

### Awards & Credentials

The Daintree Core Income Trust has been awarded a Recommended rating by both Lonsec and Zenith. Daintree Capital is also a signatory to the United Nations Principles for Responsible Investment.



### Fund Description

The Daintree Core Income Trust (the Fund) is an absolute return, cash plus bond strategy. The Fund is not constrained by any traditional fixed income index, which provides us the flexibility to seek out the best risk adjusted returns available across regions, sectors and securities.

### Fund Objective

The aim of the Fund is to provide a steady stream of income and capital stability over the medium term, by investing in a diversified portfolio of fixed income securities and cash. The Fund seeks to produce a return (net of fees) that exceeds the RBA Cash Rate by 1.50-2.00% p.a. over a rolling three-year period.

### Monthly Highlights

- Credit spreads widened on the month, detracting from performance
- Duration positioning was a positive offset to wider credit spreads, but nonetheless the funds return for the month was slightly negative

### Key Statistics

Modified Duration (Yrs)	0.31
Spread Duration (Yrs)	4.05
Portfolio Yield (%)	1.75
Average Credit Quality	A
Portfolio ESG score (MSCI)	A

**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.

### Fund facts

Trust name	Daintree Core Income Trust
Funds under management	AUD635m
Responsible Entity	Perennial Investment Management Ltd
Portfolio managers	Mark Mitchell & Justin Tyler
Inception date	5 June 2017
APIR code	WPC1963AU
Management costs	0.50% pa
Buy/sell spread	+0.05% / -0.05%
Entry and exit fees	None
Pricing frequency	Daily
Minimum initial investment	\$25,000
Distribution frequency	Monthly
Currency	Australian Dollar

### Platforms

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

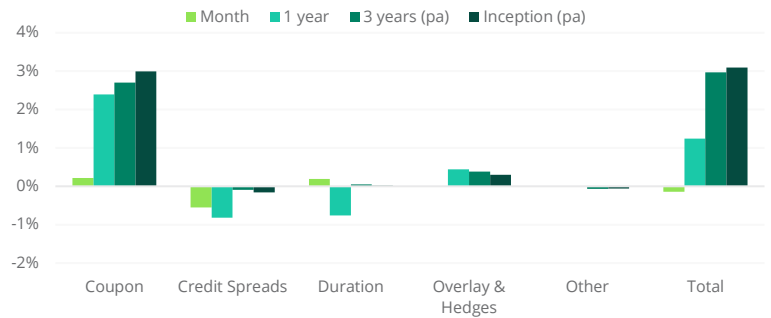
- AMP North
- Asgard
- BT Panorama
- HUB24
- Macquarie Wrap
- Mason Stevens
- MLC Navigator
- MLC Wrap
- Netwealth
- Praemium
- uXchange
- Xplore Wealth

### Performance & Analytics

	Month (%)	Quarter (%)	1 Year (%)	3 Years (% pa)	Inception (% pa)
Fund (gross)	-0.14	-0.64	1.24	2.97	3.09
Fund (net)	-0.19	-0.77	0.74	2.45	2.54
Distribution (net)	0.10	0.29	1.75	1.78	1.99
Growth (net)	-0.29	-1.06	-1.01	0.67	0.55
RBA Cash Rate	0.01	0.02	0.10	0.57	0.87
Excess Return	-0.19	-0.79	0.64	1.88	1.67

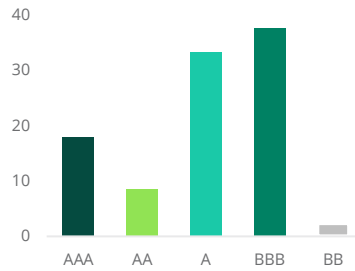
**Note:** Performance inception is 1 July 2017. Excess return is measured with reference to net performance. Returns for periods longer than one year are annualised. Distribution return is the difference between total return and ex-distribution unit price return. Past performance is not a reliable indicator of future performance.

### Performance Contribution (Pre Fees)

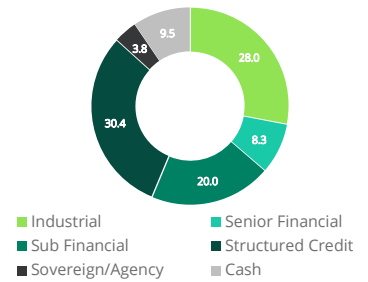


**Note:** Overlay strategies use derivatives to ensure that the Fund exposure to interest rates, credit and other relevant factors is controlled separately to the physical assets in the portfolio

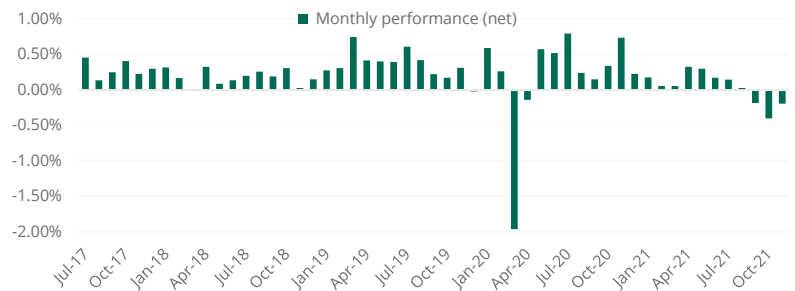
### Rating Exposure (%)



### Sector Exposure (%)

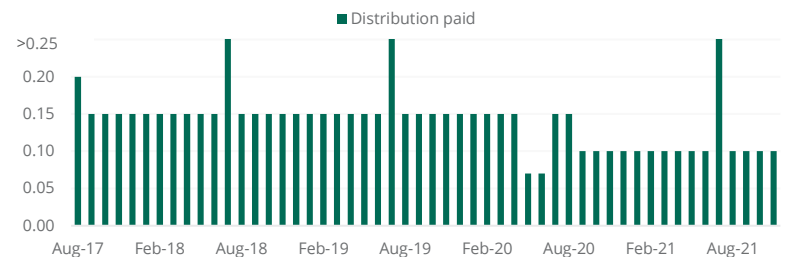


### Monthly Performance



### Cash Income

The Fund distributed 0.10 cents per unit in November.



## Fund Review

The Core Income Fund returned -0.19% for the month, leaving the rolling three-year return at 188 basis points above cash, net of fees. The fund's performance was impacted by wider credit spreads, though this was partially offset by the fund's modest (0.31 year) duration stance, which added value. Sector performance was mixed: corporate spreads were relatively stable while senior and subordinated financial spreads were wider. Longer tenor spreads underperformed shorter tenor while offshore names also underperformed, particularly higher beta names as the US high yield market saw its weakest monthly performance for the year to date.

We participated in five securitized transactions: Blackwattle RMBS, Pepper RMBS, Latitude ABS, Madison Park CLO and Think Tank RMBS. Financial issuance was relatively modest, and we chose not to participate in any new issues. Within non-financial corporates we participated in new issues from Computershare, Optus (a sustainability-linked bond), Goodman Australia Industrial Fund and Mercury New Zealand.

## Outlook

November saw a continuation of volatility in interest rate markets. Although the relentless rise in bond yields seen in October did not

continue, it took the risk-off sentiment surrounding Omicron to push bond yields decisively lower. This same sentiment saw credit spreads pushing wider.

Lower bond yields were not universal; for example, the US 2-year yield continued to see significant upward pressure. Investors remain uncertain as to the severity of US inflation, the likely policy response, the extent of the subsequent slowdown in US demand and the severity of global spillovers. Such uncertainty will linger for some time, and this is driving a significant uptick in the volatility of government bond markets globally. Interestingly, with expectations now heightened that the Fed will taper asset purchases more quickly than expected, US yield curve flattening pressure has also increased. This means investors are increasingly starting to focus not just on the nearer-term trajectory for monetary policy, but also on the level and timing of the end of the current monetary cycle. This part of the cycle is usually where financial asset returns become more volatile, and the faster-than-expected removal of price-insensitive quantitative easing will exacerbate this pressure. We keep a close eye on US real yields as these remain at deeply negative levels but, we feel, susceptible to upward pressure in 2022. If we are correct in this view, higher real yields will reduce the value of the future cash flows across the spectrum of financial assets.

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