



Hello Investor

This is the 95th Newsletter since the establishment of the Balmain Opportunity Trust (**BOT**).

JANUARY 2026 DISTRIBUTIONS*

Class A Units returns, **net of all fees**, for the period ending 31 January 2026 are as follows:

	THIS MONTH (JAN 26)	LAST MONTH (DEC 25)
Monthly	9.05%	9.05%
Monthly Annualised	9.46%	9.46%
Last 12 Months	9.62%	9.64%
Since Inception	8.70%	8.69%

**returns are calculated on a 'distribution re-invested' basis*

GENERAL UPDATE

February served as a reminder that the journey back to economic “normality” is unlikely to be smooth or linear. It is also a reminder of the differences I have to the RBA when it comes to monetary policy.

At its February meeting, the RBA increased the cash rate by 25 basis points to 3.85%, citing a material re-acceleration in inflation during the second half of 2025 and ongoing capacity pressures across the domestic economy. The RBA was explicit in noting that inflation remains above target and that monetary policy will remain firmly data-dependent, with further adjustments possible if price pressures persist.

While this move was widely anticipated by markets, it nonetheless marked a clear shift in tone after the rate cuts delivered through much of last year. The implication is not that Australia is heading back into an aggressive tightening cycle, but rather that interest rates are likely to remain higher for longer than many had expected only six months ago.

Globally, the picture remains mixed. International institutions continue to forecast moderate global growth through 2026, supported by resilience in the United States and parts of Asia, but tempered by weaker conditions in Europe, elevated debt levels and ongoing geopolitical uncertainty. Inflation is easing in many jurisdictions, but the final leg back to central bank targets is proving stubborn, particularly in services-driven economies such as Australia.

For investors in BOT, this environment reinforces a familiar reality: volatility is not a sign of dysfunction - it is a feature of late-cycle conditions. As ever, capital protection, diversification and discipline will remain Balmain's by-words as these matter more than macro forecasting.

AI Developments

Artificial intelligence continues to move rapidly from experimentation into operational reality, and February provided several useful signals about where this technology is genuinely creating value - and where expectations may still be running ahead of outcomes.

Recent Australian surveys show that AI has now become the number-one strategic concern for business leaders, surpassing inflation and cost control for the first time. Importantly, this concern is less about novelty and more about execution: governance, data integrity, cyber risk and the ability to convert AI investment into measurable productivity gains.

That distinction is important. While AI adoption across Australian businesses is now widespread, most organisations are still realising incremental efficiency improvements rather than transformational change. In many cases, AI is being used to augment decision-making, streamline repetitive tasks or improve customer engagement - valuable outcomes, but not a panacea, not the New World.

Globally, capital investment into AI-related infrastructure remains strong, particularly in data centres, energy systems and automation. Policymakers and central banks, however, have been notably cautious in assuming rapid productivity dividends. Several have explicitly warned that AI-driven gains are likely to be uneven, slow to materialise and highly dependent on execution quality.

For lenders, this reinforces a lesson we have seen many times before. Technological change creates opportunity, but it can also obscure risk. Businesses investing heavily in AI without clear commercial pathways, realistic cost assumptions or strong balance sheets may find themselves under pressure if conditions tighten. Conversely, those deploying AI in targeted, disciplined ways - improving pricing, risk management, logistics or working-capital efficiency - are already demonstrating more resilient cash flows.

AI is something in which we are immersed on several levels and I think is worthy of my regular comments given the transformative power that AI wields.

TRUST UPDATE

Conditions within the Australian private credit market remain positive, albeit increasingly competitive.

Industry data indicates that Australia's private credit market continued to expand through 2025 and is expected to grow further in 2026, supported by elevated interest rates, strong investor demand and ongoing caution from traditional banks. At the same time, increased capital allocation to the sector has intensified competition, with evidence of margin compression and more flexible borrower terms emerging in parts of the market.

This is precisely the phase of the cycle where **discipline matters most**.

At Balmain, loan origination remains healthy, but our underwriting standards, security requirements and portfolio construction settings remain unchanged. We remain highly selective in deploying capital and are comfortable turning away transactions that do not meet our risk criteria. Protecting capital is not a slogan - it is a process, and one that becomes more important, not less, when markets are busy and confidence is high.

Rising base rates, while uncomfortable for borrowers, continue to support floating-rate income strategies such as BOT. Importantly, our focus remains on quality and durability of income, rather than simply headline yield.

As always, thank you for your continued trust and partnership. We remain focused on doing the basics well - protecting capital, managing risk conservatively and delivering durable income through the cycle.

I will be shortly penning an update on PET but until then, can I express my sincere gratitude for the support of Balmain that your responses have indicated.

You are now able to see performance matrix for the Balmain Opportunity Trust at <https://www.balmainopportunitytrust.com.au/history>. We have also emailed all investors with the login details for the investor portal which I encourage you to use.

If you have any difficulty in accessing the portal please give the Balmain Investments Team a call on 02 9232 8888.

ACMC Control Account- Class A: Monthly Distributions

We confirm that the amount of \$76.86 in respect of income referable to January 2026 was paid to you / reinvested in your account in accordance with your nominated Distribution Method election on 09 February 2026.

ACMC Control Account- Class A: Status of Investment

We also confirm that as at 31 January 2026, ACMC Control Account- Class A's investment in Class A Units in the Balmain Opportunity Trust stood at \$10,000.00 (you will receive multiple emails if you have multiple investment entities).

Please note that this balance does not include:

- any investment or redemption made after that date; or
- the January 2026 distribution re-investment (if applicable).

Should you have any questions or queries please do not hesitate to contact the writer or Tom Sherston.

Warmest regards,

Andrew Griffin

balmain

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[balmainopportunitytrust.com.au](https://www.balmainopportunitytrust.com.au)

This email has been sent by Australian Commercial Mortgage Corporation Limited ACN 109 865 590 as trustee of the Balmain Opportunity Trust ABN 36 679 393 508 (Trustee) and issuer of the Balmain Opportunity Trust Investment memorandum dated 1 November 2020 (IM).

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Each person should obtain a copy of the IM and read and consider the IM in full before making any investment decision. A copy of the IM can be obtained from the Trustee by contacting our Balmain Investments Team on 02 9232 8888.

Investment in the Balmain Opportunity Trust is subject to investment risk, including possible delays in payment and loss of income and principal invested. Refer to sections 8, 9 and 10 of the IM for more information on the key risks associated with an investment in the Balmain Opportunity Trust. The Trustee and its respective associates, officers, related entities and directors do not give any guarantee as to the performance of the Balmain Opportunity Trust or the repayment of monies invested. Past performance is not a reliable indicator of future performance.

You should obtain your own personal financial advice from a qualified financial advisor before making any investment decision in relation to the Balmain Opportunity Trust.