

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)	0.16	1.35	6.13	9.12	5.86	5.17
Fund (net)	0.11	1.18	5.41	8.39	5.12	4.42
Distribution (net)	0.00	0.85	5.52	6.10	4.93	4.18
Growth (net)	0.11	0.34	-0.11	2.28	0.20	0.24
RBNZ Cash Rate	0.18	0.65	3.41	4.62	3.22	2.54
Excess Return	-0.08	0.53	2.01	3.77	1.90	1.89

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)	-	-	-	-	-	0.15
Fund (net)	-	-	-	-	-	0.07
Distribution (net)	-	-	-	-	-	0.00
Growth (net)	-	-	-	-	-	0.07
RBNZ Cash Rate	-	-	-	-	-	0.18
Excess Return	-	-	-	-	-	-0.11
NZ Benchmark	-	-	-	-	-	-0.39
Excess Return	-	-	-	-	-	0.46

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 Fund returned 0.07% for the part month from 4 November, net of fees. Coupons were the core driver of performance for the month while credit spreads, overlay and hedges were detractors in aggregate. Despite a subdued month for credit spreads, market conditions remain favourable with high levels of engagement from investors in the credit space. The Underlying Fund's core duration position remains neutral.

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.

Signatory of:



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 primary contributor to performance in November
- Risk premia are compressed across markets. 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
- NZX Wealth
- FNZ
- Adminis

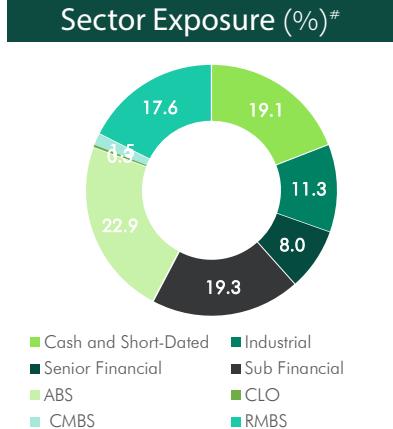
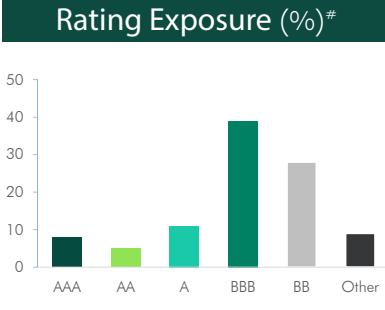
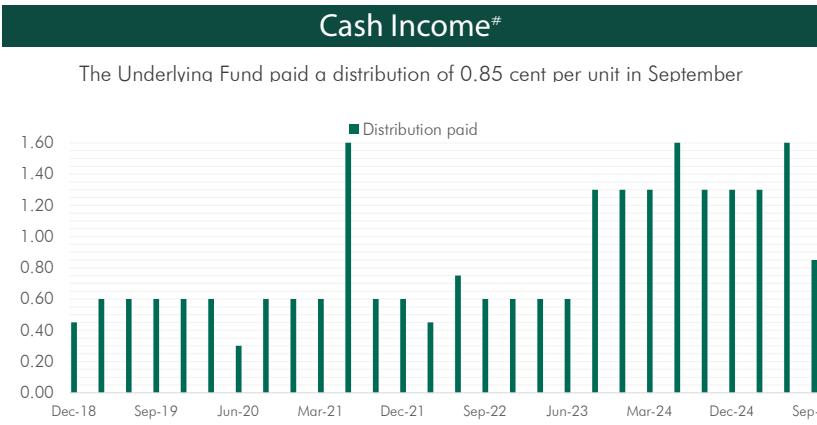
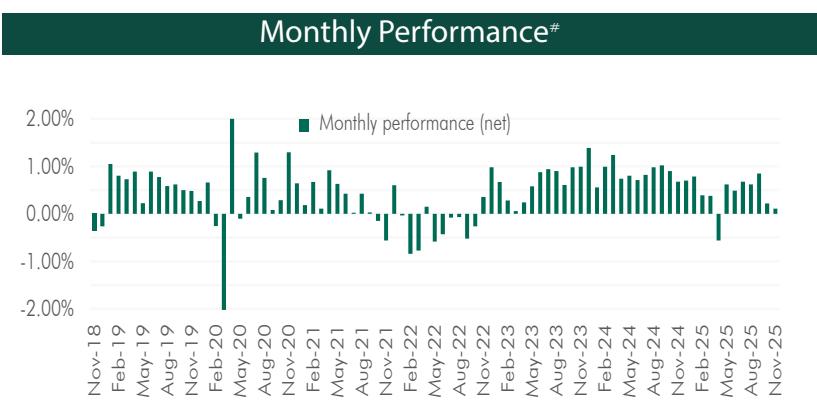
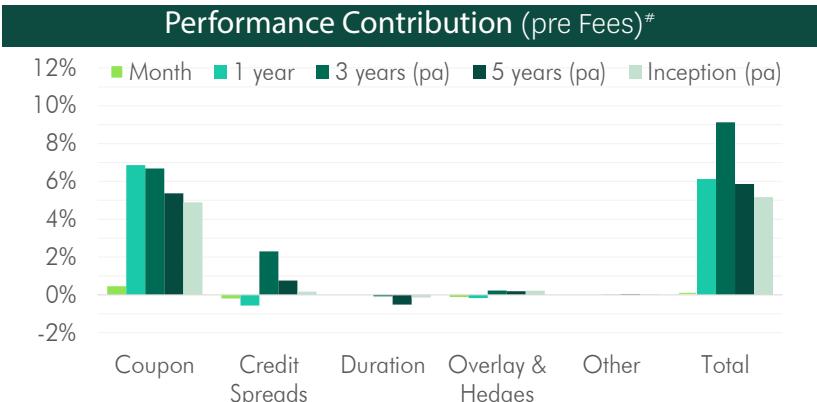


KEY STATISTICS[#]

Modified Duration (Yrs)	-0.01
Spread Duration (Yrs)	2.13
Yield to Maturity (%)	4.78
Running Yield (%)	5.30
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.

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OUTLOOK[#]

For local rates watchers, November provided further evidence that the RBA will remain on hold for some time. Several sectors are seeing sustained price pressure as the headline figure rose to 3.8%. Local markets responded by removing any further rate increases from the forward curve. Other recent data point to the Australian economy operating close to capacity, constrained by supply-side limitations and weak productivity growth.

The local cash rate outlook is beginning to diverge with that of the United States. Deteriorating employment outcomes continue to cause concern for the Federal Reserve. There is some disagreement about the restrictiveness of Fed policy at the current level, but it looks likely that further weakness in employment outcomes will be met with easing policy rates, even if inflation remains above target. Despite shifting wildly during November, the odds of a 25-basis point cut ended the month above 80%.

Developments in Japan are important for the near-term outlook. On the fiscal front, the government's 2025 supplementary budget has heightened anxiety about future bond supply, pushing yields higher, in some cases to the highest levels in decades. Reduced confidence in the prospects for Japanese yields could have a bearing on global liquidity via the large but poorly understood carry trade. The dilemma for officials is a choice between seeking to manage the yield curve and risk a deteriorating currency or let the market set yields, leaving Japan open to a potential debt crisis.

Elsewhere in Asia, China has embraced a broad "anti-involution" campaign aimed at reining in destructive competition, overcapacity, and excessive price-wars across sectors from solar manufacturing to EVs and batteries. However, while this may over time improve corporate profitability and reduce wasteful competition, near-term demand remains weak. The latest inflation data show only modest signs of price stabilisation, while producer price deflation persists. With a weak internal economy, the outlook for Australia's biggest export destination stands at a crossroads.

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.

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

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