

## 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 <sup>#</sup>	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (% pa)
Fund (gross)	0.66	1.72	6.43	7.32	4.69	4.37
Fund (net)	0.61	1.58	5.88	6.79	4.17	3.84
Distribution (net)	1.96	2.61	5.66	4.10	2.99	2.77
Growth (net)	-1.34	-1.03	0.22	2.69	1.18	1.07
RBNZ Cash Rate	0.28	0.84	4.18	4.67	3.05	2.51
Excess Return	0.34	0.75	1.71	2.11	1.12	1.34

*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)	0.66	1.72	-	-	-	6.05
Fund (net)	0.60	1.54	-	-	-	5.29
Distribution (net)	2.01	2.68	-	-	-	5.36
Growth (net)	-1.41	-1.14	-	-	-	-0.07
RBNZ Cash Rate	0.28	0.84	-	-	-	4.26
Excess Return	0.32	0.70	-	-	-	1.03
NZ Benchmark	0.005	0.71	-	-	-	4.28
Excess Return	0.60	0.83	-	-	-	1.01

*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<sup>#</sup>

The Daintree Core Income PIE returned 0.60% for the month, net of fees. Coupons and a strong performance from credit spreads drove returns for the month, while duration positioning in the overlay detracted. 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<sup>#</sup>

- July returns were driven by coupon receipts and a strong performance contribution from narrower credit spreads
- Expectations of further easing are supporting risk asset markets following a weak payrolls print, although we may be reaching the point where the discounting of further monetary accommodation by bond markets may coincide with a more difficult market environment
- The portfolio continues to offer a compelling combination of capital preservation and income generation in an environment where uncertainty remains elevated



### PLATFORMS

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

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



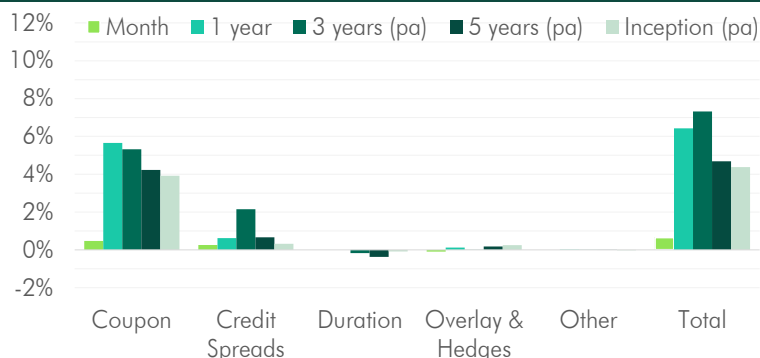
### KEY STATISTICS<sup>#</sup>

Modified Duration (Yrs)	0.19
Spread Duration (Yrs)	2.46
Yield to Maturity (%)	5.19
Running Yield (%)	5.47
Average Credit Quality	A-
Portfolio ESG score (MSCI)	AA

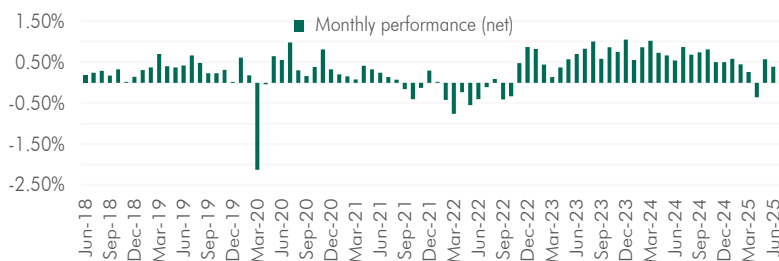
*Note: Portfolio yield is the expected return over the next year, assuming no changes to either portfolio composition or market yields. Average credit quality excludes overlay positions. Portfolio yield and spread duration reflect the net credit default swap exposures in the portfolio. The Portfolio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

Signatory of:

### Performance Contribution (pre Fees)<sup>#</sup>

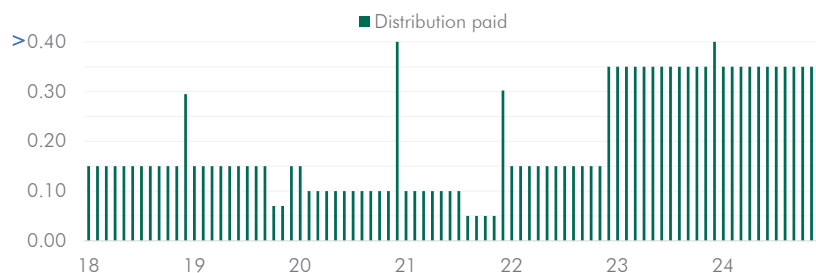


### Monthly Performance<sup>#</sup>

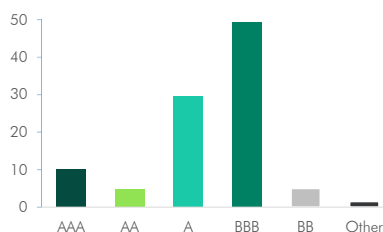


### Cash Income<sup>#</sup>

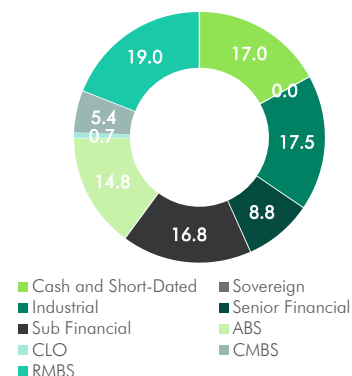
The Underlying Fund paid a 2.128 cent per unit distribution in July



### Rating Exposure (%)<sup>#</sup>



### Sector Exposure (%)<sup>#</sup>





## OUTLOOK<sup>#</sup>

The month of August started with an important reminder of the impact of tariff-related uncertainty on the US economy. The monthly payrolls print was weaker than expected, but the size of revisions for May and June were what really grabbed attention (these months were revised to 19k and 14k respectively, down from 139k and 147k). This should be enough to see the Fed ease policy in September, a cut that markets believe is now a 90% likelihood. If the August data continues to confirm labour market weakness of this magnitude, then the Fed should follow through with further easing.

Still, we continue to see the monetary policy trajectory as more uncertain than what market pricing would suggest. Inflation in the US is yet to reach target, with quarterly PCE outturns averaging 2.7% over the last eight quarters. It was also notable that the unemployment rate only picked up slightly in July, from 4.1% to 4.2%, in line with market expectations. We know that the Federal Reserve wishes to see evidence of inflation being closer to target ahead of potential tariff-related noise, and we also know that they place emphasis on the unemployment rate when assessing the labour market. Therefore, any further front-loading of easing expectations by markets is likely to require a combination of more marked labour market deterioration and further reduced inflationary momentum.

Putting aside the actual trajectory of monetary easing, the direction of travel is clear and this is well-anticipated by markets. This means we do not expect a further large move lower in bond yields from here absent a further deterioration in global growth that warrants expansionary rather than neutral policy settings. This is not the backdrop we seem to be faced with. In Europe, for example the growth backdrop remains positive, particularly in Germany ahead of fiscal easing. In Australia, expectations of further monetary easing are driving stronger consumer activity, albeit from a low base, amid continued labour market strength.

We remain cognisant, however, that risks to global growth are tilted to the downside. While corporate fundamentals remain generally sound, the economic backdrop does support a defensive posture within credit. Fortunately, we continue to observe elevated outright yields and good risk-adjusted expected returns in shorter-dated issues. Local structured credit continues to offer relative value as well. Demand remains strong among both institutional and retail investors because of the value on offer, supporting technical stability. Overall, we believe our portfolios remain well-positioned to deliver attractive risk-adjusted income in the months ahead. With yields still elevated, minimal interest rate sensitivity, and solid corporate fundamentals, our strategies continue to offer a compelling combination of capital preservation and income generation in an environment where uncertainty remains elevated.

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

<sup>#</sup> In this document, we refer to the Daintree Core Income Trust (NZD) as the Underlying Fund. In most sections of this document, the metrics 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 PIE and the Underlying Fund, as a result of liquidity cash held in the NZD fund.

This document is for information purposes only. It does not take into account your investment needs or personal circumstances and is not intended to be viewed as investment or financial advice. Should you require financial advice, always speak to your Financial Adviser. Before investing you should read the Daintree Funds Scheme Product Disclosure Statement, and Statement of Investment Policy and Objectives, available at [www.clarityfunds.co.nz](http://www.clarityfunds.co.nz) and [www.companies.govt.nz/disclose](http://www.companies.govt.nz/disclose).

Past performance is not indicative of future results and no representation of warranty, expressed or implied, is made regarding future performance. Reference to taxation or the impact of taxation does not constitute tax advice. The levels and bases of taxation may change.

The information contained in this document has been obtained from the Underlying Fund Manager Daintree Capital Management Pty Limited. While every effort has been made to ensure accuracy, neither Clarity Funds Management, nor any person involved in this publication, accept any liability for any errors or omissions.