

Fund Description

The Daintree Defensive Plus Trust (the Fund) consists of an actively managed portfolio of fixed income securities that Daintree believes offer investors a good absolute return and strong income characteristics, combined with a defensive overlay that may provide outperformance during large market drawdowns.

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, while offering the potential for outperformance during large equity market drawdowns. The Fund seeks to produce a return (net of fees) that exceeds the RBA Cash Rate by 0.50-1.00% p.a. over a rolling three-year period.

Monthly Highlights

- Coupon receipts were the main positive contributor for the month.
- The Protection Strategy generated a positive return for the month, largely due to positions that benefitted from the rise in long-term rates, and widening in credit spreads
- The backdrop continues to feature sticky inflation, slowing growth policy uncertainty. There is a potential for wider credit spreads, particularly if large issuance volumes are maintained into year-end. This backdrop favours active management, credit selectivity, and a disciplined approach to duration.

Key Statistics

Modified Duration (Yrs)	0.01
Spread Duration (Yrs)	2.37
Yield to Maturity (%)	6.45
Running Yield (%)	6.15
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 and excluding PnL from equity option strategies. 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 Defensive Plus Trust
Responsible Entity	Perennial Investment Management Ltd
Portfolio managers	Michael Pollard, Mark Mitchell & Justin Tyler
Inception date	16 June 2021
APIR code	WPC3204AU
Management costs	0.60% pa + 0.10% pa expense recovery
Buy/sell spread	+0.05% / -0.10%
Entry and exit fees	None
Pricing frequency	Daily
Minimum initial investment	\$25,000
Distribution frequency	Quarterly
Currency	Australian Dollar

Platforms

The Daintree Defensive Plus Trust is available on the following platforms:

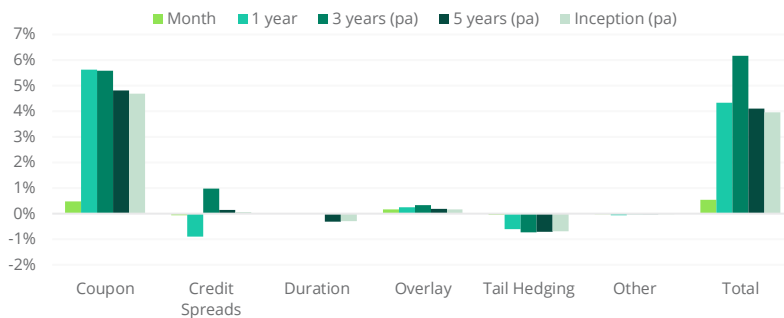
- BT Panorama
- HUB24
- Netwealth

Performance & Analytics

	Month (%)	Quarter (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception (% pa)
Fund (gross)	0.53	1.35	4.34	6.16	4.10	3.95
Fund (net)	0.47	1.18	3.64	5.46	3.41	3.25
Distribution (net)	0.63	0.64	6.98	5.45	4.16	3.98
Growth (net)	-0.16	0.54	-3.33	0.01	-0.75	-0.73
RBA Cash Rate	0.36	1.10	4.00	4.14	3.30	3.15
Excess Return	0.11	0.08	-0.36	1.33	0.11	0.10

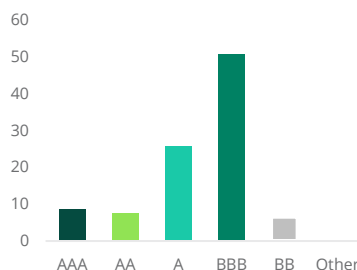
Note: Performance inception is 16 July 2021. Excess return is measured with reference to net performance. Returns for periods longer than one year are annualised. Distribution return is the difference between total return and ex-distribution unit price return. Past performance is not a reliable indicator of future performance.

Performance Contribution (Pre Fees)

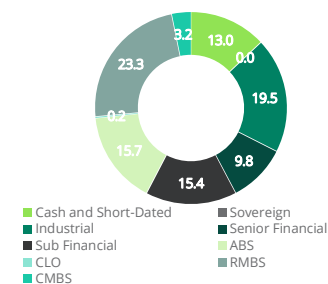


Note: Overlay strategies use derivatives to ensure that the Fund exposure to interest rates, credit and other relevant factors is controlled separately to the physical assets in the portfolio

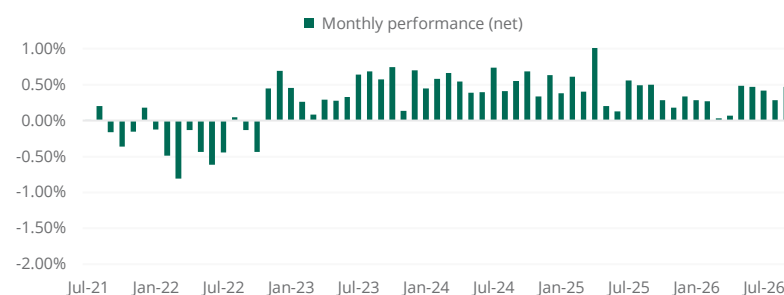
Rating Exposure (%)



Sector Exposure (%)

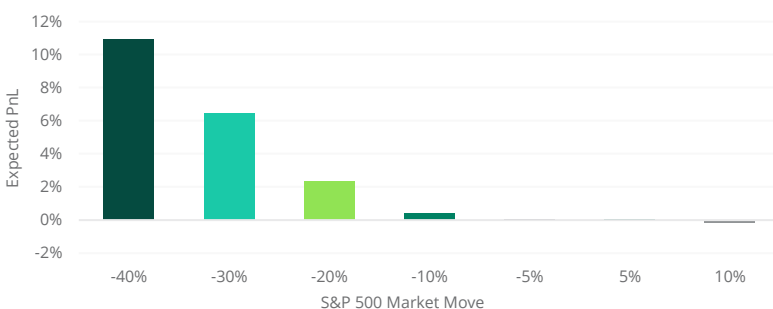


Monthly Performance



Note: Past performance is not a reliable indicator of future performance

Estimated PnL Outcomes by Market Move



Note: The chart provides the total expected portfolio profit or loss given a high velocity move in the S&P500, modelled on market moves during the COVID sell-off, including extrapolating beyond the price moves actually seen during this period. Based on positions as at 30 September 2026.

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner

Fund Review

The Defensive Plus Trust returned 0.47% for the month, net of fees. Over the last three years, the fund has delivered a return of 5.46%pa net of fees, equivalent to an excess return of 1.33%pa. Coupon receipts were positive contributor for the month, while the overlay was neutral.

The move in yield curves eventually led to credit spread widening as markets became concerned about the velocity and scale of move in long-tenor yields. Equities also wobbled, but in a fairly subdued fashion. This resulted in a gain for the Protection Strategy, especially from positions within the portfolio that benefit from rising rates, and widening spreads.

The 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.

Outlook

Rising bond yields are the clearest representation of the key issues facing the global economy. They are rising for several disparate reasons. The first is the energy disruption flowing from conflict in the Middle East and Ukraine, leading to supply shortages in refined products such as gasoline and diesel. The second is an historic demand for capital to fund massive technology investment, which competes directly with governments that need to finance large fiscal deficits.

Both have clear supply-side characteristics, where we know monetary policy responses are less effective. Yet central banks have little choice but to act: the Federal Reserve, the ECB, the Bank of Japan and the RBA all raised rates during the month, while the Bank of England came within a few votes of joining them.

The RBA provided the clearest illustration of the dilemma. Australia is hiking into a supply shock with a softening labour market and second quarter GDP growth of just 0.4%. For domestic credit investors, the

question will be how households and consumer-exposed businesses react to higher funding costs, slower growth, and a softer property market.

Ten-year yields in the US and Australia finished the month at or above 5.3%, while the 10-year JGB reached around 3.10%, a level last seen in 1996. Rising long tenor yields are, in part, the market's judgement that monetary policy cannot resolve a supply shock and that inflation risk will remain elevated, compounded by heavy government borrowing across the developed world. For credit, attractive all-in yields support demand, but spreads risk widening if yield curves begin to steepen erratically.

Higher yields and a weak property market are unearthing pockets of weakness in Australian private credit. Following the collapse of property developer Bathla Group in August, a large private credit manager has gated redemptions in two wholesale funds and paused trading of three listed funds following valuation disagreements with its auditor. We remain alert to any spillover risks into traded credit.

Against this backdrop, public credit markets continue to prioritise positive fundamental and technical factors as the principal driver of performance. Hyperscaler issuance has created localised spread disturbance and some evidence of concentration risk, but Australia has avoided the worst of the disruption. US investment grade spreads widened modestly last quarter, while high yield spreads moved out by roughly 40bp in September. The repricing remains modest relative to the macro backdrop, but the balance of risks suggests a further shift wider is more likely, particularly if issuance volumes are maintained into year-end.

Our positioning reflects that view. We continue to favour higher-quality issuers with pricing power and resilient cash flows, while closely managing spread duration exposure. We expect monetary policy will need to be tightened further, but the timing and trajectory will depend on the incoming data. Portfolios are flexibly positioned to treat elevated volatility as an opportunity for optimisation and risk management.