Apostle Diversified Global Credit Fund

Monthly Report – **November 2024**

APOSTLE

The Apostle Diversified Global Credit Fund aims to invest across a range of alternative fixed income securities by sourcing best of breed managers that specialise in investment grade, sub-investment grade and private debt markets. The fund aims to generate higher yields than traditional fixed income securities with greater capital stability.

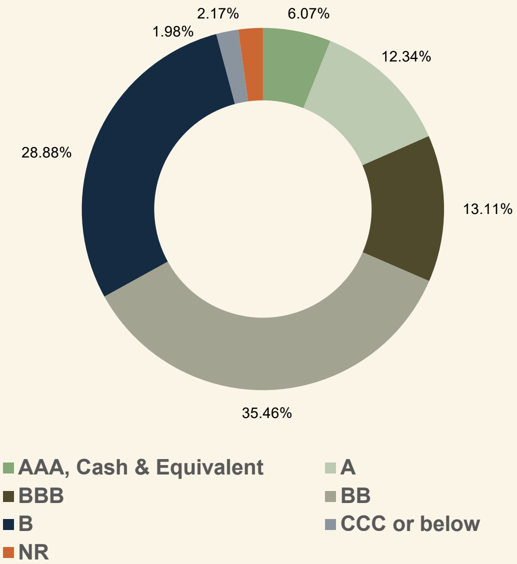
Investment Objective

The Fund targets a return of 2-3% p.a. net of fees above the RBA cash rate over rolling 3–5 year periods, focusing on capital stability whilst maintaining liquidity.

Fund Overview

Unit Price (NAV)	$1.0271
Fund Size (AUD)	$65,294,587.63
Benchmark	The RBA cash rate
Asset Class	Fixed Income
Portfolio Inception Date	8 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 and quarterly distributions
Portfolio Team	John Barrasso, Portfolio Manager Tony Breen, Investment Specialist
Responsible Entity	K2 Asset Management
Custodian/Registry	State Street Australia Limited

Breakdown by Credit Rating



As at 30/11/2024. Source: State Street, Bloomberg, Apostle FM. Data for private market investments is based on information provided by sub-investment managers. All figures are approximate and based on the best available data.

Performance

Return (%)	1 mth	3 mth	6 mth	1 year	Since inception (p.a.)
Total (gross)	0.84	1.88	3.86	8.22	5.51
Total (net)	0.76	1.64	3.37	7.20	4.52
Benchmark	0.35	1.13	2.45	4.98	5.04
Relative (net)	0.41	0.51	0.92	2.22	(0.52)

As at 30/11/2024. Source: State Street. The Benchmark is the RBA cash rate. Note: Net returns are based on the Fund's full management fee of 0.95% p.a. Performance inception date is 8 August 2022. Prior to 1 October 2024, the benchmark was 5% p.a. net of fees.

Portfolio Characteristics

Yield to maturity (A$ hedged)	7.40%
Yield to maturity with curve (A$ hedged)	7.03%
Credit spread	264 bps
Interest rate duration	0.91
Credit spread duration	3.19
Average credit rating	BB+
Floating rate exposure	76.29%
Number of holdings	311

As at 30/11/2024. Source: State Street, Bloomberg, Apostle FM. Data for private market investments is based on information provided by sub-investment managers. All figures are approximate and based on the best available data.

Portfolio Look-Through

Asset Class/Strategy	Allocation (%)
Bonds	**42.54**
Corporate Bonds	17.23
Infrastructure Bonds	24.91
U.S. Treasury Bills	0.40
Loans	**46.53**
Corporate Loans	41.06
Infrastructure Loans	5.47
Private Debt	**10.05**
Private Real Estate Debt	10.05
Cash or Cash Equivalents	**0.87**
Total	**100**

As at 30/11/2024. Source: State Street, Bloomberg, Apostle FM. Data for private market investments is based on information provided by sub-investment managers. All figures are approximate and based on the best available data.

Portfolio Commentary

The Fund delivered a net return of 0.76% in November, supported by a decline in U.S. interest rates, which bolstered the fixed-rate portion of the portfolio. The senior loan strategy also performed strongly, reflecting the robust economic outlook for the U.S. economy.

Performance across the Fund's strategies was largely in line with the benchmark. Infrastructure-focused bonds returned approximately 0.88%, while the Australian Tier 2 corporate debt strategy generated a return of 0.45%. The U.S. senior loan strategy delivered a robust return of 0.96%, and private real estate debt contributed 0.55% to the overall performance.

Market Commentary

Market movements in November were heavily influenced by the outcome of the U.S. elections and the anticipated policies of the new administration. The Republican sweep reinforced the narrative of American exceptionalism, with expectations of additional fiscal support and tax cuts boosting confidence in the U.S. economy.

Risk assets reacted positively to the U.S. election results. The S&P 500 rose by 5.3%, while the ASX 300 gained 3.8%. In contrast, European equities posted negative returns, reflecting concerns about the region's growth prospects under the new U.S. administration. Heightened political uncertainty in the Eurozone also weighed on investor sentiment, dampening equity market performance.

Global interest rates continued their downward trend as central banks moderated the pace of rate cuts. The Federal Reserve reduced the federal funds rate by 25 basis points in November. However, concerns over potential inflation tempered expectations for further U.S. rate cuts, with markets now pricing in only three reductions over the next 12 months. As a result, long-term interest rates fell modestly by 9 basis points in the U.S. and 11 basis points in Australia. Meanwhile, the U.S. dollar strengthened, with the dollar index climbing 1.4%, reflecting continued confidence in the currency's valuation.

In Australia, the Reserve Bank of Australia maintained the cash rate at 4.35% during its November meeting, citing strong economic data and subdued inflation expectations. Consumer prices grew at 2.1% year-on-year in October, while wage growth decelerated to 3.5% year-on-year, the slowest pace in two years. Housing prices continued to soften, further dampening inflationary pressures. Given these factors, the RBA is now expected to delay the start of its rate-cut cycle until mid-2025.

Contact us

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PRI Principles for Responsible Investment

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riaa Responsible Investment Association Australasia