eInvest

eInvest Core Income Fund (Managed Fund)
CODE: ECOR
MONTHLY REPORT AUGUST 2021

	Month (%)	Quarter (%)	1 Year (%)	Since Inception^ (% p.a.)
eInvest Core Income Fund (ECOR)	0.03	0.36	2.76	2.06
Daintree Core Income Trust	0.03	0.35	2.77	2.89
RBA Cash Rate	0.01	0.03	0.13	0.27
Excess Return	**0.02**	**0.33**	**2.63**	**1.79**

^ 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

- Wider credit spreads detracted from performance in August, with weakness in the industrial sector the main driver
- Duration and curve positioning were negative contributors to our overlay for the month, though positive contributions from credit-oriented quantitative strategies were a partial offset

Key Statistics

Modified Duration (years)
0.52

Portfolio Yield (%)
1.54

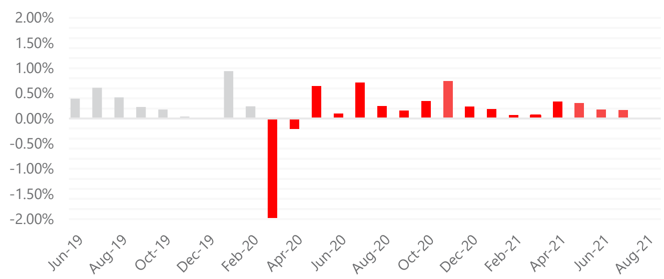
Portfolio ESG Score (MSCI)
A

Average Credit Quality
A

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 Independent Investment Research (IIR). Daintree Capital is also a signatory to the United Nations Principles for Responsible Investment.

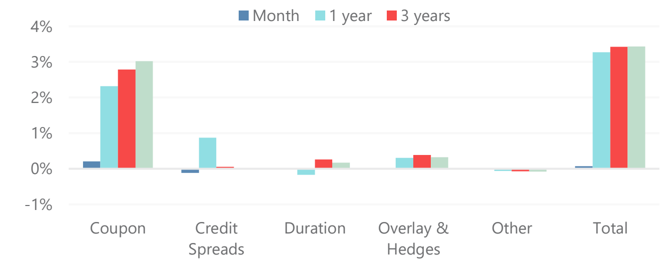
Monthly Performance



Source: Daintree Capital. As at 31 August 2021.

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.

Performance Contributions



Source: Daintree Capital. As at 31 August 2021.

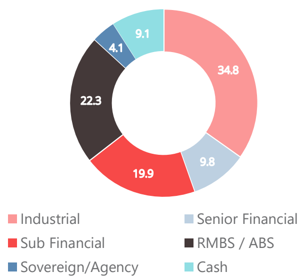
Month, 1 year and inception performance figures reflect the performance of the Daintree Core Income Fund

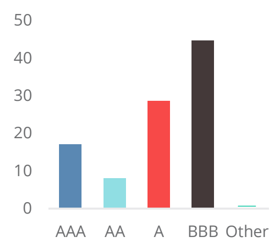
Fund Facts

Management Cost
0.45% (incl of GST & RITC)

Inception Date
22 November 2019

Rating and Sector Exposure





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Fund Review

ECOR returned 0.03% for the month, bringing the rolling twelve-month performance to 2.76% net of fees. The contribution of duration to performance was limited during the month, while coupon income was largely offset by wider credit spreads and a small loss from overlay trading.

Australian market credit spreads were a little mixed during the month with mid tenor financials a touch wider, and similar tenor corporates and RMBS a little tighter. The bulk of the negative spread contribution in the portfolio was driven by longer dated corporates. The fund continues to have a modest interest rate duration positioning at 0.52 years.

NAB issued their first domestic benchmark issue since 2020 raising $2.75b of funding. In the RMBS/ABS sector, we saw another very strong month of issuance. We participated in a handful of deals including Harvey 2021-1, Mortgage House 2021-2, Resimac 2021-2, and Think Tank 2021-1. Total primary securitisation issuance this year is well on pace to surpass 2020 totals. Several companies reported earnings during the month but overall, these reports did not have a material impact on spreads.

Outlook

August saw somewhat less volatility in government bond yields than July, with the Australian 10yr trading in a 19.5bp range compared to a 43bp range last month. Nonetheless, the Australian 10yr hit its lowest yield since February (1.08 on August 20) before ending the month higher at 1.155. Some investment grade credit spreads widened (though financials and structured credit broadly performed well). In high yield, by contrast, credit spreads narrowed across the board and this supported performance in our funds. Fed Chair Powell's speech at Jackson Hole was the main driver of this risk asset performance, with equity markets also rallying as the Fed once again presented a more dovish outlook for policy than what markets had been expecting.

In Australia, speculation continued as to the RBA's reaction function: Will tapering of QE be delayed in September as the RBA aligns itself with 'Team Australia', or will tapering proceed regardless? The Australian dollar has already depreciated by 5.6% since mid-May (despite the 2% rally in the last week and a half of August). At current levels the currency is providing more outright support to the external sector of the Australian economy than has been the case for some time.

That said, we believe the more important consideration is the future profile for Australian domestic demand, which has clearly taken a hit due to lockdowns. The RBA is of the view that the rebound from lockdowns will be significant in 2022, but it remains to be seen whether this is in fact the case. In particular, the strong linkage between workers and employers that was a feature of the 2020 Job-Keeper support package is not replicated in current government support measures. Sharply weaker labour markets may therefore manifest in New South Wales and Victoria in the coming months.

In New Zealand, both the New Zealand dollar and New Zealand bond yields fell (as we foreshadowed last month) as the RBNZ held off on raising rates. We believe that on balance, the RBA should take the RBNZ's lead and hold off on tapering as well. On August 6, Phil Lowe said that "…we are expecting a return to strong growth next year. Any additional bond purchases would have their maximum effect at that time and only a very small effect right now when the extra support is needed most." Since then, however, lockdowns have been widened and extended and case numbers are yet to peak. The economy has likely therefore realized the RBA's downside scenario as outlined in the August Statement on Monetary Policy, which is characterized by extended lockdowns, weaker consumption and labour market outcomes, and a delayed opening of state and international borders. An adjustment to the policy trajectory is a sensible expectation based on these changed circumstances.