

Macquarie Income Opportunities Active ETF

Monthly report – 30 September 2025

Investment objective

Aims to outperform the Bloomberg AusBond Bank Bill Index over the medium term (before fees). It aims to provide higher income returns than traditional cash investments at all stages of interest rate and economic cycles.

The Macquarie Income Opportunities Active ETF (**Fund**) is a class of units in the Macquarie Income Opportunities Fund (**Scheme**).

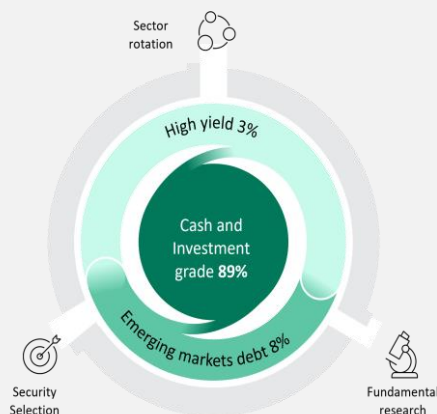
Key Information

Fund details

ASX Code	MQIO
APIR code	MAQ7489AU
Date of quotation on ASX	22 November 2023
Fund inception date	8 November 2023
Scheme inception Date	18 September 2003
Fund Size	\$74.8m
Scheme Size	\$3,090.4m
Distribution frequency	Monthly
Management fee*	0.492% pa

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

Investors who are not Authorised Participants can invest in the Fund by buying units on the Exchange.



Fund performance to 30 September 2025

	Total Fund return (net)	Benchmark return	Total excess return (net)
1 month (%)	0.48	0.29	0.19
3 months (%)	1.54	0.92	0.62
1 year (%)	5.88	4.19	1.69
Since inception (% pa)	7.35	4.32	3.03

Past performance is not a reliable indicator of future performance.

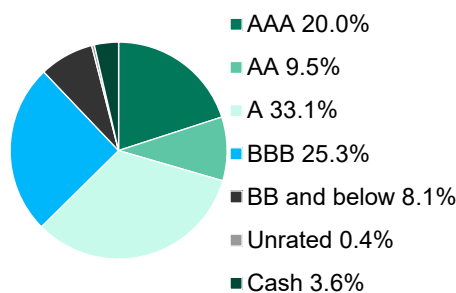
Total returns are calculated based on changes in net asset values and assumes the reinvestment of distributions.

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.

To view the performance of the unquoted class of units in the Scheme click here:

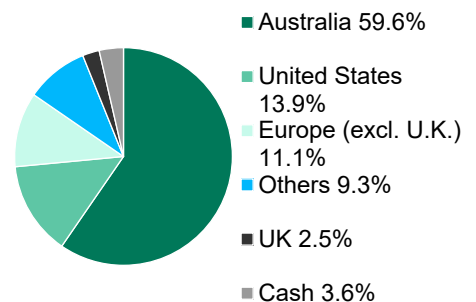
<https://mim.fgsfulfillment.com/download.aspx?sku=PRRP-MIOF-ANZ>

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.

Region breakdown



Asset allocation

Sector	Market value %
Investment grade corporates [^]	60.1
Investment grade government	0.1
Asset-backed securities	25.7
High yield corporates [^]	2.6
Emerging market corporate	4.6
Emerging market government [^]	3.3
Cash and equivalents	3.6

Asset-backed securities include but are not limited to residential mortgage backed securities, bank loans and other credit related securities.

[^]Fund holds (0.0%) in investment grade, (0.0%) in high yield and (0.5%) in emerging markets credit hedges as synthetic cash (reduction in percentage of physical cash exposure).

Fund statistics

Credit spread duration	3.2 years
Interest rate duration	2.6 years
Standard deviation [^]	2.1% pa
Yield to maturity [*]	4.8% pa
Cash	3.6%
Cash exposure through credit hedges ⁺	0.5%

[^]Statistical measure of variance of Fund's post-fee monthly returns from its average post-fee return since inception used as gauge of volatility.

^{*}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.

⁺Credit hedges swap the return for underlying credit index for cash.

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Fund highlights

The Fund outperformed the benchmark for September, driven predominantly by credit positioning. USD and AUD investment grade (IG) holdings were the largest individual sector contributors, also supported by contributions from emerging markets and high yield (HY), amid a modest but broad-based spread tightening globally. Duration performance, driven by curve positions, was a small detractor. Curves flattened globally after significant tightening YTD, giving back some of our prior curve performance. Amongst individual issuers, global banks (including Deutsche and Barclays) in subordinated format were strong contributors, reflecting the overall spread compression theme.

The Fund made changes to positioning over the month, participating selectively in new issuance in corporate credit. The Fund also exited its Agency MBS position as spreads in that sector tightened further, closing around the past several years' tights. Overall, credit spreads remain near recent and historic tights, reflecting strong demand for Technicals and a relatively benign economic background. Our focus remains on maintaining an appropriate level of excess yield while limiting total credit beta. We expect markets to offer opportunities in volatility over time and seek to take advantage of these at wider spread levels.

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.

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 tights. 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 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, European Central Bank, Swiss National Bank, Swedish Riksbank, Bank of England, and Reserve Bank of New Zealand have all further lowered rates in 2025, and the Reserve Bank of Australia 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 Bank of Japan (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.

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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 or visit macquarie.com/mam

Important information

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