Hello Investor,

This is the 104th newsletter since the establishment of the Balmain Opportunity Trust **(BOT)**.

OCTOBER 2026 DISTRIBUTIONS*

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

	This Month (Oct 26)	Last Month (Sep 26)
Monthly	9.05%	9.05%
Monthly Annualised	9.46%	9.46%
Last 12 Months	9.46%	9.46%
Since Inception	8.76%	8.76%

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

GENERAL UPDATE

Whilst on Tuesday last the rest of the country was picking a Cup winner, the Reserve Bank was picking our pockets. We've also watched with interest elections in both Israel and America. Three events, three continents (3x3), and all of them land in some way on BOT. My take is:

The RBA. The Board lifted the cash rate by 25 basis points to 4.85%. That is the fifth increase of 2026, the second in five weeks (following September's move to 4.60%) and the highest cash rate since late 2008.

I think two details matter at least as much as the headline. First, the vote was split 6–3 with the minority three members wanting to hold. Second, the Board dropped its line about raising rates "further if needed". Read together, I think we are at or very near the top of this cycle. The major banks broadly agree, with CBA pencilling in a hold until cuts in the second half of 2027.

I think the recovery in the housing markets will be swift and strong as soon as a downward rate trajectory starts as unsatisfied (from caution) demand re-activates in a market with negligible supply.

The US mid-terms. The voters have spoken, and loudly. Democrats have won control of both the House and the Senate in one of the most lopsided mid-term results in modern US history. That leaves Washington with a split government for the final two years of President Trump's term: a Republican White House with "Executive Orders" and "Vetoes" up its sleeve facing a Democratic Congress. In practice, that means gridlock. There will be no more tax cuts or spending packages pushed through on party lines, budget negotiations will be contentious (expect the usual shutdown and debt-ceiling brinkmanship) and Congressional investigations of the administration are a near certainty.

Equally, without 60 Senate votes and facing a presidential veto, the Democrats cannot legislate their own agenda either. I expect the White House to lean harder on executive powers, particularly in trade and foreign policy, where Congress has the least direct control.

The obvious test is Iran: Trump had flagged renewed strikes once the mid-terms were out of the way, but as the results came in he said he had no immediate plans to attack, and with a Democratic Congress now holding the purse strings, I think a return to major hostilities is less likely, though not off the table for a President with little left to lose domestically.

What does it mean for Australia? On balance, I think it is mildly positive. A Congress that restrains the fiscal agenda should ease pressure on US Treasury issuance and help cap long-term bond yields here too (Australian yields tend to follow the US lead). A softer US dollar should also support the Aussie dollar and take some heat out of imported inflation. Both reinforce my view that the RBA is at or near its peak. Wall Street certainly approved, with the Dow up around 1,500 points on Wednesday (US time). The caveat is trade. Tariffs remain largely in the President's hands, so the risk to China, and through it to our commodity exports, has not gone away, and a frustrated administration may become more assertive on that front, not less.

Israel. The 27 October Knesset election has produced a hung parliament. Final counts give Netanyahu 53 seats against 48 for the opposition led by Gadi Eisenkot, with the Arab parties winning a record 19 and holding the balance of power! Neither side has the 61 seats needed to govern, and coalition talks could run for weeks or end in yet another election. Long-time readers will know I regard the Middle East as the swing factor for fuel prices, and fuel prices remain a key input into Australian inflation and therefore RBA policy. A prolonged period of political uncertainty in Israel is not, of itself, a reason for alarm, but it does mean the region's risk premium is not going away any time soon.

What does it mean for BOT? Our loans are floating-rate, so higher cash rate flows through to the portfolio's earnings rather than eroding them. We fully understand that the flip side is potential borrower stress: higher holding costs squeeze poorly funded developers cash flows and resources. That is precisely why our credit pencil has been sharp all year, and why the loans we are writing today are struck at lower LVRs with tougher covenants (more on that below).

The net effect on BOT of the 3x3? Higher-for-longer rates continue to suit a disciplined, floating-rate secured lender, and uncertainty elsewhere continues to make a steady monthly distribution look rather attractive.

Our Market

The competitive landscape has changed more in the last six months than in the previous six years. Many of the newer entrants who were writing 'high LVRs to low sponsors' have stopped lending altogether: Some have merged into larger platforms and others are now consumed by working out their own problem loans.

ASIC's scrutiny of the sector, which we welcome, and investor caution have made it much harder for those managers to raise fresh capital. The banks remain constrained by APRA's capital settings for construction lending.

The result is that quality borrowers have far fewer places to go, and they are coming back to established lenders like Balmain. We are now in the enviable position of choosing rather than chasing strong loans and we are using that position to insist on better pricing, more security, lower gearing and tighter covenants.

I said in August that the vintage being written now should be one of the strongest in a decade, and nothing in the last month has changed my mind.

TRUST UPDATE

Liquidity remains at a healthy ~10% of funds under management. Inflows and new originations remain well-matched.

Importantly, the new loans entering the portfolio are being written at significantly better pricing and lower risk than those older loans that they replace. As foreshadowed last month, we expect this improvement to flow through to investor distributions over the coming months. For this month, at least, distributions remain unchanged from last month.

The quality of BOT's loan assets remains high and our exposure to 'troubled' assets remains de minimis.

Other News

Our first BEST (#001 Resolute) was repaid in full earlier this week. The actual return of 11.42% net of all fees exceeded the Target Return of 10.80%. We are actively seeking to procure new investments for the BEST pipeline.

The PET capital raise (Class M Units) has been underway for a few weeks and we are 90% subscribed. We still intend to offer any shortfall to BOT investors if any remains available.

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 October 2026 was paid to you / reinvested in your account in accordance with your nominated Distribution Method election on 06 November 2026.

ACMC Control Account- Class A: Status of Investment

We also confirm that as at 31 October 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 October 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

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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 30 June 2026 (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.

Balmain Opportunity Trust ABN 36 679 393 508