DAINTREE CORE INCOME PIE

MONTHLY FACTSHEET: **31 AUGUST 2025**

ABOUT THE FUND

The Daintree Core Income PIE (the Fund) offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Daintree Core Income Trust (NZD Unit Class). Through this structure, the Fund will invest in a diversified portfolio of credit, fixed income securities and cash and applies a range of strategies that include duration and yield curve management, (actively managing the maturity profile of the portfolio), sector rotation and individual security selection. Derivatives may also be used for investment and risk management purposes. Where the Daintree Core Income Trust (NZD Unit Class) invests in overseas securities, these are hedged back to the NZD.

In this document, we refer to the Daintree Core Income Trust (NZD Unit Class) as the Underlying Fund. In most sections of this document, the metrics and commentary shown are taken from the Underlying Fund. We have signalled these sections with a hashtag in the section heading. From time to time there may be small differences between the metrics of the Fund and the Underlying Fund, as a result of liquidity cash held in the Fund.

PERFORMANCE AND ANALYTICS

Daintree Core Income Trust#	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (% pa)
Fund (gross)	0.66	1.77	6.36	7.51	4.76	4.40
Fund (net)	0.61	1.63	5.81	6.97	4.23	3.87
Distribution (net)	0.23	2.52	5.56	4.13	3.01	2.75
Growth (net)	0.38	-0.90	0.25	2.84	1.22	1.11
RBNZ Cash Rate	0.27	0.81	3.99	4.68	3.10	2.52
Excess Return	0.34	0.82	1.82	2.29	1.13	1.35

Note: Performance inception is 1 June 2018. Excess return is measured with reference to net performance. Returns for periods longer than one year are annualised. Distribution return is the difference between total return and ex-distribution unit price return. Past performance is not a reliable indicator of future performance.

Daintree Core Income PIE	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (%)
Fund (gross)	0.65	1.77	-	-	-	6.74
Fund (net)	0.59	1.59	-	-	-	5.91
Distribution (net)	0.22	2.58	-	-	-	5.59
Growth (net)	0.37	-0.99	-	-	-	0.32
RBNZ Cash Rate	0.27	0.82	-	-	-	4.54
Excess Return	0.32	0.77	-	-	-	1.37
NZ Benchmark	0.32	0.76	-	-	-	4.61
Excess Return	0.27	0.83	-	-	-	1.30

The benchmark for the Daintree Core Income PIE is the Bloomberg AusBond Composite 0-5 Yr, 100% hedged to NZD. This benchmark has been chosen to align with the requirements of the Financial Markets Conduct Act and supporting regulations.

Gross returns are before deductions for fees and before tax. Net returns are after deductions for fees and before tax.

FUND REVIEW#

The Daintree Core Income PIE returned 0.59% for the month, net of fees. Coupons, credit spreads and overlay all made positive contributions to performance. Market conditions remain favourable with high levels of interest from investors in the credit space.

The Underlying Fund's core duration position remains neutral, but tactical duration positions within the overlay saw some success during the month.

The Underlying Fund continues to selectively engage in new issuance to optimise future income potential but has increased cash levels in the short term. Portfolio positioning and cash levels will enable portfolio managers to nimbly respond to the evolving market environment.

FUND OBJECTIVE

The aim of the Fund is to provide an absolute return (greater than cash) over time and a steady stream of income and capital stability over the medium term.

MONTHLY HIGHLIGHTS#

- Coupon receipts, tighter credit spreads and overlay strategies all contributed to performance in August
- Expectations of further easing in the US have solidified after a poor July payrolls print, but beyond this the market lacks a convincing narrative at present
- Despite elevated risk premiums across markets, fundamental and technical factors both continue to drive credit markets. We feel that the accumulation of hedges makes sense in case market conditions are disrupted in the months ahead

PLATFORMS

The Daintree Core Income PIE is available on the following platforms:

- Adminis
- Apex
- FNZ
- NZX Wealth
- Snowball Effect

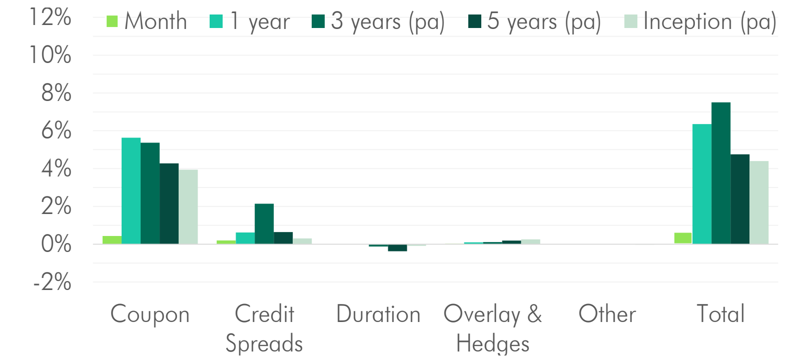
KEY STATISTICS#

Modified Duration (Yrs)	0.11
Spread Duration (Yrs)	2.56
Yield to Maturity (%)	4.98
Running Yield (%)	5.26
Average Credit Quality	A-
Portfolio ESG score (MSCI)	AA

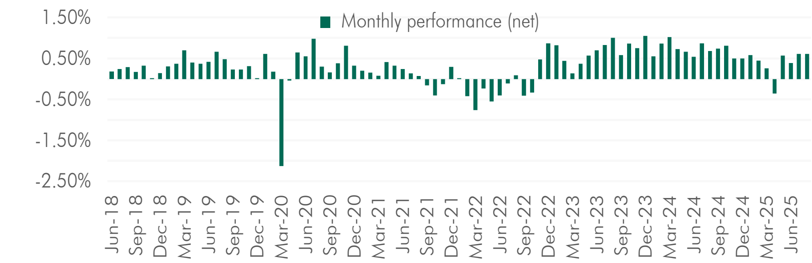
Note: Portfolio yield is the expected return over the next year, assuming no changes to either portfolio composition or market yields. Average credit quality excludes overlay positions. Portfolio yield and spread duration reflect the net credit default swap exposures in the portfolio. The Portfolio ESG score is the weighted average portfolio ESG rating based on Daintree Capital's application of MSCI data.

Signatory of: PRI Principles for Responsible Investment

Performance Contribution (pre Fees)#

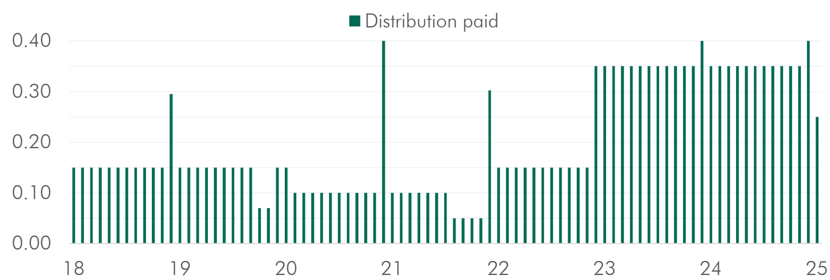


Monthly Performance#

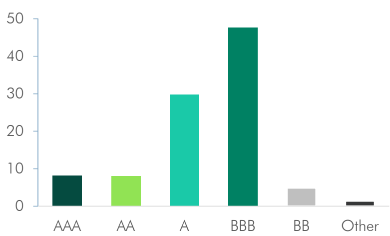


Cash Income#

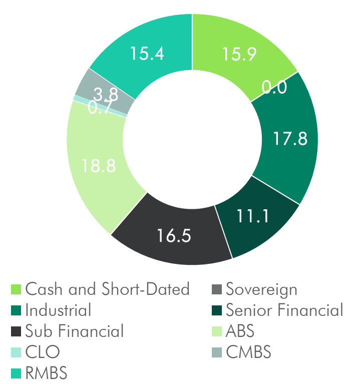
The Underlying Fund paid a 0.25 cent per unit distribution in August



Rating Exposure (%)#



Sector Exposure (%)#



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OUTLOOK#

Investors remain reasonably buoyant as the final quarter of the year begins. Much of this confidence is fed by recent or expected falls in interest rates, even though the case for cuts remains nuanced and data dependent. The hot button issues of trade, inflation and geopolitics remain present in the background, but markets have yet to agree a cohesive narrative around how these issues play out.

The dilemma for investors lays in reconciling an uncertain outlook with a global economy that, overall, seems to be absorbing trade uncertainty in its stride. Some of the more recent data has begun to weaken somewhat, suggesting that tariff frictions may be starting to manifest, but up until now many exporters to the US are electing to absorb the impact of tariffs to maintain market share, helping to ameliorate inflationary impulses.

To be clear, our view remains that growth concerns are rising and should ultimately start to manifest among consumers, while corporate profit margins are threatened by greater friction in global supply chains. For example, we note that in the US, the number of job openings has fallen below the total number of unemployed people for the first time in more than four years. It is this, among other labour market data points, which has interest rate markets pricing regular cuts through to H2 2026.

Volatility in bond yields has jumped in recent weeks, although nominal yields have eased somewhat. The Federal Reserve has an important job balancing its messaging, an interventionist Administration and its own actions in the months ahead. Legal action against a Fed governor for alleged mortgage fraud is an untimely distraction at a crucial moment for monetary policy in the US.

In Australia, the RBA lived up to market expectations for a third interest rate cut at its August meeting. Markets followed by pricing one additional cut this year, but subsequent data has created doubt. Stronger than expected inflation (as one-off subsidies were excluded) and consumer spending data indicate that households are managing the economic conditions well. In our view, the November meeting is still “live”, but more strong data on inflation, employment, or consumer spending could skew the probabilities toward a more patient approach.

Credit spreads are expensive relative to long-term averages. This is true locally and in other major markets. Thus, identifying attractive value has become increasingly challenging. The fundamentals story remains intact but is now largely reflected in valuations. Healthy liquidity and a wide availability of capital are now seen as dominant near-term return drivers. With spreads already tight, we feel that the risk-reward equation demands the accumulation of hedges in the event that market conditions are disrupted in the months ahead.

These views are those of Daintree Capital Management, who are the underlying investment manager for the Daintree Core Income PIE.

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