

ABOUT THE FUND

The Daintree High Income PIE (the Fund) offers New Zealand-based investors a Portfolio Investment Entity (PIE) vehicle through which to invest in the Daintree High 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 High Income Trust (NZD Unit Class) invests in overseas securities, these are hedged back to the NZD.

In this document, we refer to the Daintree High 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 High Income Trust#	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (% pa)
Fund (gross)	0.44	1.16	5.57	8.84	5.88	5.19
Fund (net)	0.38	0.99	4.77	8.11	5.14	4.45
Distribution (net)	0.00	0.84	5.05	6.16	5.02	4.21
Growth (net)	0.38	0.15	-0.27	1.95	0.12	0.24
RBNZ Cash Rate	0.19	0.57	3.11	4.60	3.34	2.53
Excess Return	0.19	0.42	1.66	3.51	1.80	1.91

Note: Performance inception is 1 November 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 High Income PIE	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (%)
Fund (gross)	0.43	1.06	-	-	-	1.06
Fund (net)	0.35	0.82	-	-	-	0.82
Distribution (net)	0.00	0.47	-	-	-	0.47
Growth (net)	0.35	0.35	-	-	-	0.35
RBNZ Cash Rate	0.19	0.56	-	-	-	0.56
Excess Return	0.16	0.26	-	-	-	0.26
NZ Benchmark	0.05	-0.64	-	-	-	-0.64
Excess Return	0.30	1.46	-	-	-	1.46

The benchmark for the Daintree High 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. Inception date 4 November 2025

FUND REVIEW#

The Daintree High Income PIE returned 0.35% for the month, net of fees. Over the last three years, the Underlying Fund has delivered a return of 8.11%pa net of fees, equivalent to an excess return of 3.51%pa. Coupon and credit spreads were positive contributors for the month, while the overlay and hedges weighed.

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 a steady stream of income over the medium term, by investing in a diversified portfolio of fixed income securities. The Fund seeks to produce a return (net of fees) that exceeds the benchmark.



MONTHLY HIGHLIGHTS[#]

- Coupon receipts and credit spread contraction were the primary contributor to performance in January
- Risk premia are compressed across markets. While we expect high-grade corporate bonds to continue to perform well, we feel that the accumulation of hedges makes sense in case market conditions are disrupted in the months ahead



PLATFORMS

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

- Apex
- FNZ
- NZX Wealth
- Adminis



KEY STATISTICS[#]

Modified Duration (Yrs)	1.05
Spread Duration (Yrs)	2.38
Yield to Maturity (%)	5.38
Running Yield (%)	5.17
Average Credit Quality	BBB
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.

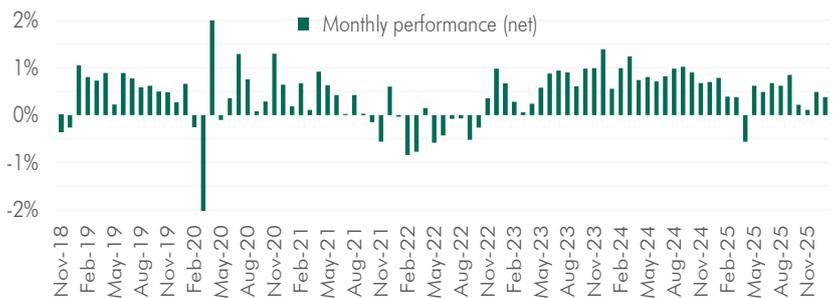
Signatory of:



Performance Contribution (pre Fees)[#]



Monthly Performance[#]

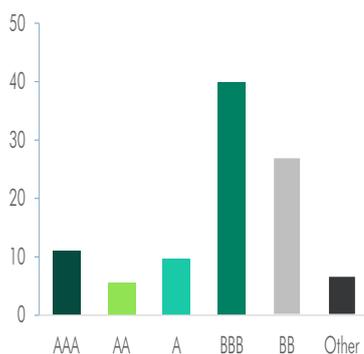


Cash Income[#]

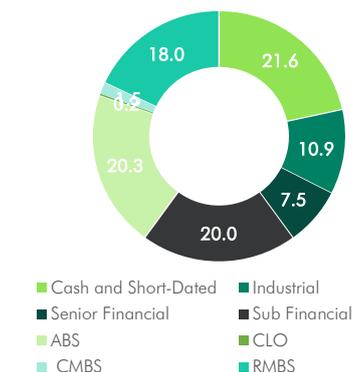
The Underlying Fund paid a distribution of 0.85 cent per unit in December. The next is payable in March.



Rating Exposure (%)[#]



Sector Exposure (%)[#]



OUTLOOK#

The global macroeconomic landscape in early 2026 is defined by a transition from the synchronised easing of the previous year to a period of "higher-for-longer" stabilisation and regional divergence. While the post-pandemic inflationary shocks have largely subsided, they have been replaced by structural inflation driven by massive AI-related capital expenditures, a reorientation of global supply chains and varied local factors. As central banks move toward their perception of neutral rates, economic growth is expected to track at or above potential, buttressed by fiscal expansionism and despite a notable steepening of yield curves.

In the United States, the economy remains surprisingly resilient, bolstered by the delayed stimulative effects of the "One Big Beautiful Bill" and significant tax incentives that took effect in January. While the Federal Reserve continues a cautious easing path, the term premium has returned and seems likely to persist. Long-end Treasury yields are under upward pressure as the market grapples with a flood of new issuance to fund the deficit and a range of Administration priorities including the AI rollout. We think investors are justified in demanding a higher risk premium for duration in an environment of fiscal dominance.

Australia presents a unique contrast, as the RBA recently bucked the global easing trend with a 25-basis-point hike to 3.85% in February. This move follows a material pickup in inflation during the second half of 2025 and a surprise drop in the unemployment rate to 4.1%. The hawkish stance of the RBA suggests that the short end of the curve will remain anchored at higher levels compared to G7 peers. Australia faces the added challenge of anaemic productivity growth, which is severely constraining the supply response and will make the RBA's inflation fight even more difficult.

Across the Atlantic, the European economy is emerging from its malaise, supported by a significant German fiscal stimulus and a stabilisation of energy costs. The ECB appears happily on hold, signaling that its easing cycle is likely complete for the first half of 2026. However, geopolitical tensions have introduced a "volatility tax" on Eurozone debt. While the credit impulse in the region is improving, a lack of exposure to topical and fast-growing sectors places the onus on more traditional industries to navigate ever-changing trade and geopolitical dynamics to drive regional growth in the year ahead.

In Japan, the fiscal and monetary policy framework of Prime Minister Sanae Takaichi is fundamentally re-rating the market. The Bank of Japan is finally moving away from its historical ultra-loose stance, with at least two rate hikes expected this year as wage growth finally takes root. The recent rout in Japanese government bonds, which saw 30-year yields hit multi-decade highs, increases the possibility of capital repatriation. In our view, this remains a significant hidden risk for US and Australian duration.

Credit spreads remain tighter than long-term averages, especially in investment-grade bonds. Most markets are also supported by consistent inflows. Higher risk-free rates make the all-in yield attractive compared to other alternatives on a risk-adjusted basis, but even credit spreads remain vulnerable to a turnaround in investor sentiment. We continue to monitor this dynamic very closely.

High quality corporate bonds, supported by strong fundamentals, should be able to weather existing cross currents. If credit spreads widen because of renewed risk-off sentiment or actual weakening of earnings, the key is to flexibly calibrate positioning. With spreads already so tight, however, the risk-reward equation leaves little room for error and any shift in sentiment could have an impact on portfolios

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

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