DAINTREE HIGH INCOME PIE

MONTHLY FACTSHEET: **31 JULY 2026**

Daintree CAPITAL

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)	0.41	1.76	5.69	8.56	5.76	5.19
Fund (net)	0.35	1.60	5.01	7.84	5.03	4.45
Distribution (net)	0.00	0.00	2.61	6.00	4.50	4.05
Growth (net)	0.35	1.60	2.40	1.83	0.53	0.40
RBNZ Cash Rate	0.21	0.58	2.46	4.12	3.55	2.51
Excess Return (over/under RBNZ cash rate)	0.14	1.01	2.55	3.72	1.48	1.94

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.

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

Daintree High Income PIE	MONTH (%)	QUARTER (%)	1 YEAR (%)	3 YEARS (% pa)	5 YEARS (% pa)	INCEPTION (%)
Fund (gross)	0.40	1.78	-	-	-	3.70
Fund (net)	0.32	1.55	-	-	-	2.97
Distribution (net)	0.00	0.00	-	-	-	1.31
Growth (net)	0.32	1.55	-	-	-	1.67
RBNZ Cash Rate	0.21	0.58	-	-	-	1.71
Excess Return (over/under RBNZ cash rate)	0.11	0.96	-	-	-	1.27
NZ Benchmark	-0.09	1.31	-	-	-	0.18
Excess Return (over/under NZ Benchmark)	0.41	0.24	-	-	-	2.80

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 0.32% for the month, net of fees. Over the last three years, the Underlying Fund has delivered a return of 7.84%pa net of fees, equivalent to an excess return of 3.72%pa. Coupons were positive contributors for the month.

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.

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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 were the main positive contributors for the month
- The macro environment continues to feature sticky inflation, slowing growth, and policy uncertainty. This backdrop favours active management, credit selectivity, and a disciplined approach to duration. Portfolios are flexibly positioned to capture credit premium while closely managing interest rate and credit risks.

PLATFORMS

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

- Apex
- FNZ
- NZX Wealth
- Adminis

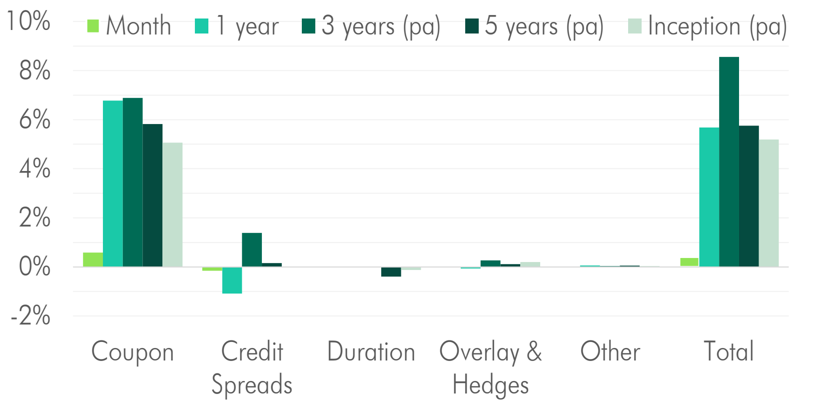
KEY STATISTICS#

Modified Duration (Yrs)	0.01
Spread Duration (Yrs)	1.83
Yield to Maturity (%)	6.17
Running Yield (%)	5.29
Average Credit Quality	BBB-
Portfolio ESG score (MSCI)	AA

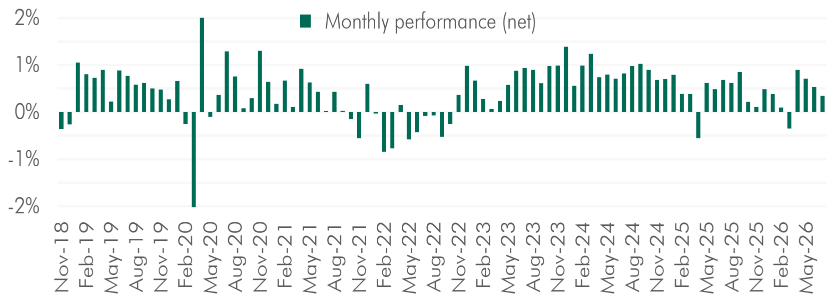
Note: Portfolio yield is the expected return over the next year, assuming no changes to either portfolio composition or market yields. Average credit quality excludes overlay positions. Portfolio yield and spread duration reflect the net credit default swap exposures in the portfolio. The Portfolio ESG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

Signatory of:
PRI Principles for Responsible Investment

Performance Contribution (pre Fees)#

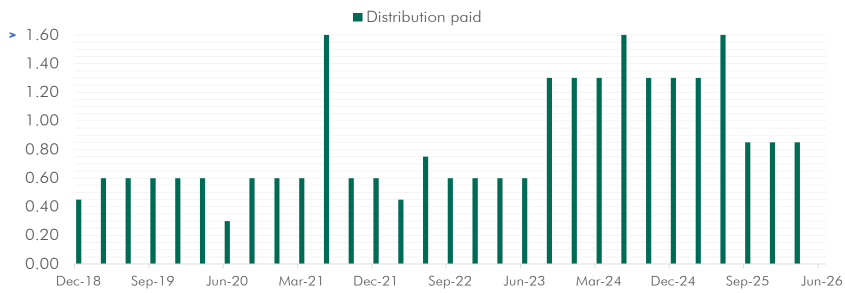


Monthly Performance#

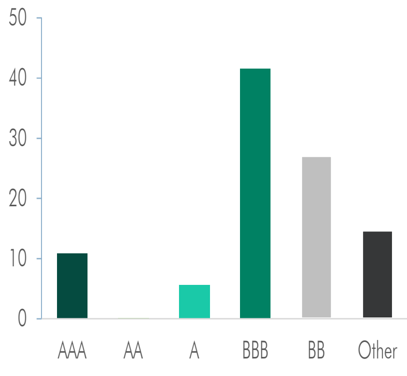


Cash Income#

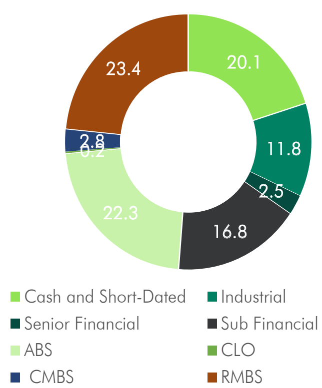
The Underlying Fund did not pay a distribution in July.



Rating Exposure (%)#



Sector Exposure (%)#



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OUTLOOK#

Markets in July were driven by two huge thematics. Both have the potential to keep upward pressure on interest rates.

The first is the ongoing conflict in Iran as a much-hyped Memorandum of Understanding faltered after less than three weeks. Brent crude rose more than 20% over the month to finish near US$88 a barrel, entirely reversing June's relief rally. The likelihood of an enduring resolution to this conflict seems further away now that it ever has, with obvious implications for energy prices and inflation.

Concurrently, the artificial intelligence (AI) juggernaut continues to spread across regions and markets. In the US credit market, AI-related investment grade supply is now estimated at around 20% of all new issuance this year, driven by the hyperscalers more than doubling their USD debt to more than US$360 billion year-on-year. This is raising more strident questions of the market's ability to absorb such growth without impacting spreads and liquidity.

For a credit investor based in Australia, both issues have a significant indirect impact on the near-term outlook. Local consumers have been somewhat shielded from energy volatility by fuel subsidies, the last of which was unwound in early August. Local credit markets continue to offer diverse issuance, with little evidence that the AI funding train plans a stop down under.

The more interesting observation is that credit spreads in aggregate have not responded to the prospect of persistent inflation, neither from the supply-driven shock of the Middle East nor a demand driven impulse from investment in technology infrastructure.

Bond markets have certainly noticed. Disagreement over the path of rates in coming months has left the adjustment to be expressed through the term premium, that is, at the long end of the curve. The US 30-year yield closed July around 5.2%, the highest since 2007, while Australian 10-year yields pushed back through 5%, adding 23 basis points over the month. New Federal Reserve chair Kevin Warsh seems comfortable to continue monitoring incoming data, observing that tightening financial conditions are doing "some of the Fed's job".

It is these tightening financial conditions that pose the clearest risk to spreads. The major tech companies have robust and growing core franchises, with credit ratings and profiles to match, so financial conditions are the only mechanism to manage what is essentially a duration supply problem. The intersection with rising term premia will heavily influence credit market direction in the months ahead. At current levels, investment grade spreads provide little cushion to absorb rate volatility.

The next few months will likely be characterised by elevated volatility without a clean directional trend. Energy will oscillate with the conflict, core inflation will be stubborn but should ease a little, policy rates will have a hawkish bias, and long-end yields will arbitrate any discrepancies. In this type of market regime, carry does the heavy lifting and duration is dangerous. We are cautious on the long end of investment grade given the supply and term premium dynamics, and we would view a genuine spread widening episode as an opportunity to add risk rather than a reason to retreat. Portfolios are flexibly positioned to capture credit premium while closely managing interest rate and credit risks.

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

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