

# Apostle Diversified Global Credit Fund

ARSN 659 135 734

Monthly Report – February 2025



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

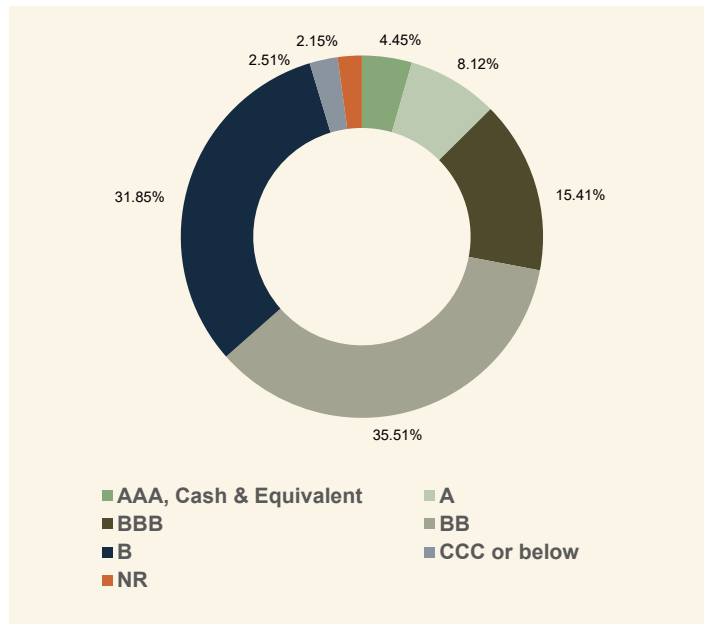
## Investment Objective

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)	\$1.0202
Fund Size (AUD)	\$68,854,580.78
Benchmark	The RBA cash rate
Asset Class	Fixed Income
Portfolio Inception Date	8 August 2022
Investment Manager	Apostle Funds Management
Management Fee	0.95% p.a. (inc. GST and RITC)
Buy/Sell Spread	0.20%/0.20%
Minimum Investment	\$25,000
APIR Code	KAM2611AU
ISIN	AU60KAM26113
Currency	Hedged to AUD
Pricing & Distributions	Daily unit pricing, daily liquidity and quarterly distributions
Responsible Entity	K2 Asset Management Limited
Custodian/Registry	State Street Australia Limited

## Breakdown by Credit Rating



As at 28/02/2025. Source: State Street, Bloomberg, Apostle Funds Management. 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.)
<b>Total (gross)</b>	0.30	1.14	3.03	7.00	5.43
<b>Total (net)</b>	0.23	0.90	2.55	6.00	4.44
<b>Benchmark</b>	0.33	1.08	2.22	4.85	4.99
<b>Relative (net)</b>	(0.10)	(0.18)	0.33	1.15	(0.55)

As at 28/02/2025. 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 5-7% net of fees p.a.

## Portfolio Characteristics

Yield to maturity (A\$ hedged)	7.64%
Yield to maturity with curve (A\$ hedged)	7.44%
Credit spread	317 bps
Interest rate duration	0.98
Credit spread duration	3.33
Average credit rating	BB
Floating rate exposure	74.12%
Number of holdings	297

As at 28/02/2025. Source: State Street, Bloomberg, Apostle Funds Management. 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 (%)
<b>Bonds</b>	38.16%
Corporate Bonds	12.47%
Infrastructure Bonds	25.28%
U.S. Treasury Bills	0.41%
<b>Loans</b>	48.96%
Corporate Loans	44.72%
Infrastructure Loans	4.24%
<b>Private Debt</b>	11.62%
Private Real Estate Debt	11.62%
<b>Cash or Cash Equivalents</b>	1.26%
<b>Total</b>	100%

As at 28/02/2025. Source: State Street, Bloomberg, Apostle Funds Management. 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 0.23% in February. US bond yields declined, driven by concerns over U.S. trade wars under President Donald Trump, which weighed on growth expectations. High-quality credit outperformed, with AAA-rated bonds returning 2.54% month-over-month, compared to BB-rated bonds at 0.84%. Equity markets showed mixed performance, with the Nikkei 225 leading the declines, while the Stoxx 600 gained 4.7%.

All underlying strategies contributed positively to the Fund's performance. Within liquid credit, Australian Financial Subordinated Debt delivered a strong return of 0.70%, followed by Liquid Infrastructure Credit at 0.41%, while the U.S. Senior Loan strategy posted a more modest gain of 0.10%. Private credit collectively added 0.36% to overall performance.

## Market Commentary

Economic data released in February pointed to a significant weakening in consumer sentiment. Both the Consumer Confidence Index and retail sales figures came in below expectations, while personal spending also lagged forecasts. In contrast, personal income exceeded expectations, suggesting cautious household spending behaviour. The decline in sentiment was likely influenced by uncertainty surrounding extreme weather events, including California wildfires, severe cold conditions in the north, and fluctuations in trade policy. As a result, bond yields fell across the curve, with the U.S. 2-year Treasury yield dropping 21 basis points and the 10-year yield falling 32 basis points. In credit markets, high-yield spreads widened by 16 basis points but remained at historically low levels.

Equity markets had a mixed month. European stocks performed strongly, supported by improved sentiment regarding the ongoing conflict between Ukraine and Russia. The Stoxx 600 gained 4.7% in February and 10.8% year to date, while the S&P 500 ended the month with a slight decline of 0.7%. Investor sentiment in the U.S. shifted notably, as reflected in the American Association of Individual Investors survey, where bearish sentiment rose from 42.9% to 60.6%, while bullish sentiment fell from 33.3% to 19.4%.

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