

### Awards & Credentials

The Daintree Core Income Trust has been awarded a Recommended rating by both Lonsec and Zenith and has a top quartile ranking in the Evergreen Responsible Investment Grading Index (ERIG).

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

- Fund performance was impacted by wider credit spreads, which overwhelmed coupon income. Overlay and hedging strategies also detracted
- The fund remains defensively positioned amid volatile market conditions, although we have started to lengthen duration exposure and increase exposure to short-dated assets

### Key Statistics

|                            |      |
|----------------------------|------|
| Modified Duration (Yrs)    | 0.51 |
| Spread Duration (Yrs)      | 1.95 |
| Portfolio Yield (%)        | 3.80 |
| 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.

### Fund facts

|                            |                                     |
|----------------------------|-------------------------------------|
| Trust name                 | Daintree Core Income Trust          |
| Funds under management     | AUD621m                             |
| 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:

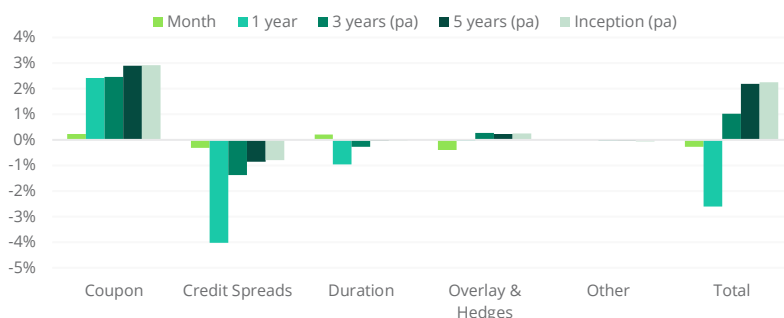
- AMP North
- Asgard
- BT Panorama
- HUB24
- Macquarie Wrap
- Mason Stevens
- MLC Navigator
- MLC Wrap
- Netwealth
- Praemium
- uXchange
- Xplore Wealth

### Performance & Analytics

|                    | Month (%) | Quarter (%) | 1 Year (%) | 3 Years (% pa) | 5 Years (% pa) | Inception (% pa) |
|--------------------|-----------|-------------|------------|----------------|----------------|------------------|
| Fund (gross)       | -0.28     | -1.00       | -2.60      | 1.02           | 2.19           | 2.26             |
| Fund (net)         | -0.32     | -1.13       | -3.10      | 0.52           | 1.66           | 1.72             |
| Distribution (net) | 2.99      | 3.06        | 3.73       | 2.43           | 2.45           | 2.41             |
| Growth (net)       | -3.31     | -4.19       | -6.83      | -1.91          | -0.79          | -0.69            |
| RBA Cash Rate      | 0.11      | 0.20        | 0.27       | 0.34           | 0.79           | 0.81             |
| Excess Return      | -0.43     | -1.32       | -3.37      | 0.18           | 0.86           | 0.92             |

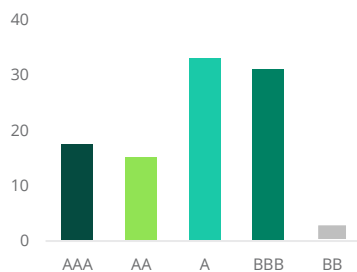
Note: Performance inception is 1 July 2017. Excess return is measured with reference to net performance. Returns for periods longer than one year are annualised. Distribution return is the difference between total return and ex-distribution unit price return. Past performance is not a reliable indicator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

### Performance Contribution (Pre Fees)

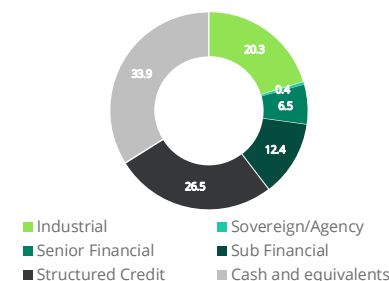


Note: Overlay strategies use derivatives to ensure that the Fund exposure to interest rates, credit and other relevant factors is controlled separately to the physical assets in the portfolio

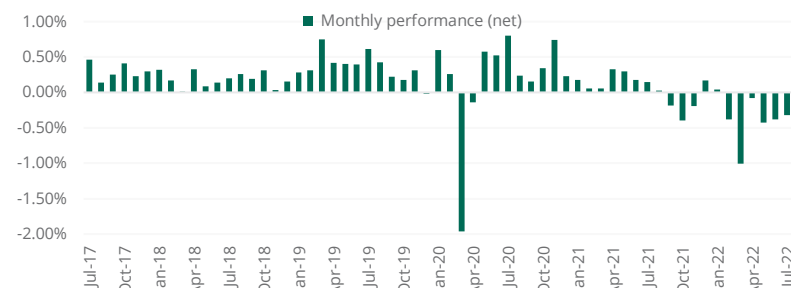
### Rating Exposure (%)



### Sector Exposure (%)

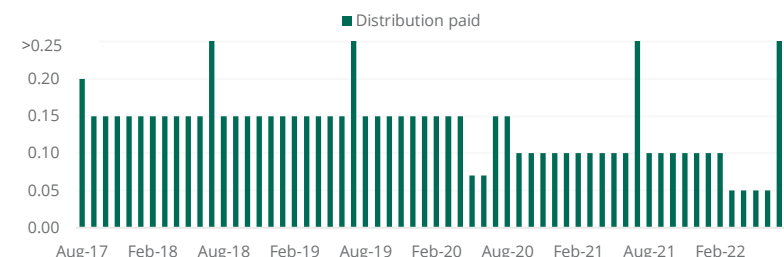


### Monthly Performance



### Cash Income

The Fund distributed 2.9885 cents per unit in July. This is larger than usual due to the end of financial year distribution of all realised gains and losses in the portfolio.



## Fund Review

The Core Income Fund returned -0.32% for the month net of fees. The fund's performance was negatively impacted by wider credit spreads and a negative contribution from overlay and hedging strategies which more than offset coupon income and positive contributions from duration positioning. Most sectors were negative contributors, but there was particular weakness in RMBS and ABS sectors as new primary issuance into soft markets caused the entire sector to reprice wider. On average Australian credit spreads were approximately five basis points tighter on the month, while the US market was eleven basis points tighter. We have started to increase our core duration position in the fund, with the fund carrying 0.5 years of duration at month end.

Given our defensive positioning and continuing modestly bearish outlook for spreads, we largely avoided new issues during the month. We did participate in some of the new RMBS deals in the market; but are still carrying larger than normal cash balances.

## Outlook

Risk assets rallied strongly into the latter half of July despite higher-than-expected inflation data and hawkish central bank commentary. Bonds were also bought, driving yields materially lower and maintaining the unusual scenario where volatility in fixed income

markets (measured by the MOVE index) is well above historical averages, while equities volatility (measured by the VIX index) remains calm by comparison.

There are some reasons to suggest that the growth impulse may have peaked in this cycle, and thus therefore long bond yields may have also. Cost of living pressures are impacting consumer sentiment, even as local unemployment hit new lows of 3.5%. Cash rates are likely to rise further but market expectations about the terminal rate moderated considerably during July. Ultimately, we believe that investors will continue to grapple with growth and inflation concerns while also keeping one eye on geopolitical issues, be they in Ukraine but increasingly also in Taiwan.

Despite the improving tone in markets, we still expect risk to remain elevated for the rest of this year, and that credit markets remain vulnerable to shocks. Even if interest rates have peaked, it is very rare to see credit spreads display a similar pattern until several months afterward. Also, with the upcoming company reporting season in Australia, investors will be closely scrutinising outlook statements for insights into the health of the economy.

While we believe a defensive position is still required, we have reduced cash holdings across the funds by adding shorter-dated assets from quality issuers and progressively increased duration. We retain a high degree of flexibility to adjust our stance as the situation evolves.

Issued by: The Investment Manager, Daintree Capital Management Pty Ltd, ABN 45 610 989 912, AFSL: 487489. Responsible Entity: Perennial Investment Management Limited ABN 13 108 747 637, AFSL: 275101. This promotional statement is provided for information purposes only. Accordingly, reliance should not be placed on this promotional statement as the basis for making an investment, financial or other decision. This promotional statement does not take into account your investment objectives, particular needs or financial situation. While every effort has been made to ensure the information in this promotional statement is accurate; its accuracy, reliability or completeness is not guaranteed. Past performance is not a reliable indicator of future performance. Gross performance does not include any applicable management fees or expenses. Net performance is based on redemption price for the period and assumes that all distributions are reinvested. Fees indicated reflect the maximum applicable. Contractual arrangements, including any applicable management fee, may be negotiated with certain large investors. Investments in the Trust must be accompanied by an application form. The current relevant product disclosure document, additional information booklet, application form and target market determination can be found on Daintree's website [www.daintreecapital.com.au](http://www.daintreecapital.com.au)

The rating issued 08/2021 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit [lonsec.com.au](http://lonsec.com.au) for ratings information and to access the full report. © 2020 Lonsec. All rights reserved.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned June 2022) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <https://www.zenithpartners.com.au/RegulatoryGuidelines>

Evergreen Research Pty Ltd trading as ERIG Index ABN 17 647 506 590 is Authorised Representative 001289533 of Evergreen Fund Managers Pty Ltd ABN 75 602 703 202 AFSL 486275. The material is for the information purposes of non-retail clients only. It is not, and is not to be construed as, advice or a recommendation to acquire, hold or dispose of financial products or to use financial services. The ERIG Index measures only the Responsible Investment capabilities of funds. It does not assess the performance or other features of the funds.