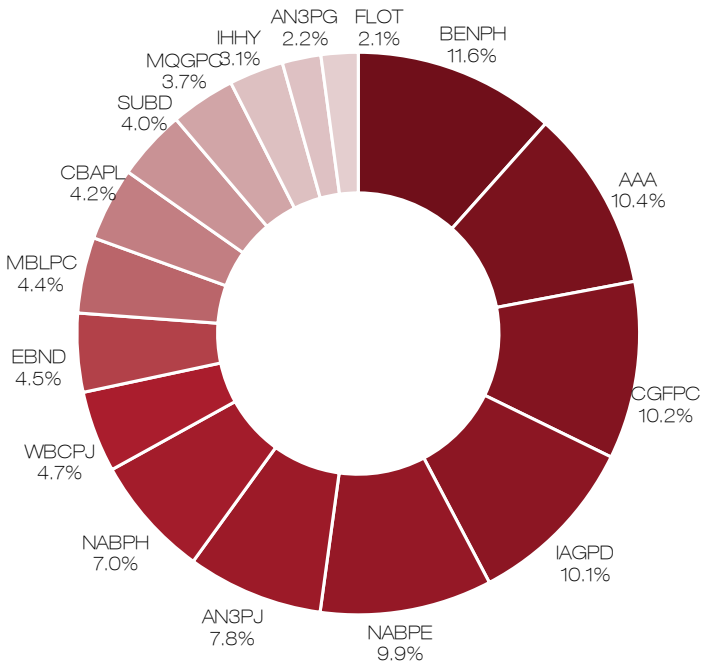
Endeavor Asset Management

Enhanced Yield

January 2023



Portfolio Strategy

This income Strategy is designed for clients who want a better return than term deposits and cash while also have at-call access to their funds. It suits a conservative risk profile. The strategy invests in hybrids issued by investment-grade Australian financial institutions. There is also an allocation to bonds, both Australian and international including sub-investment grade. The strategy targets a return of the RBA cash rate +2.5 - 3.5%.

Portfolio Characteristics

Inception Date	2/09/2019
Benchmark	RBA Cash Rate
Weighted Avg. Maturity	2.16
Return Since Inception	3.4% p.a.
Benchmark Return Since Incp.	0.7% p.a.

Weighted Average Maturity is the length of time until the average security in the fund will mature or be redeemed by its issuer. It indicates a fixed income fund's sensitivity to interest rate changes. Longer average weighted maturity implies greater volatility in response to interest rate changes. This metric considers the likelihood that bonds will be called or prepaid

Bond and Yield markets flat lined somewhat in January with a +0.16% for the month. It was all about small accrual gains across the portfolio. That was in stark contrast to equity markets which managed to "rip" a 6.4% return – a record for January.

The Australian economy continues to be neatly positioned as the provider to the world of high priced soft and hard commodities such as iron ore, grains etc. With unemployment low and a need (or want) to re-start the immigration machine, we continue to expand as an economy with positive GDP numbers. This time however we have been saddled with inflation and while that remains stubbornly high at +7.5%, the RBA continues to raise interest rates to stamp it out.

We saw that again in early February with another rise to 3.35% cash. As bond and yield investors we continue to cheer on this tail wind of support to our investment returns. The language that accompanied this month's rate rises suggests there's more to come. Yipee for us but not so good for borrowers, especially ones with mortgages. Can the policy makers orchestrate a "soft landing"? The longer we can quietly bounce a long while the rest of the world gets it's house in order, the better chance we have.

All the best, watch our latest Endeavor monthly video here – featuring me – and please call if you have any questions.

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*Note: Performance of the strategy group is representative of individual client portfolios, although performance can differ due to inherent differences between clients' portfolios such as initial entry timing, legacy holdings or requested stock exclusions. Performance measured is after fees, taxes and franking credits.