

# Macquarie Australian Diversified Income Fund

Monthly report – 30 September 2025

## Investment objective

Aims to outperform the Bloomberg AusBond Bank Bill Index over the medium term (before fees) and provide regular income by using an active investment strategy.

## Key information

### Fund details

APIR code	MAQ0204AU
Inception date	21 November 2000
Fund size	\$296.0m
Management fee*	0.308% pa
Minimum investment (Direct)	\$500,000
Unit prices and spreads	<a href="https://macquarie.com/mam/unit-prices">macquarie.com/mam/unit-prices</a>

\*Read the Product Disclosure Statement for more details on fees and costs.

## Fund performance to 30 September 2025

	Total Fund return (gross)	Benchmark return*	Total excess return (gross)	Total Fund return (net)**
1 month (%)	0.45	0.29	0.16	0.43
3 months (%)	1.67	0.92	0.75	1.60
1 year (%)	6.17	4.19	1.98	5.85
2 years (% pa)	6.38	4.30	2.08	6.05
3 years (% pa)	5.98	4.05	1.93	5.65
5 years (% pa)	3.76	2.53	1.23	3.44

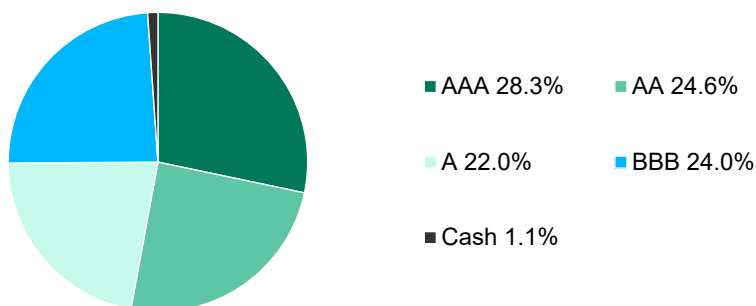
Past performance is not a reliable indicator of future performance.

Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

\*The Benchmark is the Bloomberg AusBond Bank Bill Index.

\*\*Total net returns are quoted after the deduction of all fees and expenses. Due to individual circumstances, your net returns may differ from the net returns quoted above.

## Allocation by credit rating\*



## Fund statistics

Yield to maturity\* 4.56% pa

\*Pre-fee returns Fund would earn over next year based on current market conditions if there were no changes to interest rates or holdings of Fund. It is not an actual or estimated return.

## Top 5 asset allocation by industry\*

Industry	%
Banking	43.3
Residential Mortgage	27.6
Insurance	5.1
Auto Backed	4.1
REITs	3.4

\*Fund statistics above exclude CDX hedges

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## Fund highlights

The Fund outperformed the benchmark in September. Australian IG credit spreads continued to compress as financials remained a significant component of performance with both senior and Tier 2 spreads resuming their tightening bias. Corporates exhibited broad-based tightening over the month. September was the largest month for structured issuance since the GFC, with just shy of 13bn printed. Despite the solid pace of issuance, spreads remained tighter and structured exposures remained a stable source of short-dated carry for the Fund. During the month, the Fund participated in deals such as CBA, IAG Group, Kiwibank Ltd, Lonsdale Finance, NBN, Royal Bank of Canada, Toronto-Dominion Bank, UBS Group, ACPL 2025-2, AFG 2025-1, BRIGH 2025-1, FAFT 1-3, LBRTY 2025-2, PUMA 2025-1 and RUBY 2025-1.

## Market overview

The data released this past month painted a mixed picture of the US economy, with activity data slightly firmer but jobs growth continuing to slow; the eurozone data continues to point to subdued but modestly firmer economic activity; while the Chinese data has continued to disappoint. We remain of the view that while tariffs will result in higher inflation outcomes in the US in coming months, the underlying trend towards better contained inflationary outcomes will remain intact. This should add disinflationary pressures to non-US economies. Divergence between central banks is starting to increase, in part reflecting differing perspectives on the restrictiveness of their policy after rate cut cycles of recent years. After having left rates unchanged for much of the year, softer US labour market data saw the Fed resume its rate cut cycle at its September FOMC meeting, with a further two 25bp cuts by year-end almost fully priced. This data has also seen UST yields move lower over the month, although the USD recovered from losses in the early part of the month to end little changed.

## Global credit market

Risk markets rallied in September, supported by attractive all-in yields, strong investor demand and light dealer inventories.

US credit performed well in September, with IG spreads tightening 5bps to 74bps and HY also tightening by 5bps to 267bps. Similar to recent months, this keeps the overall spread levels near post-financial crisis tight. Continued positive flows and light dealer balance sheets supported the market, even as issuance increased sharply to over US\$200bn in IG. Issuance was led by Oracle, which attracted US\$88bn of orders and priced a total of \$18bn. Amongst sectors, energy was an outperformer despite modest falls in oil price; metals and mining also outperformed.

In European credit, Bloomberg EuroAgg Corporate OAS (EUR IG) closed 5bps tighter at 79bps and Bloomberg Euro High Yield Index (EUR HY) closed 17bps tighter at 265bps. Credit curves closed unchanged while paper, packaging and miners underperformed and financials outperformed in IG. Ratings compression was evident in both IG and HY this month. Issuance accelerated as issuers took advantage of the tighter spread environment for the highest September issuance since 2020. Like last month, technicals remain firm despite underwhelming valuations as higher yields remain attractive.

## Australian credit market

Australian credit spreads continued to compress in September, although they lagged the rally seen offshore. The index spread fell by 2bps to 101bps. Total issuance volumes remained contained during the month, with over \$9bn priced. Senior financial spreads consistently narrowed throughout September, with the 5-year major bank spread reaching a post-pandemic low of 68bps. Tier 2 financials outperformed in the first half of the month due to a pause in supply. Issuance resumed in the second half with spreads trading within a narrow range for the remainder of the month, seeing the 5-year to call reaching a four-year tight of 132bps. UBS issued the first offshore bank \$A AT1 since 2019. A coupon of 6.375% and APRA's recent phasing out of Australian AT1 securities created strong technical support for the bond, attracting a peak order book of over \$8bn and strong follow-on demand in secondary markets. Corporates displayed relatively uniform spread tightening across the main sectors in September.

## Outlook

While some of the recent activity data has been a little firmer, we remain of the view that growth will soften while the disinflationary trend is largely intact. So even though many central banks have already eased materially we remain of the view that policy will need to become more supportive in most locations. The Fed has resumed its rate cycle after having paused at its meetings earlier in the year, the Bank of Canada, ECB, SNB, Swedish Riksbank, BoE, and RBNZ have all further lowered rates in 2025, and the RBA cut rates at its February, May, and August meetings. A number of central banks have started to slow the pace of their rate cut cycles recently (or indeed signalled these cycles may now be complete) as policy rates get closer to where they see neutral as being, and as result rate cut expectations for many have been wound back. In contrast the BOJ, having hiked again in January, continues to signal that it expects to further normalise policy in coming quarters, with recent BOJ rhetoric leading to renewed expectations this could come sooner rather than later. We will continue to closely watch central bank rhetoric to help judge whether these expectations of policy changes are justified. And as usual, given the crucial role of fiscal policy, we continue to monitor government budget decisions.

We retain a bias to long duration as the earlier aggressive tightening cycles by central banks globally continues to be unwound. We continue to look to add to duration as yields rise but also remain receptive to reducing exposure when the market looks rich. On credit, the recovery in risk appetites since the April lows has seen spreads remain at historically tight levels. Although the risks to growth remain material, the prospect of further policy support (both monetary and fiscal) is likely to provide support to the medium-term growth outlook and hence valuations. Moreover, while spreads remain relatively tight all-in yields, while not as high as earlier in the year, still remain somewhat high relative to recent history and expectations of positive total returns continue to drive demand.

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**For more information speak to your financial adviser, call us on 1800 814 523, email [mam.clientservice@macquarie.com](mailto:mam.clientservice@macquarie.com) or visit [macquarie.com/mam](http://macquarie.com/mam)**

## Important information

Macquarie Investment Management Australia Limited ABN 55 092 552 611 AFSL Licence 238321 is the issuer of units in, and responsible entity of the Fund. Macquarie Investment Management Global Limited ABN 90 086 159 060 AFSL 237843 is the investment manager of the Fund.

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PRRP-MDTF-ANZ