Ironbark
Investment Solutions

Robeco Credit Income Fund (AUD Hedged) – Class B

Quarterly Report / As at 30 September 2026

Fund facts

Objective:
The Fund aims to maximise current yield and income and seeks to meet the needs of investors who are targeting a consistent level of income. The Fund also aims to provide long-term capital growth. In addition, the fund applies a screening process to select issues that contribute to realising the UN Sustainable Development Goals ('SDGs').

Benchmark:
Unaware

Underlying Fund:
Robeco Credit Income, a sub-fund of the Robeco Capital Growth Funds SICAV

APIR:
ETL7701AU

ARSN:
644 635 594

Inception date:
7 December 2020

Class size:
$12.1m

Exit price:
$0.8036

Net performance (%)

	1 month	3 months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Since inception (p.a.)
Fund	-2.03	-1.72	0.98	6.85	1.64	N/A	N/A	1.78

Sector Allocation (%)[1]

Asset class	Fund
ABS	0.12
Agencies	3.30
CLO	1.93
Covered	5.02
Financials	38.13
Industrials	33.92
Local Authorities	0.01
Sovereign	3.24
Supranational	0.32
Treasuries	3.22
Utilities	6.05
Cash and other instruments	4.74

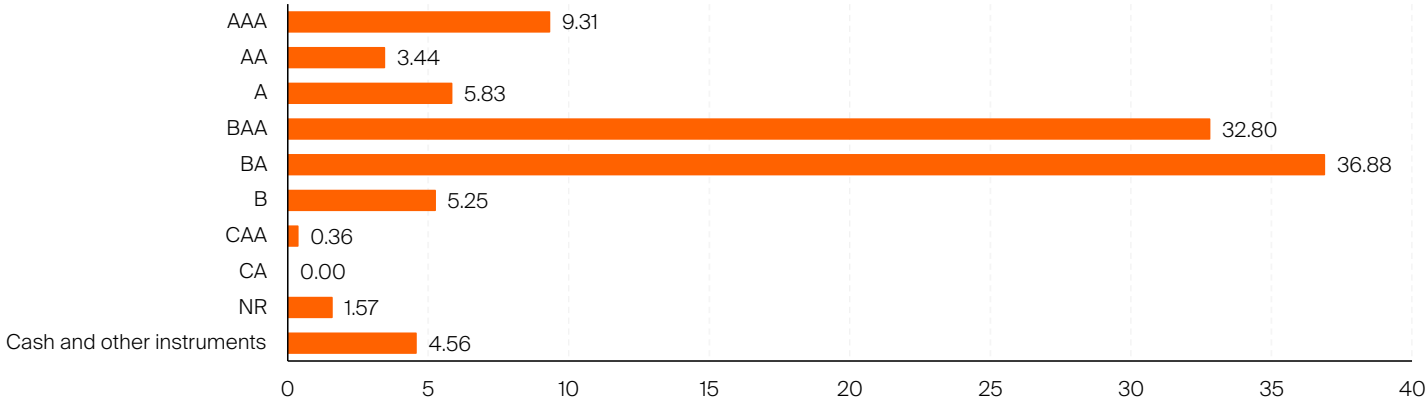
Fund analysis (%)

Characteristics	Fund
No. of issuers	249
Average maturity	5.5
Spread of duration (OASD in years)	3.8
Average credit rating	BAA2/BAA3
Yield to worst (hedged to AUD)	7.2%
Yield to maturity (unhedged)	5.9%
Modified duration (in years)	4.6

[1] Totals may not equal due to round.

Past performance is not indicative of future performance. Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Returns are rounded to two decimal places. Slight variations to actual calculations may occur. Significant investor activity can impact performance returns in a fund or of a class of a fund.

Index rating allocation (%)[2]



[2] Totals may not equal due to rounding.

All currency references in the commentary below are in US dollar terms unless stated otherwise.

Underlying manager commentary

Market review

The third quarter was characterised by resilient economic growth, persistent inflationary pressures and a sharp rise in government bond yields. Despite heightened geopolitical risks and increasing concerns over monetary policy, credit spreads were relatively stable for most of the period, with volatility largely concentrated in government bond markets. Spreads only widened meaningfully in the second half of September as rates moved higher.

The conflict in the Gulf region remained unresolved throughout the quarter. In July, renewed disruptions to shipping through the Strait of Hormuz pushed oil prices above $90 per barrel before partially reversing later in the month. Energy markets tightened again in September following attacks on Saudi infrastructure and the closure of the East-West pipeline. Even with these headwinds, economic growth in both the US and Europe remained stronger than expected. Corporate fundamentals were generally solid, although lower income consumers increasingly felt the impact of higher prices and borrowing costs.

Inflation stayed above central bank targets, largely due to higher energy prices, while evidence of meaningful second-round effects remained limited. Nevertheless, central banks moved to a more hawkish stance. The Federal Reserve left rates unchanged in July, but both the Federal Reserve and the European Central Bank raised rates in September and signalled that inflation would probably remain elevated for longer, triggering a significant sell-off in government bond markets. Over the quarter, US five-year Treasury yields rose by 0.86% to 5.09%, while German five-year yields increased by 0.76% to 3.36%.

Artificial intelligence remained an important investment theme, although investors became more cautious about the expected returns on AI-related spending. Alongside a substantial issuance pipeline from data centres and technology companies, this weighed on the technology sector in July. Sentiment improved later in the quarter, and technology outperformed during the broader market weakness in September. The rise in yields also intensified concerns about fiscal deficits and debt sustainability, particularly in Europe, where the spread between French OATs and German Bunds widened to its highest level since 2012, contributing to weaker European credit performance and the quarter-end widening in spreads.

Portfolio Positioning

The majority of the fund remains invested in BBB- and BB-rated bonds. With credit spreads relatively tight, the investment manager remains cautious about increasing exposure to B-rated and lower-rated issuers, particularly highly leveraged names in the B- and CCC-rated categories, given their expectation that interest rates will remain higher for longer. Within high yield, the increase in B-rated exposure mainly reflected additions to bottom-up opportunities, including American Axle, Olympus Water and Elior, which offer attractive risk-adjusted return potential while remaining consistent with their disciplined credit selection process.

Portfolio positioning (continued)

The fund maintains a sizeable allocation to EUR-denominated bonds and European issuers, reflecting the investment manager's constructive view on European banks, where fundamentals remain robust and valuations attractive. The investment manager remains cautious on energy-intensive sectors and issuers vulnerable to weaker European growth. North American exposure increased, supported by opportunities linked to the AI investment cycle, while emerging markets exposure remained stable. The investment manager reduced tightly valued positions in Klabin and CAF, increased exposure to senior Asian bank bonds and trimmed Tier 2 exposure to Saudi banks.

Sector positioning remained selective. Banking exposure was reduced as some subordinated valuations became less compelling, although the September repricing created new entry points. Technology exposure increased through highly rated data centre issuers such as Beignet and semiconductor names including Broadcom and Nvidia. The investment manager exited BDCs after spreads tightened, built communications exposure through Verizon hybrids and Veon senior bonds, and increased consumer cyclicals through improving automotive credits including IHO, American Axle and ZF Friedrichshafen. Among the largest holdings, EDF and AXA entered the top ten DTS contributors following the repricing of French risk, while CSN was trimmed due to limited progress on asset disposals.

Performance review

The Robeco Credit Income Fund (AUD Hedged) – Class B (the 'Fund') delivered a (net) return of -1.72% for the quarter in Australian Dollar terms.

Duration detracted from returns as government bond yields in both the US and Germany moved higher, while cash yields continued to provide a meaningful positive contribution.

Credit contributed 0.08% during the quarter. While overall credit market exposure weighed on total returns, issuer selection contributed positively to performance. The negative duration contribution reflected the sharp rise in government bond yields during the period, while the positive contribution from cash yields provided some offset.

Among the main contributors, Adani Renewable Energy outperformed as the overhang from US litigation risk at group level diminished, while a successful institutional share placement by Adani Enterprises provided further support. IHO benefited from Continental's sale of its ContiTech division, as potential upstreaming of proceeds could support future deleveraging. Teva performed strongly after Moody's and S&P upgraded the issuer to investment grade, while Southern Water recovered as investors assigned a lower probability to nationalisation of UK water companies. UniCredit cashes also continued to deliver strong returns. Among detractors, AXA weakened alongside French financials amid concerns over France's fiscal position. Oracle spreads widened on concerns around AI-related investment and its balance-sheet impact, while Deutsche CoCo bonds were affected by broader market weakness. Volkswagen spreads widened following a profit warning and restructuring cost concerns, while PennyMac was pressured by weaker results as higher mortgage rates weighed on new mortgage originations.

Year to date, the fund returned 0.18% (AUD). Credit performance (1.33%) was positive, with issuer selection supportive, partly offset by a drag from beta. Within allocation effects, currency selection (-0.28%) detracted, driven by the overweight to EUR and the underweight to USD. Sector selection (0.08%) added value, helped by the overweight to banking alongside underweights to communications, technology, utilities, transportation, and capital goods, as well as overweights to sovereigns and finance companies. Rating (0.14%) was supportive, led by the underweight to CCC and A and an overweight to BB, alongside an underweight to CC. Subordination (0.23%) also contributed positively, driven by the overweight to subordinated financials, complemented by an underweight to senior corporate bonds and an overweight to lower tier 2 bonds. Among individual issuers, the largest contributors were CSC Holdings LLC (0.07%), Virgin Media (0.06%), and Altice Finco SA (0.04%), despite the fund not being invested in these names. The main detractors were PennyMac Financial Services Inc (-0.05%), where the fund held a new position, and Braskem SA (-0.04%).

Market outlook

The situation in the Middle East remains unresolved, and the investment manager does not expect a solution anytime soon. This is likely to keep energy prices volatile. However, with oil exports at least partially restored, the investment manager does not expect any further price spikes to be sustained, while a substantial decline from current levels also appears unlikely. As yields have risen, market attention has shifted towards fiscal deficits and debt sustainability, with France currently in the spotlight. Given next year's elections, it is unlikely that the fiscal situation will be resolved soon, and history suggests countries typically change course only when forced by markets. The investment manager expects France to remain a source of market volatility in the coming quarters.

Continued investment in AI has driven significant debt issuance, and the investment manager expects this to continue. The increased supply is changing market technicals: in recent years, negative credit events led to only modest spread widening as strong demand absorbed issuance, but with greater supply, spreads may move more sharply after negative events. This could create opportunities to add risk at more attractive levels. Growth has remained resilient in the US, while European growth has also surprised to the upside, with ongoing AI investment supportive, particularly in the US and parts of Asia. In sectors more sensitive to interest rates or energy prices, signs of slower growth are emerging, and Europe will likely be the first region where growth disappoints.

In recent months, markets have priced in a much more hawkish central bank stance, and the intermediate part of yield curves has moved higher, suggesting markets believe monetary tightening will not result in slower growth. In the investment manager's view, this appears unlikely. Current yield levels offer an attractive opportunity to add duration, although they prefer to do so gradually given the strong upward momentum in yields. After recent spread widening, valuations look slightly more attractive but remain relatively tight by historical standards. Given the investment manager's expectation of higher spread volatility, the fund continues to prefer instruments with shorter spread duration, remains cautious on interest rate-sensitive industries such as real estate and business development companies, and on consumer-related sectors with exposure to lower-income cohorts. As hyperscalers and data centres continue to issue debt at attractive premiums, the investment manager expects the most compelling opportunities to be offered in this segment.

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