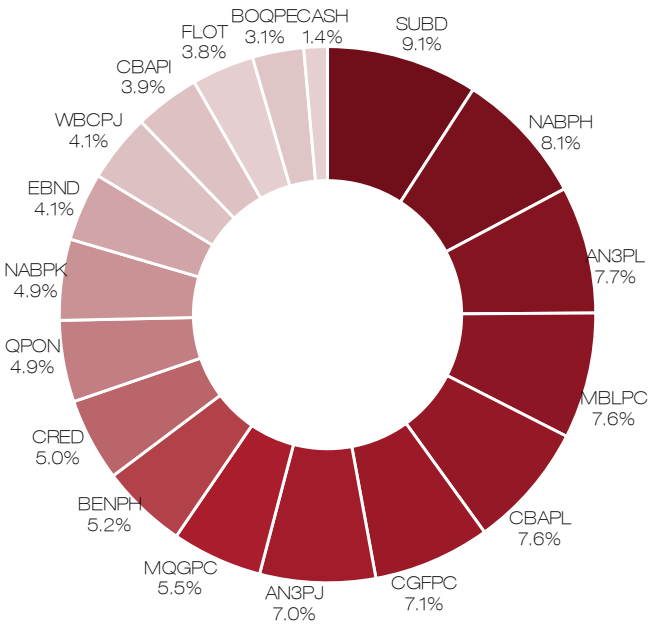
Endeavor Asset Management

Enhanced Yield

July 2024

Performance*	Month	Quarter	One Yr	2 Yr pa.	3 Yr pa.	Inception	Inception pa
Yield	1.28%	2.03%	7.85%	7.38%	4.66%	23.82%	4.44%
RBA Cash	0.36%	1.08%	4.34%	3.77%	2.60%	8.78%	1.73%



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	4.4% p.a.
Benchmark Return Since Incp.	1.7% p.a.

We started fiscal year 2025 with a bang. The portfolio returned 1.28% for the month, making our rolling year 7.85% and rolling 3 years 4.66%. Equity markets also had a good month here in Australia.

Our final words last month had the prophetic effect that maybe we weren't hoping for all the same. Throughout July the US equity market began to unwind its "crowded" magnificent 7 long trade. This was welcome and a long time coming as valuations were a long way ahead of the current reality. However, by the end of the month and into the start of August, following weak labour force data in the US, the sell off began to infect the whole US equity market, followed by Japan and Europe. And it was savage.

The repercussions were immediate. The talk turned to "a recession / hard landing is coming…". The market quickly built in US rate cut expectations in September and again in November of 100 basis points or more in total. The market steadied.

At home we followed a little like sheep until the RBA governor announced (on Aug 7) that there would be NO cash rate cut for the next 6 months. We have been here once before when we were promised no rate rise – and look what happened. Interesting for the RBA to again be so certain for that length of time.

For our portfolio no rate cut for the next 6 months is great news. While credit spreads do remain historically tight, they didn't flinch in this mini US equity market meltdown. We will continue to earn our accrued income as the months pass by.

Any questions please give us a call.

*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.