eInvest Core Income Fund (Managed Fund)

CODE: ECOR

MONTHLY REPORT APRIL 2022

	Month (%)	Quarter (%)	1 Year (%)	2 Years (%)	Since Inception^ (% p.a.)
eInvest Core Income Fund (ECOR)	-0.08	-1.46	-1.37	1.49	0.65
Daintree Core Income Trust	-0.08	-1.47	-1.39	1.43	2.05
RBA Cash Rate	0.01	0.02	0.10	0.14	0.22
Excess Return	**-0.09**	**-1.48**	**-1.47**	**1.35**	**0.43**

^ Inception date for ECOR was 22 November 2019 and inception date for the underlying Daintree Core Income Trust was 1 July 2017. Performance shown above are net of fees. To give a long-term view of the fund performance in the asset class, we have shown the returns of the Daintree Core Income Trust. The Trust has identical investments. Fund returns are calculated using net asset value per unit of the underlying fund at the start and end of the specified period and do not reflect the brokerage or the bid/ask spread that investors incur when buying and selling units on the exchange. Past performance is not a reliable indicator of future performance.

eInvest Core Income Fund

ECOR is an absolute return, cash plus, investment grade bond strategy. ECOR 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 ECOR 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. ECOR seeks to produce a return (net of fees) that exceeds the RBA Cash Rate by 1.50-2.00% p.a. within a cycle.

Monthly Highlights

- eInvest Core Income Fund performance was negatively impacted by wider credit spreads. Coupon income as well as positive contributions from overlay and hedging strategies were partial offsets.
- Fund duration has been reduced to zero and we note that when market conditions normalise, this period will give rise to a portfolio with a much higher yield that will benefit investors over time.

Key Statistics

Modified Duration (years)
0.00

Portfolio Yield (%)
1.92

Portfolio ESG Score (MSCI)
A

Average Credit Quality
A

Fund Facts

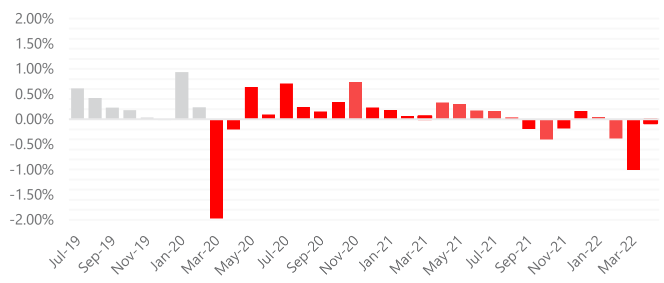
Management Cost
0.45% (incl of GST & RITC)

Inception Date
22 November 2019

Investment Manager

Daintree Capital, the investment manager of ECOR, is a boutique investment manager specialising in the construction of absolute return, income generating portfolios. The firm was nominated as a Finalist for the Money Management Fund Manager of the Year Award in the Emerging Manager category for 2019, and ECOR has a 'Recommended' rating from Lonsec and Zenith. Daintree Capital is also a signatory to the United Nations Principles for Responsible Investment.

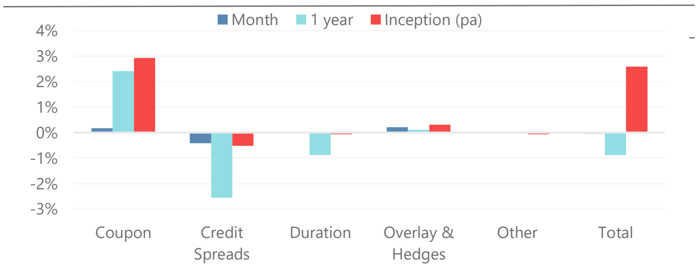
Monthly Performance



Source: Daintree Capital. As at 30 April 2022.

The above figures show the monthly performance of the Daintree Core Income Trust from January to October 2019. The eInvest Core Income Fund holds the same investments. After October 2019 the performance of ECOR is shown. Past performance is not a reliable indicator of future performance.

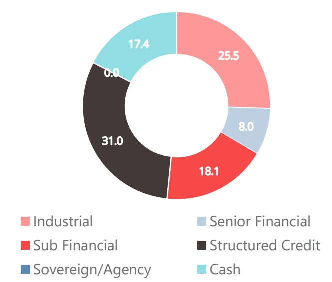
Performance Contributions

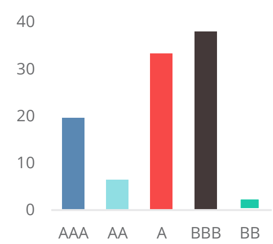


Source: Daintree Capital. As at 30 April 2022.

Month, 1 year and inception performance figures reflect the performance of the Daintree Core Income Fund

Rating and Sector Exposure





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MONTHLY REPORT APRIL 2022

Fund Review

eInvest Core Income returned -0.08% for the month net of fees. The fund's performance was negatively impacted by wider credit spreads which offset coupon income as well as positive contributions from overlay and hedging strategies. On average spreads were approximately 6 basis points wider on the month with weakness seen across corporates, financials and structured credit. However, local A$ cash spreads outperformed both US and EUR investment grade spreads. We have further reduced our interest rate duration to zero from a neutral position of 0.20 years last month, which helped the fund materially given the additional 29 basis point correction seen in Australian 10-year bonds during the month.

Given our defensive positioning, we did not participate in many new issues during the month, but we did purchase an NBN 2027 green bond as well as a CBA 2027 subordinated deal. We sat out of deals from Toronto Dominion, Volkswagen, OCBC and Bank of Queensland among others. In the structured credit space, we saw new deals from Ruby 2022-1 and Think Tank 2022-1. Goodman and CSL priced deals in the US market.

Outlook

After a consolidation in late March, April saw a resumption of the trends apparent since late 2021. Rates markets globally saw yield curves flatten, with the focus on how much and how quickly central banks will act to normalise interest rates. Meanwhile, credit markets are working through the impacts of inflation and spreads moved modestly wider again during the month. In addition, outsized moves in major currencies such as the yen created an additional dynamic that kept investors on edge.

With the decision of the RBA to increase interest rates for the first time in 10 years, and offering a strong signal that further increases are imminent, Australia has joined much of the world in a concerted push to bring interest rates back to a neutral setting as swiftly as possible. Subject to the evolution of the inflation picture in coming months, we should expect rates to rise at most meetings of the RBA this year, toward an estimated neutral rate around 2.5%. With up to 40% of local borrowers having at least some part of their borrowings fixed, the flow through to the real economy will be gradual.

In the US, we expect quantitative tightening (ie: the reduction in the Fed's holdings of Treasuries) to begin in coming weeks in addition to rate increases, which we have held for some time to be the "x-factor", particularly for financial markets. This will have the effect of removing excess liquidity from the system which given the prominence of the US dollar in global trade and commerce, could have unintended consequences well beyond America's shores.

COVID-related disruptions in China and the conflict in Ukraine show us that ongoing supply chain concerns will linger for the foreseeable future. Part of the inflation story can be attributed to these factors, on which tighter monetary policy can have limited impact. In the real economy, employment indicators have positively exceeded expectations, creating upward pressure on wages. This is creating challenges for businesses that are seeing raw material input costs and wage costs rise more quickly than they have for some time, risking margin contraction if these cannot be passed through to consumers.

Thus, overall we expect volatility to continue and maintain a defensive posture as a result.

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