

# Sturt Capital

## Diversified Income Fund

### March 2026 Quarterly Investment Update



### Annualised Fund Performance<sup>1</sup>

	Quarter	6 months	1 year	3 years	5 years	Inception
Fund Return <sup>2</sup>	9.72%	9.65%	9.70%	9.61%	9.03%	8.96%

<sup>1</sup> Past performance is not a reliable indicator of future performance; <sup>2</sup> Returns are calculated after fees have been deducted; <sup>3</sup> Inception Date: 05/2017

### Executive Summary

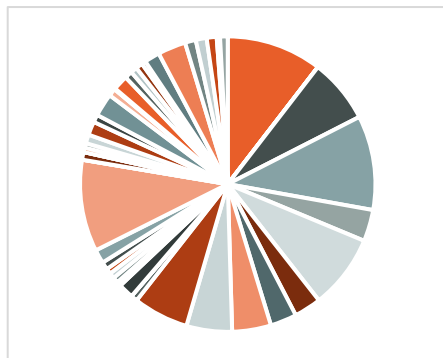
The Sturt Capital Diversified Income Fund delivered a net return of **9.72% per annum** for the March 2026 quarter, remaining at the upper end of the Fund's 8–10% per annum target range and consistent with the 9.70% delivered over the past 12 months. The net return equates to the RBA Cash Rate plus ~6%. Over the Fund's nine-year track record, it has generated a net return of **8.96% per annum** across multiple interest rate cycles and periods of heightened volatility and geopolitical uncertainties, reflecting the durability of the Fund's disciplined, asset-backed investment approach.

The portfolio comprises **42 investments** across residential mortgages, consumer lending, and commercial credit facilities, all of which remain current and operating within agreed terms. The Fund maintains no exposure to commercial property development lending. During the quarter, the investment team successfully deployed additional capital by participating in an expanded facility for a key client following a material enhancement of its credit profile, as well as three capital markets transactions.

Cash levels finished the quarter above the Fund's preferred range following a number of repayments late in the quarter, which have since been redeployed into new opportunities. Looking ahead, the Fund is well positioned to continue delivering income within its target range. The short duration, predominantly floating-rate portfolio provides resilience against interest rate volatility, while widening credit spreads are creating attractive deployment opportunities for disciplined investors.

### Portfolio Composition

#### Portfolio Composition & Metrics



WA Gross Yield, ex cash<sup>1</sup> **11.91% p.a**

Number of assets **42**

Credit Duration, ex cash (mths)<sup>2</sup> **12.04**

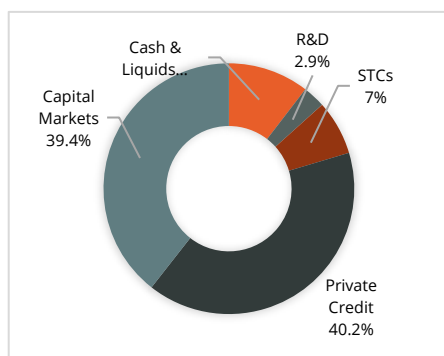
Interest rate Duration (mths)<sup>2</sup> **2.92**

Fixed/Floating interest rate **9.9% / 91%**

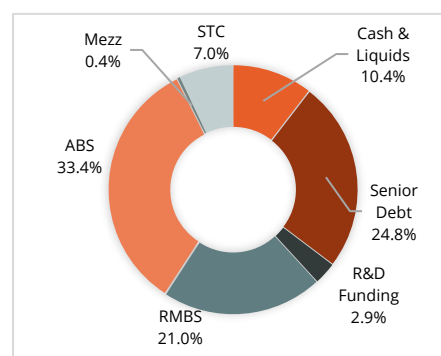
Leverage / Fund Portfolio Assets<sup>3</sup> **12.15%**

<sup>1</sup> Weighted average gross yield of assets at the reporting date. The difference between gross yield and net fund return reflects cash drag, asset mix over the quarter, management fees, and fund expenses. <sup>2</sup> Refer Glossary. <sup>3</sup> Leverage represents borrowings at the Fund level as a percentage of portfolio assets.

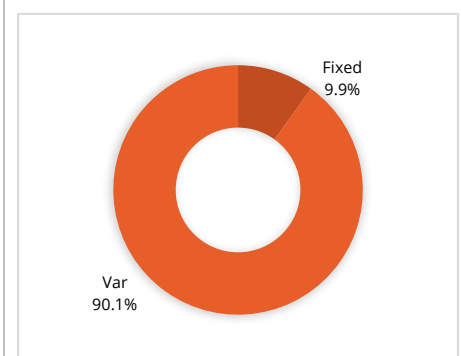
#### Portfolio by Segment



#### Portfolio By Asset Type



#### Portfolio By Interest Type



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#### Quarterly Activity

- Overall, the quality of the portfolio remains strong with all facilities current and within agreed terms. The Fund holds no commercial property development lending exposures.
- Cash levels finished the quarter at 10.4%, above our preferred range of below 5%, reflecting a number of repayments late in the quarter. Cash levels have since been deployed into new opportunities and the quarterly distribution, with cash levels expected to return to being within target range during the June quarter.
- **Capital markets activity:** Three capital markets transactions were called during the quarter for Bluestone Sapphire 27, Firstmac Auto No2 and humm 2023-1. The Fund participated in ORDE's most recent 2026-1 issue and increased its holding in the Brighte 2022-1 issue.
- **R&D Financing:** Loan balances reduced over the quarter as a number of facilities were successfully repaid. We expect an increase in the second half of FY26 as Dare Capital progresses a strong pipeline of new opportunities, subject to market conditions. The Dare Capital Loan Fund continues to take new capital inflows.

#### Market Environment & Investment Positioning

- Sturt Capital continues to actively assess opportunities across **RMBS, ABS, and public and private credit markets**. Capital markets spreads have begun to widen from tight levels with the investment team remaining selective, focusing on opportunities that offer compelling relative value and robust structural protections. While widening credit spreads introduce some uncertainty in public markets, they also present selective opportunities for disciplined deployers of capital. The Fund's current portfolio is well insulated by its seasoned nature and short duration.
- **Private Credit.** Sturt welcomes the increased regulatory and investor focus on the private credit sector. The term encompasses a wide spectrum of strategies, ranging from direct corporate lending to higher-risk property development finance. The DIF Investment Committee continues to focus on asset-backed funding and deliberately excluding real estate development lending, particularly in light of cost escalation and construction delays across the sector. This approach supports capital preservation and provides meaningful diversification for investors allocating to income-oriented strategies.
- **Capital preservation.** Managing downside risk remains central to the Fund's approach, particularly in an environment of persistent inflationary pressures and potential interest rate volatility. Conservative assumptions are applied to arrears and loss expectations across the portfolio.

#### Outlook

- Looking ahead to the June 2026 quarter, the Fund remains well positioned to continue delivering a cash yield within its target range. Cash levels have already been redeployed post distribution into new opportunities, supporting the net yield. Credit spreads across public markets have begun to widen allowing the investment team to selectively deploy capital where structures, asset backing and pricing offer attractive risk-adjusted returns. Seasonal origination activity within government-linked programs, including R&D tax rebate financing and the STC lending and trading strategies are expected to increase. The Fund's short duration and predominantly floating-rate exposure (currently 90%) provide resilience against interest rate volatility. Capital preservation remains the primary focus as market conditions evolve. Forward-looking statements are based on current expectations and are subject to change.

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## Annualised Net Returns

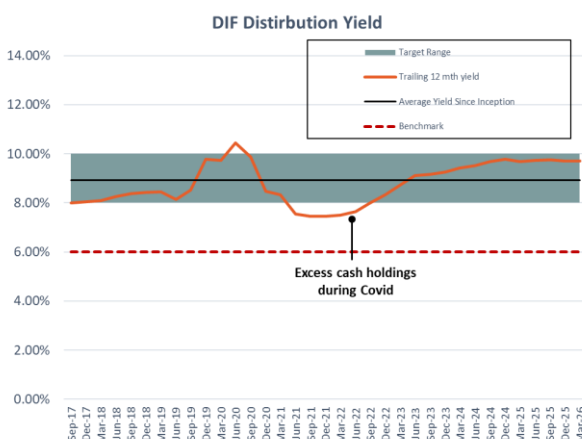
The Fund has delivered a positive return in every quarter since inception, with annualised net returns remaining within or above the 8–10% per annum target range over the last 15 quarters. The consistency of returns across varying interest rate environments, including the low-rate period of 2020–2022 and the subsequent rate cycle reflects the Fund's disciplined approach to portfolio construction and credit selection.



Past performance is not a reliable indicator of future performance.

## Fund Background and Investment Objectives

- Since its **establishment in May 2017**, the Sturt Capital Diversified Income Fund has consistently delivered attractive, risk-adjusted income outcomes. The Fund has generated a **return since inception of 8.96% per annum**, net of all fees and expenses.
- The investment objective of the Fund is to provide unitholders with a stable and diversified source of income through disciplined investment across a broad range of asset-backed credit opportunities.



## Fund Summary

<b>APIR Code</b>	SCA5125AU
<b>ISIN</b>	AU60SCA51255
<b>Investment Manager</b>	Sturt Capital Management Pty Ltd
<b>Inception Date</b>	May-17
<b>Recommended Investment Time Frame</b>	2-3 years
<b>Unit Price (ex-dist.)</b>	\$1.00
<b>Applications</b>	Monthly
<b>Minimum application</b>	\$25,000
<b>Distribution Frequency</b>	Quarterly
<b>Distribution reinvestment plan (DRP)</b>	Yes – active
<b>Management Fee</b>	1% p.a.
<b>Performance Fee</b>	20% over 6% benchmark
<b>Platforms</b>	Powerwrap Praemium, netwealth
<b>Rating</b>	SQM – 3.75 stars

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## Investing in the Fund

The Fund is open for investment. For more information, to request a copy of the Information Memorandum, or to discuss investment queries please use any of the following ways to contact Sturt.

**Phone:** +61 2 9025 9533

**Email:** [investors@sturtcapital.com.au](mailto:investors@sturtcapital.com.au)

**Website:** [www.sturtcapital.com.au](http://www.sturtcapital.com.au)

**Address:** Level 7, 60 Carrington St, Sydney, NSW, 2000

## Glossary

<b>RMBS</b> (Residential Mortgage-Backed Securities)	Securitised debt instruments backed by pools of residential mortgage loans. Cash flows from borrower repayments are distributed to investors according to tranche seniority, with credit enhancement mechanisms used to manage default risk.
<b>ABS</b> (Asset-Backed Securities)	Securities backed by diversified pools of financial receivables, including auto loans, consumer loans, credit card receivables, or equipment leases. Investor returns are supported by underlying asset cash flows and structural protections such as subordination and excess spread.
<b>STCs</b> (Small-scale Technology Certificates)	Tradeable environmental certificates created under the Australian Government's Small-scale Renewable Energy Scheme, representing the expected electricity generation of eligible small-scale renewable energy systems (such as rooftop solar) over a deemed period. STCs are typically generated upfront, registered, and sold to liable entities (primarily electricity retailers) to meet regulatory obligations or the Commonwealth government.
<b>Interest rate duration</b>	A measure, expressed in months, of the sensitivity of an investment or portfolio's value to changes in interest rates.
<b>Credit duration</b>	A measure, expressed in months, of the sensitivity of an investment or portfolio to changes in credit spreads, reflecting exposure to changes in market perceptions of credit risk rather than interest rate movements.

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