

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.

FUND REVIEW#

The Daintree Core Income PIE returned 0.46% for the month, net of fees. The primary performance driver was coupon income, while credit spreads and overlay made positive but more modest contributions.

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#

- The primary performance driver was coupon income, while credit spreads and overlay strategies made positive but more modest contributions
- 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

KEY STATISTICS#

Modified Duration (Yrs)	-0.03
Spread Duration (Yrs)	2.51
Yield to Maturity (%)	6.35
Running Yield (%)	6.25
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 AND ANALYTICS

Daintree Core Income Trust#

	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (% pa)
Fund (gross)	0.54	1.96	9.34	5.57	4.33	4.33
Fund (net)	0.50	1.82	8.79	5.04	3.81	3.80
Distribution (net)	0.32	0.98	4.42	2.95	2.38	2.42
Growth (net)	0.17	0.85	4.37	2.09	1.43	1.38
RBNZ Cash Rate	0.36	1.16	5.26	4.23	2.69	2.41
Excess Return	0.13	0.66	3.53	0.81	1.12	1.39

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)	0.50	1.79	-	-	-	3.00
Fund (net)	0.46	1.67	-	-	-	2.79
Distribution (net)	0.31	0.95	-	-	-	1.27
Growth (net)	0.15	0.72	-	-	-	1.52
RBNZ Cash Rate	0.36	1.17	-	-	-	2.07
Excess Return	0.10	0.50	-	-	-	0.72
NZ Benchmark	0.59	0.51	-	-	-	1.17
Excess Return	-0.13	1.16	-	-	-	1.62

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.

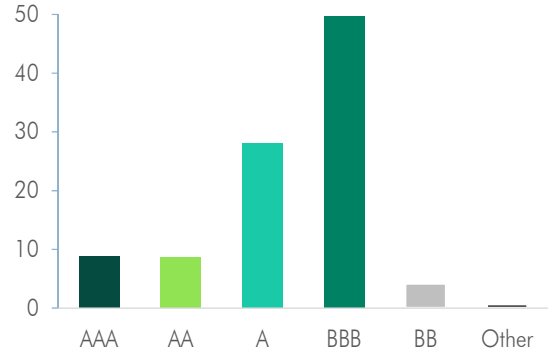
Gross returns are before deductions for fees and before tax. Net returns are after deductions for fees and before tax.

PLATFORMS

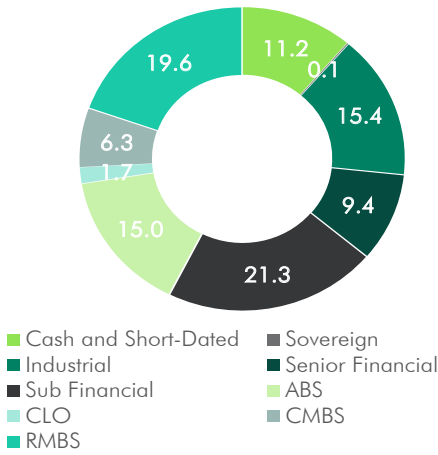
The Daintree Core Income PIE is available on the following platforms:

- Adminis
- Apex
- FNZ
- NZX Wealth

Rating Exposure (%)#



Sector Exposure (%)#



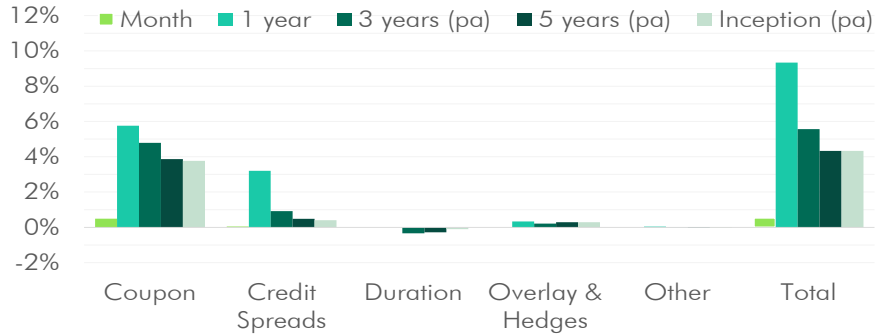
OUTLOOK#

As the page is turned on an eventful 2024, we enter the new year with pensive anticipation. Elevated interest rates and falling credit spreads created firm foundations for performance last year, but the starting point in 2025 offers less risk premia relative to the economic backdrop. For example, credit spreads in the United States are at their tightest levels in about 20 years, including in the lower-rated “high yield” market segments. Technical factors go some way to explaining recent spread performance. High interest rates mean overall yields remain attractive and are driving demand for corporate bonds, while from a supply perspective the continued growth of private credit is limiting the supply of new bonds to the public market.

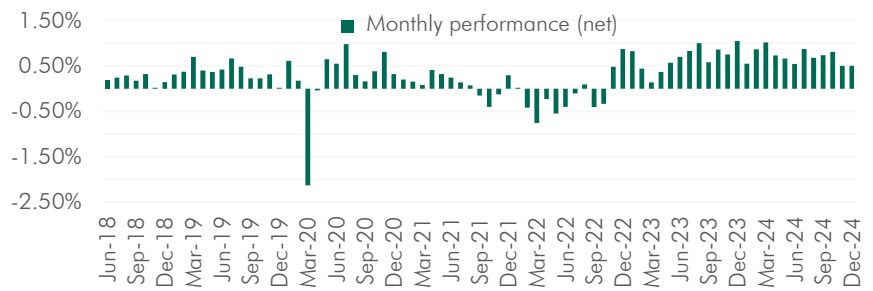
The incoming Trump administration will profoundly influence geopolitical and geoeconomic outcomes over the coming year. With proposed cabinet appointments, tariff threats and geopolitical developments grabbing the headlines, we prefer to look through the noise and focus on the latest economic data. On this basis, the world’s largest economy remains in good health. Robust corporate profits are supporting labour demand, which could lead to upside surprises in employment outcomes if the new Administration’s desire to commence deportation of illegal immigrants begins later this year. For their part, the Federal Reserve are expected to cut rates further but at a more moderate pace, subject to the evolution of economic data.

We remain positive on the prospects for investment grade bond issuers because of strong balance sheets and corporate profitability but acknowledge that 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 remain in focus. Shorter duration fixed income exposures continue to make more sense in many multi-sector portfolio construction contexts than longer duration exposures, in our view.

Performance Contribution (Pre Fees)#

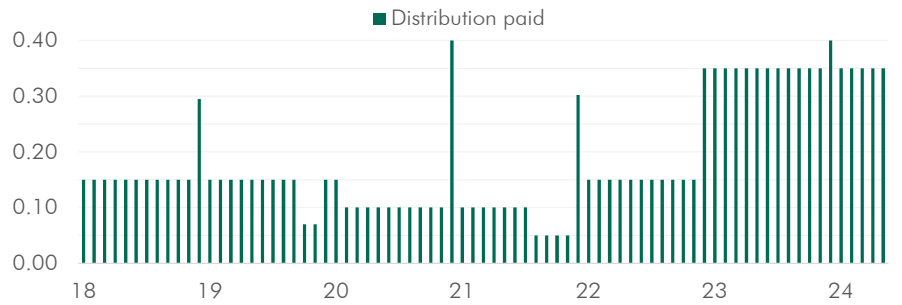


Monthly Performance#



Cash Income#

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



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