

RMC Enhanced Income Fund update.

31 December 2025

Market commentary

The RBA reduced the cash rate three times in 2025 ending the calendar year at 3.60% per cent, its lowest level since 2023.

The outlook for interest rates in Australia underwent a significant shift in December. Talk of potential further rate cuts moved to discussions of an extended pause and then to potential rate hikes.

In her final media conference of the year, RBA governor Michele Bullock said she didn't see rate cuts "on the horizon for the foreseeable future" and that an extended hold or a rate rise were the options the board would be tossing up.

Bloomberg report that there's around a one in three chance of an interest rate increase in February and currently financial markets are fully pricing in a 0.25% rate increase by August.

Three interest rate cuts, low listing volumes and government policies were amongst the key drivers for housing prices in 2025 with Cotality's Australian Home Value Index recording a 2.9% increase in the fourth quarter, bringing the national growth rate for the year to 8.6%, the strongest increase since 2021.

Factors that could affect residential house prices in 2026 include:

- Buyer confidence could be eroded by speculation that interest rates may be on hold, or possibly increased during 2026.
- The introduction of stricter assessment for some borrowers.
- A rebound in cost of living and housing affordability pressures.

Offsetting the above points is the supply of available/new housing stock is likely to remain subdued which will likely buffer potential pricing pressures.

Westpac report the Australian securitisation market saw around \$76 billion of securities issued in 2025, only slightly behind the record \$80 billion of securities issued in 2024. Resimac issued both RMBS and ABS in 2025 and consistently ranks as one of the most active issuers in the Australian securitisation market.

Margins on mezzanine notes tightened over the quarter and have tested the lows they reached during the pandemic due to continued strong demand coupled with a supportive credit environment. This trend could continue as Australian credit is likely to remain attractive for both domestic and international investors given the uncertain global backdrop.

Fund commentary

- The Fund's income distributions remain the key contributor to returns with its investments continuing to collect a solid yield premium above the bank bill cash rate. The distribution for the quarter ending 31 December 2025 was 2.18 cents per unit bringing the total for rolling twelve months to 9.18 cents per unit equating to a distribution return of 9.34% for the period.
- The Fund's distribution is 11% lower than the pcp. This is due to:
 - A fall in underlying rates – the RBA held the official cash rate steady at 4.35% in the December 2024 quarter, whilst in 2025 they had fallen to 3.60% by the start of the December 2025 quarter, 17% below the pcp.
 - The continued high demand for securities leading to a decrease in issue margins.
- The Fund's total return was 9.30% for the 2025 calendar year, exceeding its target return by 1.33%.
- The Fund purchased holdings in Resimac's RMBS issues and warehouse notes during the quarter.

Fund commentary (cont'd)

- The pool of mortgages underlying the Fund's investments appear to be in robust condition for the following reasons:
 - The securities underlying collateral forms a seasoned and diversified portfolio of residential property, auto and equipment loans
 - The value of properties and loan to value ratios indicate healthy valuation protection
- A large redraw cushion
- A low level of arrears that continues to be closely monitored
- The Manager remains vigilant for geopolitical events which may cause market volatility and will continue to identify and invest in attractively priced issues.

Performance as at 31 December 2025

	1 month %	3 months %	6 months %	1 year %	2 years % p.a.	3 years % p.a.	Inception % p.a.*
RMC Enhanced Income Fund	0.69%	1.96%	4.48%	9.30%	10.59%	10.61%	9.31%
Distribution return	2.12%	2.15%	4.40%	9.34%	9.74%	9.43%	8.90%
Growth return	-1.43%	-0.19%	0.08%	-0.05%	0.85%	1.18%	0.41%
Bloomberg Ausbond Bank Bill Index	0.31%	0.90%	1.83%	3.97%	4.22%	4.11%	3.61%
Target return	0.64%	1.90%	3.83%	7.97%	8.22%	8.11%	7.61%
Excess return	0.04%	0.05%	0.65%	1.33%	2.38%	2.50%	1.70%

*Inception 31 March 2022.

- Past performance is not an indicator of future performance. Returns are calculated net of fees and assume the reinvestment of income. No allowance for taxation is made.
- Growth return is the change in ex-distribution prices.
- Distribution return is the difference between growth return and total return.

- Target Return is the Index Return plus 4% over rolling three year periods.
- Excess return is the difference between the Fund's net return and its target return.
- Return data greater than one year is annualised.

Morningstar Rating™

Overall rating out of 79
Unconstrained Fixed Income
funds as of 31 December 2025

Morningstar Return 3 Year	Morningstar Risk 3 Year	Morningstar Category Rank 3 Year
High	Low	1 Best = 1 Worst = 100

Morningstar category: Unconstrained Fixed Income as of 31 December 2025

Performance as at 31 December 2025 (cont'd)

Portfolio statistics

Fund size	\$18.35 million
Number of holdings	22
Interest rate duration	0.03 years
Credit spread duration	0.97 years
Effective maturity	1.6 years
30-day Bank Bill Rate	3.55%
31 December 2025 distribution	2.18 cents per unit

Portfolio composition

Percentage of Resimac issued securities held (ex-cash)	100%
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Liquidity

Sector	Weight
Cash & cash equivalents	3%
Liquid securities	19%
Other securities	78%
TOTAL	100%

Asset ranges

Sector	Weight
RMBS Prime	13%
RMBS Non-conforming	40%
Warehouse notes	37%
Credit Risk retention notes	3%
Asset backed securities	4%
Cash and equivalents	3%
TOTAL	100%

Credit exposure

S&P credit rating	Weight
AAA	5%
AA	0%
A	10%
BBB	4%
BB	4%
B	1%
Not rated	73%
A1+	2%
Cash	1%
TOTAL	100%

Key underlying residential mortgage loan statistics

	Total	Prime	Non-conforming	Warehouse
Number of loans	13,458	4,573	5,571	3,314
Average loan balance	\$522,592	\$387,961	\$607,748	\$565,217
Total current loan balances	\$7,033,040,208	\$1,774,147,629	\$3,385,762,276	\$1,873,130,303
Total value of properties	\$13,260,976,896	\$3,861,852,325	\$6,063,328,590	\$3,335,795,981
Weighted average current LVR	66%	62%	67%	67%
Weighted average seasoning	34 months	48 months	34 months	23 months
Weighted average interest rate	6.31%	5.93%	6.76%	5.85%
Total amount available redraw	\$1,111,466,866	\$425,126,172	\$427,312,315	\$259,028,379
90+ days in arrears	0.91%	0.29%	1.55%	0.34%
% of fixed rate loans	1.13%	2.26%	0.24%	1.66%
% owner occupier	56%	56%	63%	44%

Location	Weight
NSW	34%
VIC	27%
QLD	19%
ACT	1%
WA	7%
SA	10%
TAS	1%
NT	1%
TOTAL	100%

Location	Weight
Inner city	0%
Metro	89%
Non-metro	11%
TOTAL	100%

Key underlying ABS mortgage loan statistics

	Total	Business line	Weight
Number of loans	9,900		
Average loan balance	\$61,806		
Total current loan balances	\$611,881,756		
Weighted average LVR	76%		
Weighted average term to maturity	41 months		
Weighted average seasoning	19 months		
Weighted average interest rate	8.96%		
90+ days in arrears	0.13%		
% of fixed rate loans	100%		
Borrower type	100% commercial		
Auto Finance	59%		
Equipment Finance	41%		
TOTAL	100%		

Disclaimer

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