

Navegar Diversified Fixed Income Portfolio

Portfolio performance - June 2025

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (% pa)	S.I. (% pa)
Portfolio Total Return	0.8	1.7	3.1	6.1	4.7
Benchmark*	0.8	2.1	3.3	6.1	3.6

Source: BT Performance history from 1 December 2022. Net of fund manager fees

* The Benchmark is the performance of the 50% Bloomberg Ausbond Composite 0+Y + 50% Bloomberg Global Aggregate TR Index (AUD Hedged)

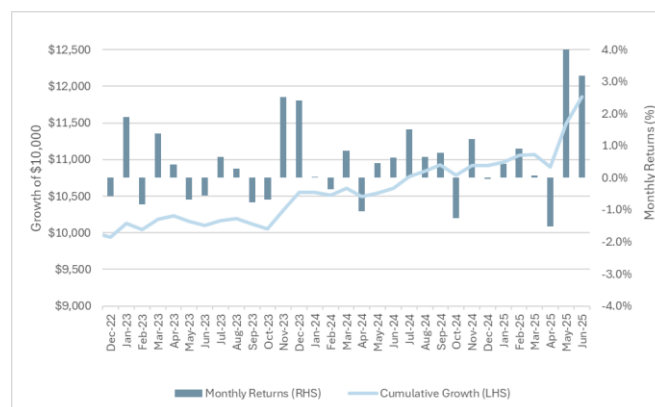
Market review

Fixed interest markets navigated a volatile June quarter marked by trade tensions, geopolitical developments, and evolving central bank policies. April saw heightened volatility driven by persistent trade tensions and concerns over global growth. Sentiment improved in May following a US court ruling that overturned proposed tariffs, which, along with stabilising inflation data and resilient corporate earnings, boosted risk appetite. In June, softer economic indicators and political gridlock in the US eased inflation concerns and reinforced expectations of earlier rate cuts.

Fixed interest markets delivered strong gains over the quarter. After a volatile start, bond markets steadied, with 10-year US Treasury yields finishing the quarter where they began at around 4.23%, having peaked at 4.60% in May. Australian Government Bond yields declined more significantly in response to local rate cut expectations, with 10-year yields falling from 4.38% to 4.16%. As a result, Australian bonds outperformed global bonds, with the Bloomberg AusBond Composite 0+ Yr Index rising +2.6%, compared to a +1.5% gain for the Bloomberg Global Aggregate Bond Hedged Index.

Credit markets delivered meaningful returns over the quarter, driven by attractive income opportunities, tightening credit spreads, and improving risk sentiment. The Bloomberg AusBond Credit 0+ Yr Index rose +2.3%, reflecting steady domestic conditions and robust investor appetite for income-producing assets. Global investment-grade credit also advanced, with the Bloomberg Global Aggregate Credit Hedged Index up +1.9%. Despite greater volatility, global high-yield credit outperformed higher-quality investment-grade counterparts on investor appetite for higher-yielding assets as economic conditions stabilised, with the Bloomberg Global High Yield Total Return Hedged Index rising +3.3%.

Cumulative performance



Source: Morningstar

Performance contribution (3 Months)

	3 Months
Western Asset Aus Bd A	0.54%
PIMCO Global Bond W	0.40%
Bentham Global Income	0.34%
Janus Henderson Tactical Income	0.31%
Realm Short Term Income Fund	0.18%

Portfolio Commentary

Fixed interest exposure delivered strong returns across the portfolio during the June quarter. **Western Asset Australian Bond (+2.7%)** outperformed as falling bond yields boosted returns, benefiting from the fund's longer interest rate exposure and smart positioning in credit. **Janus Henderson Tactical Income (+1.6%)** posted positive returns supported by falling yields across the curve, strong embedded bond coupons, and tightening credit spreads—particularly within floating rate and loans markets. While modest global high yield allocations contributed positively, returns were constrained by earlier yield volatility in May, and reduced credit protection positions detracted slightly. **Realm Short Term Income (+1.2%)** outperformed the cash rate benchmark, with returns driven primarily by interest income rather than capital appreciation as credit spreads remained stable. RMBS/ABS holdings were the strongest contributors due to their premium yields and portfolio allocation.

PIMCO Global Bond W (+1.6%) edged out its benchmark with strong contributions from currency hedges and euro and sterling duration strategies. **Bentham Global Income (+1.7%)** delivered steady returns, supported by its diversified global credit portfolio where active allocations to corporate bonds, syndicated loans, and strategic duration positioning captured income while mitigating interest-rate volatility through effective interest rate and currency hedges.

Portfolio structure

Fund	Weight %
Bentham Global Income	20.00%
PIMCO Global Bond Wholesale	25.00%
Janus Henderson Tactical Income	18.75%
Realm Short Term Income Ord	15.00%
Western Asset Australian Bond A	20.00%
Platform Cash	1.25%

Portfolio changes

No changes were made to the portfolio during the quarter.

Investment strategy/objective

Portfolio objective

To deliver outperformance of the benchmark over rolling three-year periods, net of indirect fees.

Benchmark: 50% Bloomberg Ausbond Composite 0+Y + 50% Bloomberg Global Aggregate TR Index (AUD Hedged)

Investment Philosophy

The guiding principles underpinning the portfolio management process are:

- **Evidence-based investing** — We are investors, not speculators. Making investment decisions based on fundamental analysis and empirical evidence rather than short-term noise delivers better long-term investment outcomes.
- **Valuation is important** — Markets can experience inefficiency and mispricing. The entry price of an investment is a key determinant of long-term returns and the risk of financial loss.
- **Risk management is multi-dimensional** — We invest in an environment of uncertainty where economic, geo-political and market developments can materially change the investment landscape. We seek to create portfolios that are robust to a range of environmental scenarios and assess risk from a broad set of metrics that consider liquidity, country, sector, style, credit, environmental, social and governance risks.
- **Diversification** — Diversification is spreading investments across fund managers within different asset classes. Diversification cannot eliminate the risk of loss, but it is a powerful tool for managing risk.
- **Simplicity and transparency** — The security of our investors' wealth is paramount. We will only invest in the highest quality underlying fund managers and securities and will not accept overly complex or opaque investments.
- **Fees and taxes matter** — We only allocate fees to active fund managers where we believe — with a high degree of conviction — investors will benefit from paying a higher fee. Where appropriate, we will also utilise low-cost passive fund managers. We also consider the tax consequences of underlying portfolio strategies.

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Evidentia Group

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Morningstar

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