

# Macquarie Corporate Bond Fund - Class O Units

Quarterly report – 30 June 2025

## Investment objective

Aims to outperform the Bloomberg AusBond Bank Bill Index, after costs but before tax, over a rolling three-year basis. It aims to provide regular monthly income with some potential for growth while aiming to preserve capital value.

## Key information

### Fund details

Inception date	19 November 1997
Fund size*	\$296.7m
Distribution frequency	Generally monthly
Management fee*	0.36% pa
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.

\*As the Fund has one or more classes of units on issue, this figure represents the assets under management (AUM) of the Fund as a whole (rather than the AUM attributable to the class of units specified in this report).

## Class performance to 30 June 2025

	Total Class return (gross)	Total Class return (net)	Benchmark return	Total excess return (net)
<b>3 months (%)</b>	1.53	1.44	1.02	0.42
<b>1 year (%)</b>	6.18	5.78	4.39	1.39
<b>3 years (% pa)</b>	5.64	5.25	3.88	1.37
<b>5 years (% pa)</b>	3.83	3.44	2.34	1.10
<b>10 years (% pa)</b>	3.52	3.13	2.18	0.95
<b>Since inception (% pa)</b>	5.80	5.42	4.80	0.62

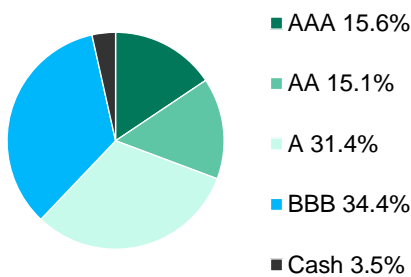
**Past performance is not a reliable indicator of future performance.**

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

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

Macquarie Investment Management Global Limited (MIMGL) was appointed as the investment manager of the Fund from 26 March 2022 and Macquarie Investment Management Australia Limited (MIMAL) was appointed as the responsible entity of the Fund from 26 April 2022. Prior to these dates, the Fund was managed or operated by another entity or entities. Please see the offer document of the Fund or contact Client Service on 1800 814 523 for further information.

## Credit profile breakdown



Average credit rating: A  
BB and below include direct holdings and residual exposure to issuers held through our investment grade and emerging markets allocation.

## Fund statistics

Credit spread duration	2.3 years
Interest rate duration	0.4 years
Yield to maturity*	4.4% pa
Allocation to global securities (ex-Australia)	0.0%

\*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	44.2
Residential Mortgage	14.6
REITs	8.6
Transportation	5.1
Electric	4.4

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## Fund highlights

The Fund outperformed the benchmark during the month. Financials were a strong driver of performance. Despite spreads widening in the first half of the month, this was reversed in the latter half as issuance was muted and dealer inventories were light across both senior and Tier 2 paper. Corporates were a modest source of returns, particularly as longer-dated BBB securities lagged the broader rally in Australian credit. Structured holdings were marked 10-15bps tighter in June, supporting performance and remaining a stable source of short-dated carry for the Fund. During the month, the Fund participated in deals such as Barclays, Banque Federative Du Credit Mutuel, BPCE SA, Commonwealth Bank, CNH Industrial Capital, John Deere, Emirates NBD Bank, Nextera Energy, Melbourne Airport, CRDABL 2025-1, PROGS 2025-1 and TRTN 2025-2.

## Market overview

### Australian cash market

The Reserve Bank of Australia (RBA) did not meet in June and the cash rate target remained at 3.85%, after cutting at the May Board Meeting. The May meeting minutes revealed increased comfort around inflation, which was expected to remain close to the midpoint of the 2-3% range over the forecast period. However, concerns persisted regarding labour market tightness and slightly positive output gap. Monthly CPI, released later in June, was weaker than expectations. In response, most economists pulled forward expectations for the next cut to occur in July instead of August, which markets have almost fully priced in.

Australian economic data released in June tended to be on the weaker side. Monthly CPI for May was below expectations at 2.1% YoY (consensus 2.3% YoY), with the trimmed mean at 2.4% YoY – the lowest since November 2021. Despite headline employment falling by 2.5k in May, the underlying data was stronger as full-time jobs rose by 38.7k while part-time jobs fell by 41.1k. The unemployment rate remained unchanged at 4.1%. 1Q 25 GDP missed expectations at 0.2% QoQ (consensus 0.4% QoQ). Per capita GDP fell back into negative territory at -0.2% QoQ. Household consumption rose 0.4%, with 4Q 24 revised up to 0.7% from 0.4%, though per capita consumption remained weak. The Australian Bureau of Statistics noted that extreme weather events reduced domestic final demand and exports, particularly in mining, tourism, and shipping. Despite these challenges, the savings rate rose to 5.2%, the highest since 2022, as consumers saved the 1.7% QoQ growth in real disposable income, nearing pre-COVID averages of 6.5%.

### Australian credit market

Australian credit markets underperformed their US and European counterparts over the quarter. Spreads widened in April due to tariff-related volatility but retraced most of the underperformance in May as market sentiment improved. However, June saw mixed performance, with investment grade (IG) Option-Adjusted Spreads widening 3bps to 119bps. There was a bias toward higher-quality credit in June as BBB-rated IG underperformed in the longer-dated part of the curve. Financials experienced a volatile quarter, with spreads initially widening due to heavy issuance before recovering later in the period. Primary issuance was strong, with over \$A28bn in IG supply, including \$A7bn in financial Tier-2 and corporate hybrids, as well as \$A15bn in structured credit issuance.

## Outlook

With US inflation readings better contained over recent months we continue to see the overall backdrop as supporting our ongoing view that *“growth is beginning to soften while the disinflationary trend is largely intact.”* We also remain of the view that support to growth is increasingly going to have to come from policy makers, especially given the prospects of business and consumer caution due to the US administration's trade policies. While the US Fed has paused its rate cut cycle at its meetings so far this year, the Bank of Canada, European Central Bank, SNB, Swedish Riksbank, Bank of England, and Reserve Bank of New Zealand have all further lowered rates in 2025, with ongoing expectations that most of these banks will continue to lower rates at coming meetings, while the RBA cut rates at both its February and May meetings. In contrast the Bank of Japan, having hiked again in January, continues to signal that it expects to further normalise policy in coming quarters. The global backdrop may though see it exercise a little more caution in delivering these hikes, and it has announced plans to slow the pace at which it is tapering its bond purchases. 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. In addition, geopolitical considerations such as the new US administration's policies are increasingly affecting bond yields, and we also continue to watch the ongoing tensions in the Middle East and Ukraine. On credit, the ongoing recovery in risk appetites since the April lows has seen spreads narrow somewhat further. 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. Moreover, while spreads remain relatively tight, all-in yields remain high relative to recent history and expectations of positive total returns should 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](https://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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