

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)	0.49	1.66	8.92	6.07	4.38	4.39
Fund (net)	0.45	1.53	8.37	5.54	3.86	3.86
Distribution (net)	0.32	0.97	4.38	3.12	2.45	2.46
Growth (net)	0.13	0.56	4.00	2.42	1.41	1.40
RBNZ Cash Rate	0.31	1.04	5.03	4.42	2.79	2.45
Excess Return	0.13	0.49	3.34	1.12	1.07	1.41

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)	0.46	1.56	-	-	-	4.09
Fund (net)	0.43	1.47	-	-	-	3.82
Distribution (net)	0.31	0.94	-	-	-	1.90
Growth (net)	0.12	0.53	-	-	-	1.92
RBNZ Cash Rate	0.31	1.04	-	-	-	2.76
Excess Return	0.12	0.43	-	-	-	1.06
NZ Benchmark	0.49	1.47	-	-	-	2.05
Excess Return	-0.06	0.00	-	-	-	1.77

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 0.43% for the month, net of fees. Performance drivers included coupon income and credit spreads, while overlay performance was neutral for the month.

The Underlying Fund's duration position remains neutral, which creates a headwind when interest rates fall, as they did over the last month. With near-term catalysts such as a potential government shutdown looming in the United States, Daintree are wary of changing their duration stance in the short term.

The Underlying Fund continues to selectively engage in new issuance to optimise future income potential. 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[#]

- Performance drivers included coupon income and credit spreads, while overlay performance was neutral for the month
- Neutral duration positioning reflects our view that while we should see lower short rates over the course of the year, yield curves have been steepening even in the face of perceived easing biases in most countries



PLATFORMS

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

- Adminis
- Apex
- FNZ
- NZX Wealth

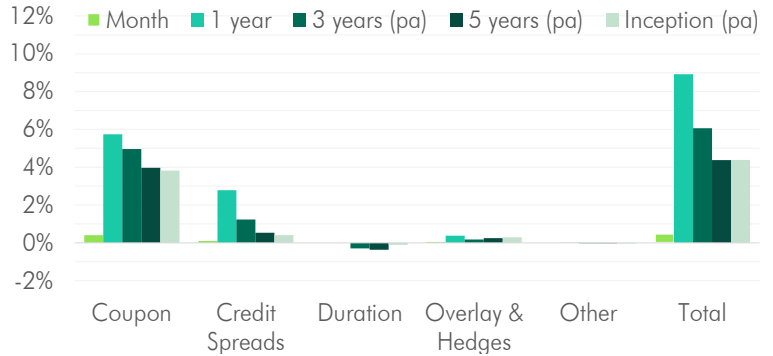


KEY STATISTICS[#]

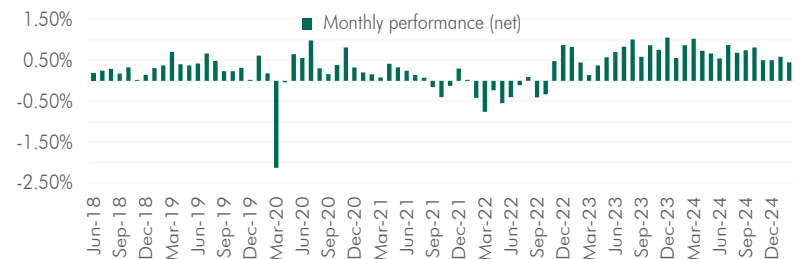
Modified Duration (Yrs)	0.01
Spread Duration (Yrs)	2.61
Yield to Maturity (%)	6.01
Running Yield (%)	6.02
Average Credit Quality	A-
Portfolio ESG score (MSCI)	AA

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.

Performance Contribution (pre Fees)[#]

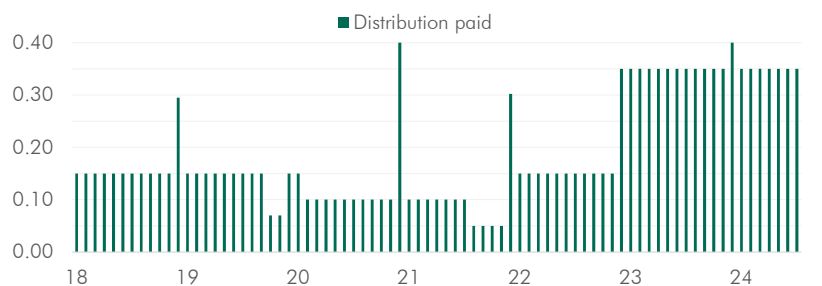


Monthly Performance[#]

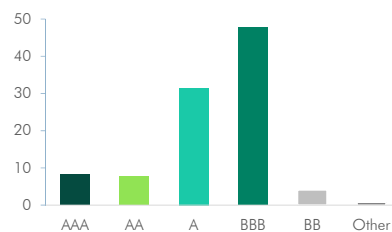


Cash Income[#]

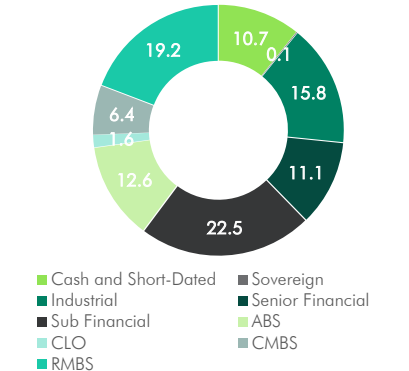
The Underlying Fund paid a 0.35 cent per unit distribution in February.



Rating Exposure (%)[#]



Sector Exposure (%)[#]



OUTLOOK#

The new year is off to a frenetic start. Looming trade restrictions and geopolitical developments with rapidly shifting complexions are increasing market volatility.

On the trade front, tariffs are back in a big way. Foreign exchange, bond yields, equities and corporate bond markets have responded to varying degrees, but the strength of the US dollar has been notable. For open, trade-dependent economies like Australia, a strong USD is a double-edged sword, but in the current environment it does the RBA no favours in their pursuit of lower inflation.

Meanwhile, the outlook for the US economy is finely balanced. Private consumption and corporate profit margins both suggest that growth expectations for this year are on firm footings. However, recent economic data is falling short of expectations, likely impacted by uncertainty surrounding the near-term impact of tariffs. The structure of the US economy means the transmission of interest rate cuts is slower than in most other developed markets, giving the Federal Reserve time to step back and observe over the months ahead.

Locally, the RBA proceeded to cut interest rates for the first time in five years in February. The latest inflation data arguably tipped the scales toward the decision to move. We would characterise the decision as “hawkish”, with the press conference highlighting how finely balanced the outcome was. The overt pushback against markets that are pricing several further cuts this year also highlighted the divergence between pricing in the short end of the curve and the RBA. The looming spectre of a federal election continues to complicate deliberations.

With risk premia being as compressed as they are, we face a growing dilemma as we seek to balance the desire for coupon income with the prices paid to secure that income. We are still positive on the prospects for investment grade bond issuers because of strong balance sheets and corporate profitability, but credit spreads leave little allowance for changing market conditions. Similarly, neutral duration positioning reflects our view that while we should see lower short rates over the course of the year, yield curves have been steepening even in the face of perceived easing biases in most countries. Inflation outcomes will remain the primary rates driver, but fiscal considerations in highly indebted countries, such as the United States, will become increasingly influential, in our view.

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

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