DAINTREE DEFENSIVE PLUS TRUST

MONTHLY FACTSHEET: 31 October 2026

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 and duration positioning were the main positive contributors for the month, while wider credit spreads detracted.
- The Protection Strategy generated a modest drag for October as rates and equities stabilized, offsetting the gains seen in September.
- 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.

Key Statistics

Modified Duration (Yrs)	0.35
Spread Duration (Yrs)	2.32
Yield to Maturity (%)	6.42
Running Yield (%)	6.17
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:

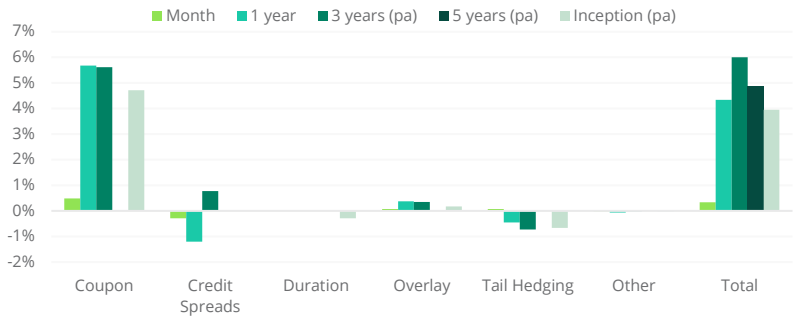
- BT Panorama
- HUB24
- Netwealth

Performance & Analytics

	Month (%)	Quarter (%)	1 Year (%)	3 Years (% pa)	5 Years (% pa)	Inception (% pa)
Fund (gross)	0.34	1.22	4.34	6.00	4.24	3.95
Fund (net)	0.28	1.04	3.64	5.30	3.54	3.25
Distribution (net)	-0.00	0.63	6.98	5.44	4.17	3.92
Growth (net)	0.28	0.41	-3.33	-0.14	-0.62	-0.67
RBA Cash Rate	0.39	1.12	4.08	4.15	3.38	3.17
Excess Return	-0.11	-0.08	-0.44	1.15	0.16	0.08

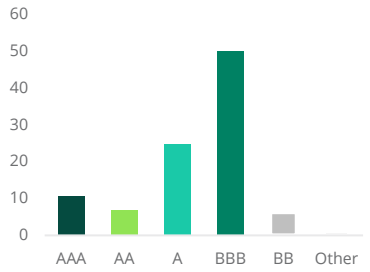
Note: Performance inception is 16 July 2021. Excess return is measured with reference to net performance. Returns for periods longer than one year are annualised. Distribution return is the difference between total return and ex-distribution unit price return. Past performance is not a reliable indicator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

Performance Contribution (Pre Fees)

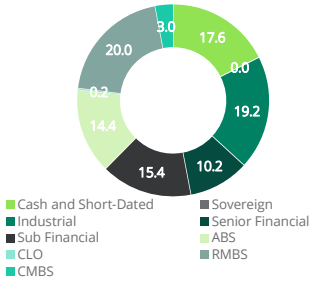


Note: Overlay strategies use derivatives to ensure that the Fund exposure to interest rates, credit and other relevant factors is controlled separately to the physical assets in the portfolio

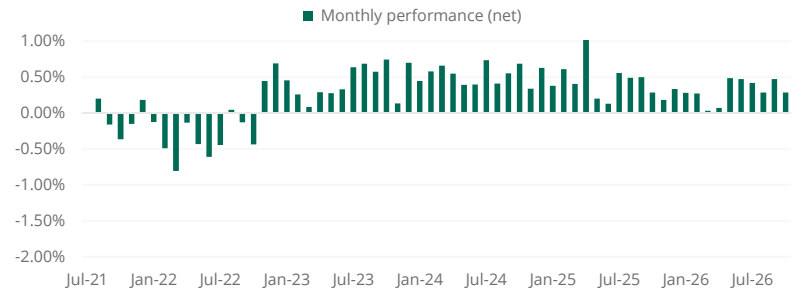
Rating Exposure (%)



Sector Exposure (%)

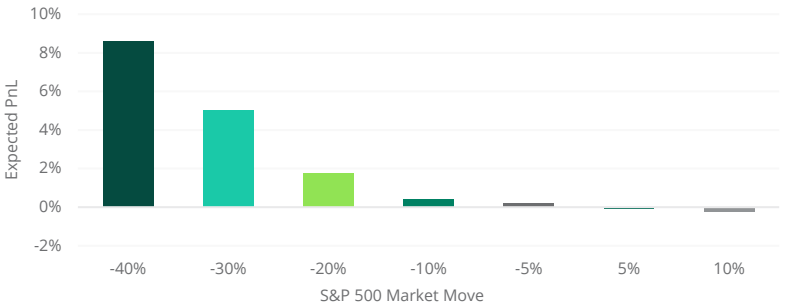


Monthly Performance



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 31 October 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

Signatory of: PRI Principles for Responsible Investment

Proudly supporting: ONE TREE PLANTED

Fund Review

The Defensive Plus Trust returned 0.28% for the month, net of fees. Over the last three years, the fund has delivered a return of 5.30%pa net of fees, equivalent to an excess return of 1.15%pa. Coupon receipts and duration positioning were the main positive contributors for the month, while wider credit spreads detracted.

Last month the Protection Strategy generated gains primarily through exposures that benefitted from rising rates and widening credit spreads. This month rates came off their recent highs whilst credit spreads stabilized somewhat. Coupled with fairly stable equity markets this saw a reversal of last month's gains, and generated a modest drag.

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

Three distinct market themes are exerting upward pressure on interest rates, sustaining a trend that has been in place for months. The first is the energy disruption in the Middle East, which shows little sign of resolution. The second is the scale of government borrowing across the developed world, now compounded by the rising cost of servicing existing debt. The third is the technology investment cycle, which is increasingly being funded through debt capital markets.

Each is adding to inflationary pressure, bond supply, or both, and central banks are being forced to respond. The Federal Reserve, ECB and Bank of Japan all held rates in October, although each faced members voting or arguing for a hike. The RBA raised rates for the fifth time this year, while markets expect the Bank of England to follow. The modest rally in US and Australian bonds during October should be read as a pause in this adjustment, rather than a change in direction.

Australia remains the clearest example of a central bank being forced to act against an inflation problem it can only partially influence. Headline inflation rose to 4.3% in the year to September, while the trimmed mean increased by 1.0% in the quarter, against the RBA's August assumption of 0.8%. This lifted its annual rate to 3.7%. Unemployment rose to 4.7% in September, the highest since late 2021, as participation fell. The 6–3 split among voting members, together with the removal of September's explicit warning about further increases, suggests the RBA board is itself divided on how much more tightening the economy can absorb.

In energy markets, Gulf crude exports rose above the pre-war average, yet prices continued to climb amid fears of renewed hostilities and depleted inventories. Even with raw supply seemingly normalising, attention has shifted to transport costs, which remain at multiples of pre-war levels, and shortages of refined products such as diesel. The inflationary pass-through is also becoming more apparent globally. For credit investors, however, energy has moved beyond being a headline inflation story to become a margin issue. We expect this pressure to feature in earnings results across a broad range of industries.

Fiscal pressure is less dramatic but more persistent. In the US, net interest on public debt is expected to rise by 11% this year to a record of roughly US$1.14 trillion. The US Treasury expects to borrow US$618 billion in the December quarter and a further US$800 billion in the March quarter, alongside its ongoing efforts to manage the shape of the yield curve. A similar pattern is evident in the UK and Japan, and increasingly across Europe. Sovereign issuance on this scale competes directly with corporate borrowers for investor capital. It is a key reason we expect term premia to remain elevated, irrespective of the path of policy rates.

Technology capex is adding to that competition. Investment in the sector is increasingly reliant on debt financing, making it arguably the biggest competitor for the marginal dollar of debt capital. Combined 2026 capital expenditure guidance for the largest technology companies now sits well above US$700 billion and is expected to exceed US$1 trillion next year. Investors are showing signs of fatigue across both public and private funding channels. We remain focused on the potential for spreads to widen across the investment grade universe, not just within technology.

Credit markets are undergoing a broad but orderly consolidation. With spreads still fairly to fully priced, and the pressures outlined above unlikely to dissipate quickly, further retracement over the coming months is possible. We favour higher-quality issuers with pricing power and resilient cash flows, with exposure concentrated in the short-to-intermediate part of the curve.

There is no shortage of potential catalysts for volatility over the remainder of the year. We see this as the principal source of opportunity for active credit managers. Portfolios remain flexibly positioned to capture credit premium while managing interest rate and credit risks closely.

Issued by: The Investment Manager, Daintree Capital Management Pty Ltd (ABN 45 610 989 912), a Corporate Authorised Representative (CAR 001304218) of Perennial Value Management Limited (ABN 22 090 879 904, AFSL 247293). 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