eInvest Income Maximiser Fund (Managed Fund)
CODE: EMAX
MONTHLY REPORT JULY 2021

	Month (%)	Quarter (%)	1 Year (%)	Since Inception^ (% p.a.)
eInvest Income Maximiser Fund (EMAX)	0.14	0.88	5.75	1.26
Daintree High Income Trust	-0.02	0.88	5.70	3.12
RBA Cash Rate	0.01	0.03	0.14	0.27
Excess Return	**0.13**	**0.85**	**5.62**	**0.98**

^Inception date for EMAX was 22 November 2019 and inception date for the underlying Daintree High Income Trust was 1 November 2018. 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 High 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 Income Maximiser Fund

EMAX is an absolute return 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.

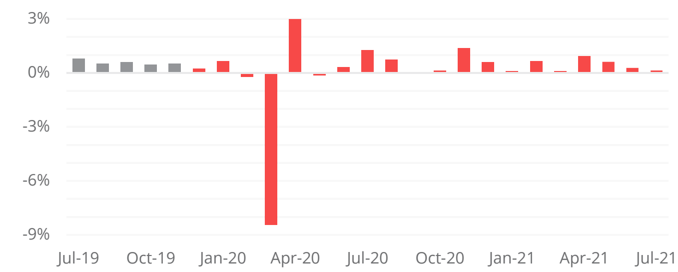
Fund Objective

EMAX aims to provide investors with a monthly income stream over the medium term by investing in a diversified portfolio of credit fixed income securities and cash that exceeds the RBA Cash Rate (after fees) by 3-4% over a market cycle.

Monthly Highlights

- Lower bond yields assisted performance for the month, but wider credit spreads detracted
- Overlay strategies were slightly negative for the month, with positive contributions from rates strategies being slightly more than offset by credit-oriented quantitative strategies

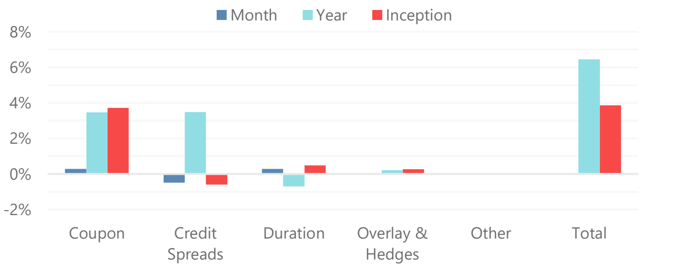
Monthly Performance



Source: Daintree Capital. As at 31 July 2021.

The above figures show the monthly performance of the Daintree High Income Trust since June 2019 to October 2019. EMAX Fund holds the same investments. After October 2019, EMAX performance is shown.

Performance Contributions



Source: Daintree Capital. As at 31 July 2021.

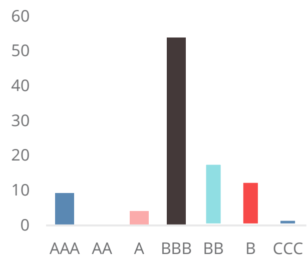
Month, 1 year and Inception performance figures reflect the performance of the Daintree High Income Trust.

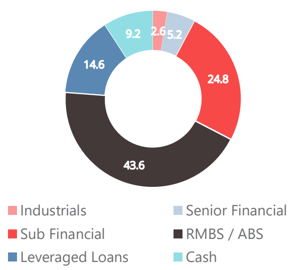
Fund Facts

Management Cost
0.65% (incl of GST & RITC)

Inception Date
22 November 2019

Rating and Sector Exposure





Key Statistics

Modified Duration (years)
1.27

Portfolio Yield (%)
3.56

Portfolio ESG Score (MSCI)
A

Average Credit Quality
BBB-

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Fund Review

The High Income Fund was up 0.14% for the month, bringing the rolling twelve-month performance to 5.75% net of fees. Performance was assisted by a move lower in government bond yields, but unfortunately that was more than offset by a widening in credit spreads. Australian market credit spreads were somewhat mixed during the month with financials tightening 1-2 basis points while corporates widened 1-2 basis points. Shorter dated credits outperformed longer dated securities causing curves to steepen. US credit spreads underperformed Australian credit spreads as Investment Grade spreads widened 4-5 basis points while High Yield spreads were out 20-30 basis points. Australian RMBS spreads were relatively flat during the month, but broader market spread widening lead to underperformance in our corporate and AT1 exposures. The fund continues to have a modest interest rate duration positioning at 1.27 years.

There were several new primary deals during the month. In the RMBS/ABS space we participated in the Triton 2021-2, Bluestone 2021-1 and Metro 2021-1 transactions. Volume of issuance in the structured space has been very heavy year-to-date and on pace to surpass 2020 issuance levels. July saw the heaviest monthly volume of issuance in the space since the GFC. In the corporate space, we participated in the Dexus Wholesale Property Fund and CNH Industrial Capital transactions. Corporate supply has been relatively modest of late.

The overlay was a net detractor for the month, however the Fund responded to changing market conditions by closing some positions that were no longer suitable for the prevailing environment.

Outlook

The post-FOMC bond market rally continued through July, with real yields in the US reaching record lows. We continue to interpret this as the market casting doubt on the US Federal Reserve's willingness to let the US economy accelerate. Interestingly though, the "search for yield" in credit that we typically expect to accompany a move lower in real yields is not playing out. Credit spreads widened somewhat in July, even as growth stocks led equity markets higher. Credit markets are therefore moving more in line with the lower growth backdrop priced by interest rate markets, than with the relative optimism of equity markets. If growth surprises to the downside in the coming quarters, such equity outperformance makes a period of underperformance across the risk asset complex more likely.

In Australia, growth may well surprise to the downside in the coming quarters. Notwithstanding the impact of the delta variant lockdowns, businesses have for some time lacked confidence in the resilience and longevity of the demand pulse. As RBA Governor Philip Lowe noted in a speech on July 8: "…most firms retain their strong focus on cost control, with many preferring to wait things out until the borders open, and ration output in the meantime." This lack of confidence will take some time to shift, particularly if delta sees prolonged lockdowns continue locally while also increasing economic uncertainty globally.

Lockdowns of varying duration will continue to sap near-term Australian growth prospects until the projected vaccination of around 70% of the population in Q4. In New Zealand, it is fortunate that the delta variant has not emerged to cause lockdowns. This has allowed hawkishness on the part of the RBNZ, given house prices continue to rise in defiance of macroprudential measures introduced earlier in the year. This means, however, that there is significant downside for bond yields in New Zealand (not to mention downside for the New Zealand dollar) should the delta variant take hold there.

Both Australia and New Zealand also remain heavily exposed to the deceleration of credit growth in China. China's post-coronavirus economic performance has been due more to US fiscal stimulus than Chinese domestic demand, so the main question for the coming months will be the size of the coming negative US fiscal impulse. With both the Chinese and the local Australian and New Zealand economies in the cross hairs, we continue to watch developments in the US closely.