

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception^ (% p.a.)
Income Distribution	0.5	1.4	2.4	6.8	7.5	6.6	7.3
Capital Growth	1.2	1.3	3.9	10.0	2.0	0.2	-0.2
Total Return	1.7	2.7	6.3	16.8	9.5	6.8	7.1
Franking Credits <sup>#</sup>	0.0	0.0	0.1	1.2	2.5	2.4	2.8
<b>Income Distribution including Franking Credits</b>	<b>0.5</b>	<b>1.4</b>	<b>2.5</b>	<b>8.0</b>	<b>10.0</b>	<b>9.0</b>	<b>10.1</b>
Benchmark Yield including Franking Credits*	0.0	1.6	2.4	5.8	5.9	5.3	5.6
<b>Excess Income to Benchmark<sup>#</sup></b>	<b>0.5</b>	<b>-0.2</b>	<b>0.1</b>	<b>2.2</b>	<b>4.1</b>	<b>3.7</b>	<b>4.5</b>

^Inception date was 7 May 2018. Fund returns are calculated using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. \*Benchmark yield is calculated based on the difference between the return of the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) and return of the S&P/ASX300 Index. #Franking credits are an estimate only, as tax components will only be known with certainty at the end of the financial year. Past performance is not a reliable indicator of future performance.

## Overview

Markets rallied strongly in November, led by the US, which was buoyed by optimism that a Trump administration would be more business-friendly, with lower regulation and taxes. This euphoria saw the S&P500 +5.9% (+33.9% LTM) and the NASDAQ +6.3% (+36.1% LTM), both reaching record highs. Other global markets were also generally stronger.

The Australian market was also strong, with the ASX300 Accumulation Index up +3.7%, also reaching a new high, and having delivered a total return of +23.2% over the last 12 months.

The Fund is currently targeting FY25 net monthly distributions of 1.785 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 5.6%.

## Fund Characteristics

The objective of EIGA is to provide investors with an attractive level of tax effective income, paid via monthly distributions. EIGA aims to provide a gross distribution yield, adjusted for applicable franking credits, above that provided by the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

**Portfolio Manager** **EIGA FUM**  
Stephen Bruce \$34 million

**Distribution Frequency**  
Monthly

**Inception Date** **Fees**  
7 May 2018 0.80% (incl. of GST and RITC)

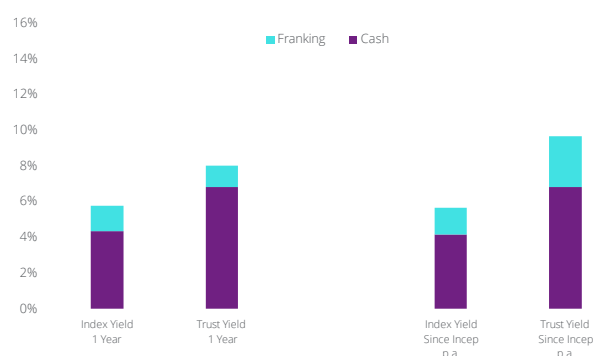
Portfolio Characteristics – FY25	Fund	Market
Price to Earnings (x)	17.8	19.4
Price to Free Cash Flow (x)	14.6	17.3
Gross Yield (%)	5.1	4.2
Price to NTA (x)	2.5	3.0

Source: Perennial Value Management. As at 30 November 2024.

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

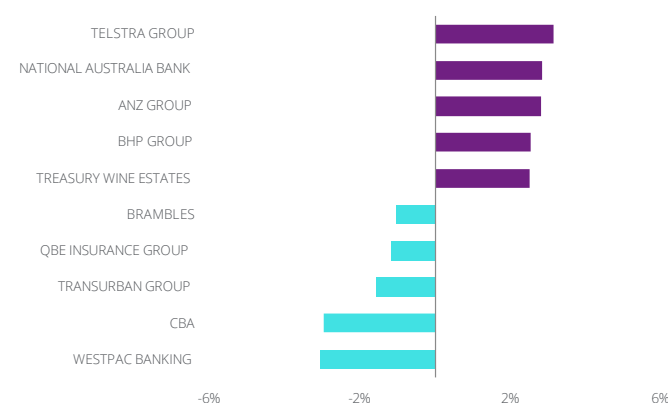
Franking Levels (%)			
FY24	60.0	FY21	100.0
FY23	75.5	FY20	100.0
FY22	99.6	FY19	101.4

## Distribution Yield

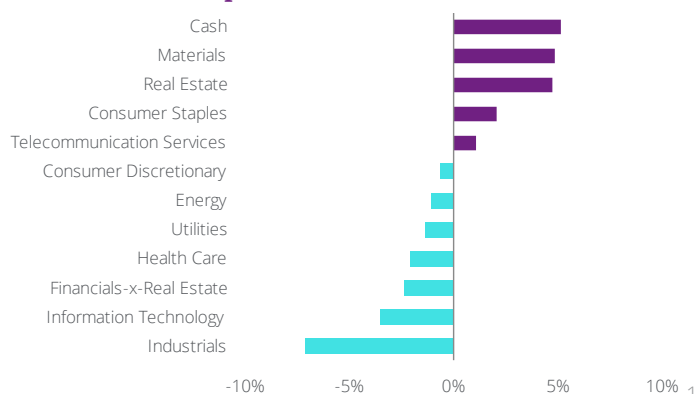


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

## Top 5 Over / Underweight Positions vs Index



## Sector Active Exposure vs Index



## Fund Review

The Fund returned 1.7%, including franking credits and after-fees in November, underperforming the benchmark by 2.1%.

Key contributors to performance included Insurance holdings QBE (+16.2%) and Suncorp (+9.9%), which both outperformed in November as well as over the last 12 months. While many companies are facing margin pressures, the insurance sector has been able to pass on price increases sufficient to offset their claims inflation. This inelasticity of demand demonstrates the relative defensiveness of the sector, with insurance in many cases being a non-discretionary purchase. The sector has also benefitted from the rise in bond yields, which has boosted the earnings from their investment portfolios. We have been taking profits in the sector in recent months as, while valuations are still generally undemanding, premium rate increases are slowing, and bond yields may decline.

US exposed cyclical, James Hardie (+15.0%) and Aristocrat Leisure (+10.8%) both outperformed. Both companies delivered solid earnings results during November, which demonstrated strong operational performance against a somewhat subdued demand backdrop. Both companies are leaders in their respective markets and stand to benefit materially should the US economy accelerate.

During the month, ANZ, NAB and Westpac reported their FY24 financial results and CBA gave a first quarter trading update. As expected, the results showed that the sector is struggling to generate meaningful earnings growth at the present time. While credit growth is moderate and interest margins were very slightly better than expected, persistent cost pressures saw the sector deliver flat pre-provision earnings.

In terms of credit quality, while bad debts remain low, the results showed that arrears are rising. On the positive, the banks are well-provisioned and well-capitalised, which should support dividends and ongoing buybacks, should the economy not deteriorate further from here. However, given the above, and the outlook, the banks appear to be very fully-valued at the present time. As a result, we remain moderately underweight the sector and its outperformance detracted modestly from relative performance over the month.

Other stocks which detracted from performance were predominantly our Resources holdings which were weaker on the back of generally lower commodity prices. The bulk miners, BHP, Rio Tinto and Fortescue Metals, were down an average of -2.2% over the month. However, it's interesting to note that the iron ore price is still comfortably >US\$100/t. At this level, the major miners are printing cash which, when combined with their very low levels of gearing, should underpin attractive dividend payments to investors. We continue to see attractive value in the Resources sector.

## Fund Activity

During the month, we took profits and trimmed our holding in Aristocrat Leisure and used the proceeds to re-establish a position in Wesfarmers, which has pulled back from its recent highs. At month end, stock numbers were 28 and cash was 5.2%.

## Distribution

In order to provide a regular income stream, the Fund pays monthly distributions. We aim to pay equal cash distributions each month, based on our estimate of the dividend income to be generated over the year. Franking credits, surplus income and any realised capital gains will then be distributed, as per usual, with the June distribution.

Looking to the current financial year, while the economic outlook is more uncertain, most companies are in good financial shape, and are expected to continue to pay healthy dividends. The Fund is currently forecasting a flat monthly net cash distribution of 1.785 CPU. Based on the month end unit price, this represents an annualised cash distribution yield of 5.6%.

## Outlook

The result of the US election was well-received by markets and comes on top of the beginning of the long-awaited US rate cutting cycle. As a result, sentiment to the US outlook is very positive at present. While trade tensions and tariffs present risks, the step-up in Chinese stimulus measures in response to their economic slowdown is also positive for the global outlook. As a result, the consensus view is that a soft landing will be achieved. This would be an excellent outcome. However, history suggests that soft landings are few and far between. Should inflation prove resurgent, then the sentiment could change quickly. In addition, it could be argued that factors such as the AI boom have driven a divergence between valuations and fundamentals, leaving large components of the market very fully-valued. Overall, we feel a degree of caution is warranted.

Corporate earnings have generally proven resilient to date, however, outside of the US, there is clear evidence that growth is slowing. In Australia, economic growth has stalled, and the economy has been in a per-capita recession for some time now. While tax cuts will boost disposable income, the consumer remains under pressure, and there are numerous stress points in the economy. This all leaves us cautious on discretionary sectors.

**The Fund continues to offer a higher forecast gross yield than the overall market and, as always, our focus will continue to be on investing in quality companies with strong balance sheets, which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.**

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