



## Hello Investor

This is the 96th Newsletter since the establishment of the Balmain Opportunity Trust (**BOT**).

### FEBRUARY 2026 DISTRIBUTIONS\*

Class A Units returns, **net of all fees**, for the period ending 28 February 2026 are as follows:

	THIS MONTH (FEB 26)	LAST MONTH (JAN 26)
Monthly	9.05%	9.05%
Monthly Annualised	9.46%	9.46%
Last 12 Months	9.60%	9.62%
Since Inception	8.71%	8.70%

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

### GENERAL UPDATE

February reinforced a theme that has been building for some time: the path back to economic equilibrium is proving uneven, and policy settings remain finely balanced. While inflation has moderated from its recent peaks, it remains uncomfortably persistent in services-driven parts of the economy, leaving central banks with little room for complacency.

In Australia, the Reserve Bank continues to emphasise data-dependence, with recent communications making clear that policy will remain restrictive for longer if inflation progress stalls. This is not a return to aggressive tightening, but it is a reminder that the era of ultra-accommodative monetary policy is firmly behind us. Globally, the picture is similarly mixed — resilience in the US and parts of Asia contrasts with softer conditions in Europe and ongoing geopolitical uncertainty.

For investors, this environment rewards discipline rather than prediction. Volatility is not a sign of dysfunction; it is a feature of late-cycle conditions. History suggests that periods such as this tend to expose weak balance sheets and poor underwriting, while well-structured, conservatively managed credit portfolios continue to perform.

Balmain will continue to perform well.

#### Conflict in Iran

The escalation of the conflict involving Iran has emerged as a material risk to the global economy, primarily through its impact on energy markets and critical trade routes. Disruption risks around the Strait of Hormuz have driven higher oil and gas prices, re-introducing inflationary pressure and complicating central bank policy globally.

For Australia, the impact is chiefly inflationary rather than growth-supportive, with higher fuel and freight costs likely to place upward pressure on both headline inflation and cash rates, reinforcing the importance of disciplined capital allocation in an uncertain environment.

Capital inflows into investment products not invested in equities (shares) continues to escalate as caution envelopes the world's bourses.

#### Private Credit in the US and Australia

The most obvious difference between the US and Australian private credit markets is scale. The US private credit market exceeds US\$2 trillion in assets, representing the largest share of the global market. By contrast, Australia's private credit market is relatively small, with private capital overall around A\$139 billion (admittedly there's a bit of guess and giggle in that number) and only a small portion of that in private credit strategies.

The US market is far more mature. Private lenders now finance most mid-market corporate lending, largely replacing banks after post-GFC regulation constrained bank balance sheets. Australia remains earlier-stage, with banks still dominating corporate lending and private credit largely operating in niches banks avoid.

Australian private credit is heavily concentrated in commercial property and structured credit, reflecting the local banking system's risk appetite. The US market is broader, spanning corporate direct lending, asset-backed finance, infrastructure, AI, IT generally, consumer lending, and specialty finance.

The US industry is also dominated by large global managers and institutional capital that is constantly looking to invest. Australia's market is more fragmented, with smaller managers and less diversification across strategies and borrowers and less pressure to commit capital.

When I read of private credit "risks" that are emerging in the US, I am constantly thinking of these differences. Private credit in the US, due to its size and rapid growth, is forced to invest rather than choosing to invest and, per force, embraces asset categories that Australian private credit firms still avoid.

So, whilst Balmain is seen as a behemoth of private credit in Australia, we really are just a mortgage fund manager that seeks regular monthly income from its assets, shies away from equity risk and does not require capital gains to 'top-up' returns to our Investors.

We will continue to fill the gaps left by traditional banks, particularly in development finance and mid-market corporate lending, but we will not venture into new waters. There is no imperative for us to do this.

### TRUST UPDATE

At Balmain, loan origination remains healthy, without any need to compromise our credit underwriting standards. Our credit and portfolio settings remain unchanged.

We remain highly selective in deploying capital and are comfortable turning away transactions that do not meet our risk criteria. Unfortunately, rising cash rates are not flowing through to lending rates however this will change in the coming months.

We enter the remainder of 2026 with cautious optimism. The opportunity set remains compelling for disciplined lenders, but the margin for error is narrowing. Our priority remains unchanged: protecting investor capital, managing risk conservatively and delivering sustainable income through the cycle.

*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 \$69.42 in respect of income referable to February 2026 was paid to you / reinvested in your account in accordance with your nominated Distribution Method election on 09 March 2026.

### ACMC Control Account- Class A: Status of Investment

We also confirm that as at 28 February 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).

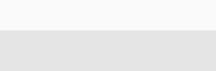
Please note that this balance does not include:

- any investment or redemption made after that date; or
- the February 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



02 9232 8888

[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 information memorandum dated 1 November 2020 (IM).

The information contained in this email is of a general nature only and does not constitute financial advice. This email has been prepared without taking into account any person's objectives, financial situation or needs. Each person should therefore consider its appropriateness before acting on this email, having regard to their own objectives, financial situation and needs.

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.

Balmain Opportunity Trust. ABN 36 679 393 508