

# ALCapital

## ALC Global Credit Fund

### Monthly report – December 2024

Returns	1 Month	3 Months	6 months	9 months	12 months p.a.	Since inception p.a.*
ALC Global Credit Fund	0.89%	3.40%	7.34%	11.24%	15.10%	16.42%
RBA + 2.50%	0.56%	1.68%	3.39%	5.10%	6.85%	6.83%
Outperformance	0.32%	1.72%	3.96%	6.14%	8.25%	9.59%

Performance is reported net of all fees. Returns greater than one year are annualized. Past performance is not a reliable indicator of future returns. \*The inception date of the ALC Global Credit Fund is 23/11/2023.

The Fund seeks to generate returns in excess of the RBA Cash Rate (“Benchmark”) by 2.5% per annum after fees and expenses over a period of 3 – 5 years. The Fund seeks to do this by investing in fixed income securities that are expected to deliver income. The fund offers daily liquidity.

AL Capital will seek to achieve the Fund’s investment objective by employing a range of active and dynamic investment strategies across the debt markets, both locally and internationally. The ability to source, understand and analyse the risk of the underlying securities and the issuers should enable a higher success of risk/return reward for investors. The portfolio takes advantage of the belief that the price of a security may differ from their intrinsic value at any point in time for a variety of reasons.

When selecting investments, AL Capital utilises a range of strategies including interest rate duration analysis, credit analysis, industry allocation and security selection. Investments are continuously evaluated in order to determine their inclusion in the Fund through the fully integrated risk management process.



#### Performance

The ALC Global Credit Fund returned 0.89% for the month of December, an out performance of 0.32% against its benchmark of the RBA Cash Rate + 2.50% ..

The cumulative return for the Fund since its inception in November 2023 is 16.42% p.a., 9.59% p.a. above its target return, with consistent positive returns being delivered each month.

This is an extremely pleasing result in any market condition, especially with the volatility observed in the Fixed Income market over the same period.

#### Distribution

The ALC Global Credit Fund December Distribution is 1.9 cents per unit.

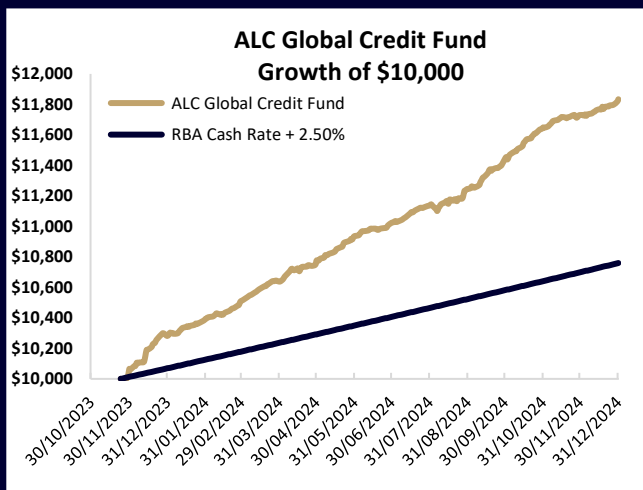
The Fund will distribute all realised income during the Financial Year, and intends to smooth distributions as much as possible for our investors. The distribution of 1.9 cents per unit is the Fund’s target return calculated on the average Net Asset Value over the last quarter.

#### SQM Rating

The ALC Global Credit Fund has been awarded a 4 star rating by SQM Research, classifying the fund as “Superior”. If you would like to request a copy of the rating report, please don’t hesitate to reach out to the Distribution team.

#### Portfolio Positioning

At the end of December, the Fund had an interest rate and credit duration of 0.40 years and 4.34 years respectively and



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was fully currency hedged. The average rating of the entire portfolio was between BBB+ and BBB.

The fund was heavily invested in floating rate securities, accounting for 55% of the fund's fixed income portfolio at the end of December, with a weighted average Yield to Call/Maturity of 6.20%.

December was a mixed month with very few issuers requiring to shore up their funding requirements before year end, but those that do send a flood of issuances at the start of the month. During the month the fund participated in notable new issues from Ampol, and Qube.

### Market commentary

December was marked by heightened volatility as global markets reacted to the Federal Reserve's warning of prolonged higher interest rates. Domestically, the Reserve Bank of Australia held its cash rate steady at 4.35%, balancing inflationary pressures and slowing economic growth. GDP growth for the September quarter stood at 0.3%, reflecting resilience in public spending but waning momentum in private investment. Inflation remained at 3.5% YoY, with energy and housing costs driving the increase.

Australian 10 year government bond yields closed 2 basis points higher to 4.36% after an early-December rally followed by a sell off, as investors digested the RBA's steady stance on rates into unemployment data. Corporate bond issuance slowed amid uncertainty, with some volatility seen in spreads after a heavy initial issuance flooding the market with supply before it was absorbed. Market participants remain cautious about the direction of monetary policy, particularly in light of persistent global inflationary pressures.

The ASX 200 shed 3.15% in December, as global economic concerns weighed on investor sentiment. Only consumer staples (+0.5%) and energy (+0.3%) delivered positive returns in the month, with real estate performing the worse after detracting -7.0%. December's performance capped an otherwise positive year, with a 11.44% annual gain.

As 2025 begins, Global markets face numerous headwinds with threats to monetary policy and growth remaining at the forefront of investor attention. While inflation is expected to moderate, risks from external shocks and geopolitical tensions remain prominent. Investors should brace for continued volatility, with opportunities likely concentrated in defensive sectors and export-driven industries.

### Monthly Performance Since Inception

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Year
<b>FY24</b>					0.65%	2.15%	1.10%	1.13%	1.20%	1.30%	1.49%	0.80%	<b>10.24%</b>
<b>FY25</b>	1.03%	0.97%	1.76%	1.79%	0.69%	0.89%							<b>7.34%*</b>

\*Performance is reported net of all fees. Financial Year returns are the compounded returns of each month, with current financial year the compound return of the current financial year to date. Past performance is not a reliable indicator of future returns

### Quarterly Distributions Since Inception (Cents per Unit)

	September	December	March	June	Year
<b>FY24</b>		0	2.00	4.13	6.13
<b>FY25</b>	1.80	1.90			3.70*

\*Financial Year to date

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ALC Global Credit Fund's Target Market Determination is available <https://www.eqt.com.au/insto>. A Target Market Determination describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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