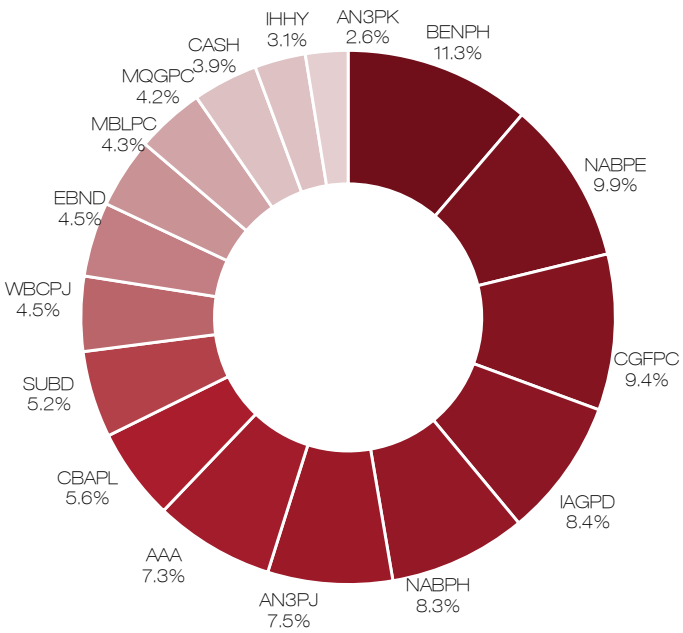
Endeavor Asset Management

Enhanced Yield

May 2023

Performance*	Month	Quarter	One Yr	2 Yr pa.	3 Yr pa.	Inception	Inception pa
Yield	-0.12%	0.25%	4.56%	2.42%	3.77%	12.14%	3.17%
RBA Cash	0.32%	0.92%	2.69%	1.41%	0.99%	3.55%	0.96%



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
Return Since Inception	3.2% p.a.
Benchmark Return Since Incp.	1% p.a.
Portfolio Manager	Will Allen

A -0.12% return for the month may seem disappointing, given that our base interest rate, BBSW, has gone up again courtesy of the RBA. However, we compare very favourably with other investment markets, such as the All Ords (-2.63%) and All Maturities Bond Index (-1.21%). When you add in the commercial and industrial property markets, where market capitalisation rates continue to climb (meaning the capital value of your investment goes down), you can see that it's a tough investment climate, but we continue to shine, albeit dimly this month.

Another mitigating factor was the announcement by CBA of a new hybrid issue. This issue was not tied to the maturity of an old issue. It was CBA continuing to acknowledge the importance of the hybrid market as a factor in its varied mix of funding opportunities. So this was mostly good news. The only thing was, they issued their new note at a coupon higher than where the current comparables were trading. This meant that the comparable prices sold off marginally. No harm done really. We took up a 6% allocation in our portfolio. It will come on at a small premium.

As I write, the RBA has announced another cash rate rise to 4.10%. Inflation looks sticky, so we can expect these investment rates and opportunities to remain. Since July 1st, 2022, we have returned 6.22%. That number will continue to rise.

If you have any questions, please do not hesitate to contact us.

*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.