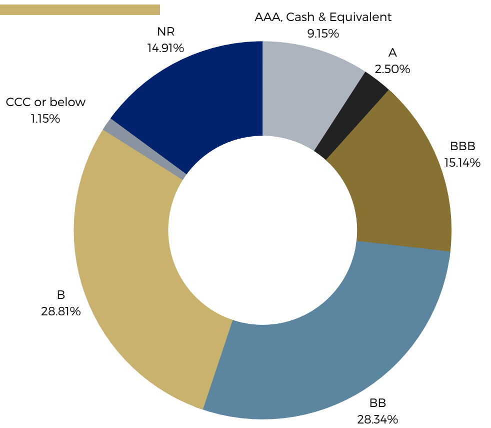
Investment Objective

The Fund targets a total return of 5-7% net of fees p.a. over rolling 5-year periods. It aims to produce strong risk-adjusted returns by focusing on downside protection. It invests responsibly by adopting Apostle's Ethical Investment Policy.

Fund Overview

Unit Price (NAV)	$1.0128
Fund size (AUD)	$45,023,205.81
Benchmark	5% p.a. over rolling 5-year periods
Asset Class	Fixed Income
Portfolio Inception Date	8th August 2022
Investment Manager	Apostle Funds Management
Management Fee	0.95% excl GST
Buy/Sell Spread	0.20%/0.20%
Minimum Investment	$500,000
APIR Code	KAM2611AU
ISIN	AU60KAM26113
Currency	Hedged to AUD
Pricing & Distributions	Daily unit pricing Daily liquidity Quarterly distributions
Portfolio Manager	Steven Spearing - Portfolio Manager
Responsible Entity	K2 Asset Management
Custodian/Registry	State Street Australia Limited

Breakdown By Credit Rating



As at 31/10/2023. All figures are approximate and based on the best available data. Cash is reported as the cash amount held by the Fund and its sub-investment managers. Unrated includes KARED IV private real estate debt.

Performance

Return %	1 mth	3 mth	6 mth	1 year	Since Inception (p.a)
Total (gross)	(0.44)	(0.78)	0.20	3.98	1.88
Total (net)	(0.52)	(1.02)	(0.28)	3.00	0.93
Benchmark	0.43	1.31	2.61	5.10	5.09
Relative (Net)	(0.95)	(2.33)	(2.89)	(2.10)	(4.16)

As at 31/10/2023. Source: StateStreet. The Benchmark is 5-7% net of fees p.a. For comparison purpose, 5% is used in the calculation. Note: Net returns are based on the fund's full management fee of 0.95% p.a. and do not account for fee rebates. Performance inception date is 8th August 2022. NOTE: Figures used are the preliminary numbers, ex price and distribution details are pending.

Portfolio Characteristics

Yield to worst	8.79%
Yield with Curve	8.47%
Credit spread	+396 bp
Interest rate duration	1.72 years
Credit Spread duration	3.25 years
Average credit quality	BB+
Floating rate exposure	46.77%
Number of holdings	293

As at 31/10/2023. Source State Street, Bloomberg, AFM. Kayne Anderson Real Estate Debt Fund IV is unrated but assumed to be BB to calculate the Funds average credit rating. All figures are approximate and based on best available data.

Portfolio Look-Through

Asset Class / Strategy	Allocation (%)
Bonds	**48.61%**
Corporate Bonds	6.70%
Infrastructure Bonds	41.91%
Loans	**33.57%**
Corporate Loans	26.99%
Infrastructure Loans	6.59%
Private Debt	**13.98%**
Private Real Estate Debt	13.98%
Cash or Cash Equivalents	**3.84%**
Total	**100.00%**

As at 31/10/2023. All figures are approximate and based on the best available data. Cash is reported as the cash amount held by the Fund excluding cash in investments in the Fund.

Apostle Exclusions

We avoid any company or asset that has direct exposure to the following industries and activities:

- Fossil Fuels (production)
- Weapons & Armaments (production)
- Gambling
- Alcohol & Tobacco (production)
- Nuclear power (uranium mining, conventional production)

Companies are qualitatively assessed for material involvement with:

- Human Rights Violations
- Unethical Corporate Governance

In order to address markets where data and disclosure requirements are limited, and where we are in pooled vehicles, we allow a tolerance threshold of up to 5% of the total portfolio. In such instance we will actively engage with managers to address these exposures.

For more details, please refer to Apostle's Ethical Investment Policy.

Platform Availability

- AMP North
- BT Panorama
- CFS Edge
- Hub24
- NetWealth
- Powerwrap

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Portfolio Commentary

Performance Overview

The Fund returned -0.52% net and -0.44% gross of fees in October in what was another volatile month in bond markets as long end Treasury yields rose sharply and credit spreads widened. For the second consecutive month, the Funds floating rate exposure helped to deflect some of the impact from the moves higher in bond yields, although credit spread widening was felt across the portfolio's liquid assets.

The S&P 500 returned around -2.2% and the ASX 300 -3.8%. U.S. high yield credit spreads widened by 43 bps, adding to the sell-off in September, leaving spreads at +437bps which is +70 bps off their recent lows. Combined with a move higher in Treasury yields, the Bloomberg U.S. High Yield Bond Index returned -1.15%, and the Investment Grade index -1.85%. Bank loans, as measured by the BKLN ETF returned -0.2%.

The Fund trimmed its high yield bond exposure at the end of the month as the Committee assesses opportunities in bank loans higher rated credit.

Market Commentary

The recent trend of rising and steepening yield curves continued to play out in October, while rising geopolitical risks weighed on risk sentiment, resulting in a fall in both bond and stock markets. Global bonds, as measured by the Bloomberg Global Agg Index, returned -1.2%, and the curve steepened with the 2yr / 10yr spread ending the month at -16 bps (from -47 at the end of September).

Economic data continued to be resilient and defy expectations, adding weight to the higher for longer outlook that has been negatively impacting bond markets. This, along with concerns around the impact that increased government financing will have on bond yields longer term, pushed the U.S. 10-year Treasury yield to 5% for the first time since 2007. Geopolitical uncertainty weighed on risk appetite which flowed through to stocks and credit spreads. Bond market sell offs rarely fade out, and we expect that we need to see a meaningful reversal in the data leading to a shift in focus from inflation fears to growth fears, or some shock, to halt the sell-off.

Nonetheless, bond yields are looking increasingly cheap. However, heightened volatility in bond markets looks set to persist for some time and although a peak in policy rates combined with receding inflation is technically a good set up for bonds, mitigating volatility will continue to be a challenge.

Contact us:
Apostle Funds Management Pty Ltd
Level 14, 50 Pitt Street
Sydney NSW 2000
T: +61 2 8278 9554 F: +61 2 9247 9976
https://apostlefm.com.au

Signatory of: PRI Principles for Responsible Investment

Member of: riaa Responsible Investment Association Australasia