

PACIFIC COOLABAH GLOBAL ACTIVE CREDIT

Making every basis point count

INTRODUCTION

The Pacific Coolabah Global Active Credit Fund seeks to achieve a return in excess of global corporate bond markets and outperform the benchmark by 150-200bps by investing primarily in global investment grade corporate debt securities and government or sovereign bonds, using derivatives where appropriate. The team combines a highly repeatable proprietary quantitative approach & deep fundamental research to deliver higher quality risk adjusted credit returns.

COOLABAH CAPITAL INVESTMENTS (CCI)

Independent active global credit manager

DISTINCTIVE OFFERING

Founded in 2011, CCI is one of the world's most active credit managers of liquid, high-grade credit

- USD 5 billion* AUM across a long-standing diversified client base of institutional and retail investors
- Active credit traders - executed -USD60bn of global credit trades since 1 Jan 2021

HIGHLY EXPERIENCED TEAM

Comprising 38 executives including 12 full-time portfolio managers & traders and 12 full-time analysts

- Seasoned team with decades of experience in fixed-income management, trading, quantitative and credit research capabilities
- Focus on generating alpha in liquid, high-grade credit without taking interest rate risk

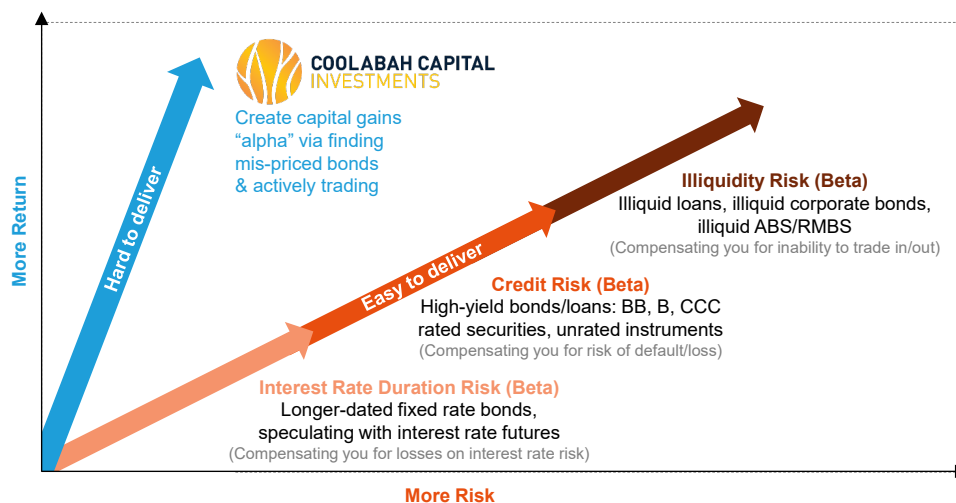
ACTIVIST APPROACH

Striving to effect real change

- CCI is signatory of the UN-supported Principles for Responsible Investment
- Dedicated six-person research team with joint responsibility for proprietary ESG research and portfolio integration

THE EXISTENTIAL CHOICE: ADD-VALUE OR ADD RISK?

CCI focuses on trading high-quality bonds to reduce idiosyncratic risks



“Our philosophy on investing is that active managers in high grade credit can find and exploit bond mispricing to generate capital alpha that is as big if not bigger than the yield that you earn on these securities.”

- Christopher Joye, CIO and Portfolio Manager, Coolabah Capital Investments

GLOBAL FIXED INCOME MARKET IS HIGHLY INEFFICIENT

Providing compelling active trading opportunities

| "EQUITY BEFORE EXCHANGES" | PASSIVE CAPITAL | REGULATORY REFORM |
|---|---|--|
| <p>Cash bonds are highly inefficient</p> <ul style="list-style-type: none"> Most investment-grade fixed income is traded OTC and by "voice" No transparent central exchange or mandated price disclosure Leads to highly opaque/inefficient asset pricing Limited use of quantitative models for real asset valuation analysis <ul style="list-style-type: none"> Assets more commonly priced off crude appraisal/qualitative judgement Explains under investment in credit and quantitative research | <p>Inefficiency compounded by proliferation of "passive" styles</p> <ul style="list-style-type: none"> Most "active" fixed income managers are very passive, "buy-and-hold" investors <ul style="list-style-type: none"> Function of predominance of passive fees for active styles Prevalence of closet indexers Investors typically overdiversified <ul style="list-style-type: none"> Diversification can be a vehicle for taking much more credit risk or beta | <p>Regulatory reform since the 2008 crisis has changed credit markets</p> <ul style="list-style-type: none"> Regulation such as the Dodd-Frank Act / Volcker Rule has forced banks to withdraw from proprietary trading Regulation such as Basel III has reduced the ability of banks and market-makers to hold inventory on their own balance sheets <ul style="list-style-type: none"> Bank warehouses have virtually disappeared Market-makers also constrained from holding certain types of debt securities |

All these factors contribute to market inefficiencies that Coolabah Capital Investments look to exploit

THREE MAJOR INVESTMENT PRINCIPLES:

1 ALPHA FROM INEFFICIENCIES IN LIQUID HIGH-GRADE BONDS

Identify mis-priced assets that offer the expectation of superior risk-adjusted returns. The liquid credit market trades bilaterally over-the-counter (off exchange) leading to opaque asset pricing and opportunities. CCI utilise an intensively active style with a high trading turnover to monetise mis-pricings.

2 MINIMISE IDIOSYNCRATIC CREDIT RISK

Dedicated Research Team undertakes deep fundamental, credit and regulatory analysis with low risk tolerance and veto rights. Avoid allocations to idiosyncratic fundamental risks and leverage allocations to high quality securities.

3 FOCUS ON QUANTITATIVE & TECHNICAL DISLOCATIONS


Sophisticated, proprietary scalable, portable models, developed and productionised internally by our dedicated Data Science Team. Allows team to exploit mis-pricings in primary and secondary markets. Enables CCI to serve as an opportunistic liquidity provider, generating alpha from execution.

STRATEGY OVERVIEW

| | | | |
|---------------------------|------------------------------|-----------------------------|---|
| Fund type | Credit Long Only | Currencies available | GBP, USD, EUR, CHF, AUD, NZD, JPY |
| Fund structure | Irish-UCITS | Reference benchmark | Bloomberg Global Aggregate Corporate USD Hedged Index |
| Investment manager | Pacific Asset Management | Dealing frequency | Daily |
| Sub-inv. manager | Coolabah Capital Investments | Fees | Early bird*: AMC 0.50% TER 0.75% |
| Inception date | Target launch Q3 2023 | | |

*Early bird discount applicable to the first £100mn invested in the Fund.

PLEASE GET IN TOUCH

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