

Trilogy Enhanced Income Fund



Investment report: February 2024

APIR: TGY9789AU

Investment at a glance

Unit Price³:

\$1.00

Minimum initial investment:

\$5,000

Minimum additional investment:

No minimum

Distribution frequency:

Monthly

Preferred method of payment:

Direct debit, BPAY. (Contact us for other options.)

Withdrawal notice period:

30 days. See PDS & TMD for details.

Automatic reinvestment:

Ordinary units: Available

Platform units: Not available

Responsible entity management fee:

0.35% p.a. (including GST) of total funds under management. Additional fees are charged to the Trust relating to the assets. See PDS for details.

Entry & exit fees:

Nil - but other fees and costs apply, see PDS.

Target asset allocation:

Approximately 65% allocation to cash, term deposits, and direct and indirect investments in other short-term debt; and approximately 35% allocation to Trilogy Monthly Income Trust.

Risks:

This product carries capital, distribution and other risks. You should consider Section 5 of the PDS before investing.

Independent research ratings:



6.25% PA^{1,2}

February 2024 net distribution rate annualised. Variable rate. Past performance is not a reliable indicator of future performance.

Historical performance² (Inception May 2017)

1 Month %	3 Month %	6 Month %	1 Year %	3 Year %PA	5 Year %PA	Since Launch %PA
0.50	1.52	3.03	5.83	4.02	3.87	3.91

Commentary

Fund update

The Trilogy Enhanced Income Fund delivered a return of 6.25% p.a. for the month ending 29 February 2024. This return was built off the continual accrual picked up in asset backed securities and floating rate notes to which the Fund has a major exposure. The portfolio continued to be repositioned across floating rate notes where we and our manager observe appropriate risk-adjusted opportunities. We have seen the fixed income primary issuance market opening up in February, with a number of primary ABS issuances coming to market with a strong bid-cover ratio. The underlying asset allocation across our portfolio remains relatively steady with minor increase in allocation towards asset backed securities to enhance returns.

Market update

From a macroeconomic perspective, the Reserve Bank of Australia (RBA) left the official cash rate (OCR) unchanged at 4.35% at its monetary policy meeting on 6 February 2024. The decision marked the second consecutive hold. The RBA decided to leave the monetary policy stance unchanged as it assessed that, even if inflation is moderating, it remains elevated⁶.

¹ Equivalent net distribution rate annualised paid to investors for the month ended 29 February 2024.

² All distribution rates quoted are variable, net of fees, costs and taxes and assume no distribution reinvestment. Past performance is not a reliable indicator of future performance.

³ The unit price is fixed, however, capital losses can occur in circumstances where the Fund incurs a capital loss.

⁴ The information contained in the Foresight Analytics report and encapsulated in the investment rating is of a general nature only. The report and rating reflect the opinion of Foresight Analytics and Ratings Pty Limited (AFSL 494552). It does not take into account an individual's objectives, financial situation or needs. Professional advice should be sought before making an investment decision. A fee has been paid by the fund manager for the production of the report and investment rating.



Commentary (continued)

The RBA reported in its latest forecasts that it does not expect inflation to return to target range until 2026. This suggests a potential easing cycle will not commence until late 2024 at the earliest⁷.

Across the broader geopolitical landscape, recent US data indicates that despite price pressures rebounding in January 2024, the Fed is nearing its inflation target. Noting this, Atlanta Federal Reserve Bank President Raphael Bostic re-iterated his view that rate cuts may commence in 1H2024 and predicted that policy makers would likely end up cutting rates to the 4.50%-4.75% range by the end of 2024⁸.

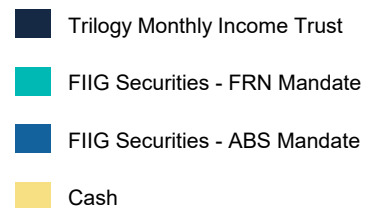
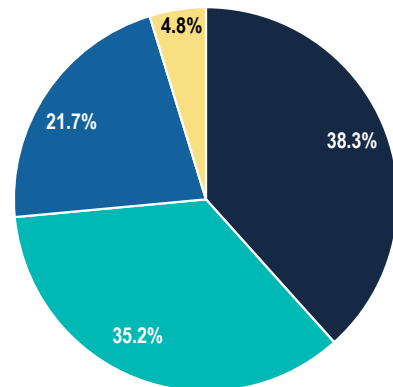
Our team continues to be vigilant in monitoring market rate movements and repositioning assets in the portfolio as necessary if attractive risk-adjusted returns in fixed-rate instruments begins to appear.

Portfolio information

Funds under management (FUM)⁶

\$59,568,034

Asset allocation



⁵ All figures are based on unaudited figures as at 29 February 2024 and may be subject to change. LVR is based on valuation (for development and construction loans, the "as-if complete" valuation) inclusive of GST. Some figures have been rounded to the nearest percent.

⁶ <https://www.rba.gov.au/media-releases/2024/mr-24-01.html>

⁷ <https://www.rba.gov.au/publications/smp/2024/feb/outlook.html>

⁸ <https://www.reuters.com/markets/rates-bonds/fed-rate-cut-seen-track-june-even-inflation-bumps-up-2024-02-29/>

Investments in the Trilogy Enhanced Income Fund ARSN 614 682 469 can only be made on the application form accompanying the Product Disclosure Statement (PDS) dated 30 September 2022 issued by Trilogy Funds Management Limited (Trilogy Funds) ABN 59 080 383 679 AFSL 261425 and available from www.trilogyfunds.com.au. Please also consider the Target Market Determination (TMD) dated 30 September 2022 which is available at www.trilogyfunds.com.au. Information included in this communication about investment yield and returns should be considered only as part of a balanced review of all the features, benefits and risks associated with the product. Please read the PDS and the TMD in full. All investments, including those with Trilogy Funds, involve risk which can lead to no or lower than expected returns, or a loss of part or all of your capital. Investments in Trilogy Funds' products are not bank deposits and are not government guaranteed.