

Challenger IM Multi-Sector Private Lending Fund

Quarterly Report June 2025

Performance¹

	1 Month (%)	Quarter (%)	6 Months (%)	FYTD (%)	1 Year (%)	3 Years (%) p.a.	5 Years (%) p.a.	Since Inception (%) [*] p.a.
Fund return (net) ²	0.64	2.08	3.43	7.02	7.02	8.27	-	7.21
Benchmark Index ³	0.32	1.02	2.10	4.39	4.39	3.88	-	2.81
Excess Return	0.32	1.07	1.33	2.63	2.63	4.39	-	4.40

^{*}Inception Date: 04/05/2021

¹Past performance is not a reliable indicator of future performance. Returns are calculated after fees have been deducted and assume distributions have been reinvested.

No allowance is made for tax when calculating these figures.

²References to the Fund or Challenger IM Multi-Sector Private Lending Fund are to the Class P units only which commenced May 2021 and no other class of units.

³Benchmark Index is Bloomberg AusBond Bank Bill Index.

Fund Objective:

The Challenger IM Multi-Sector Private Lending strategy is a floating rate, multi-sector credit strategy which invests across Australian and New Zealand private securitised, corporate and real estate lending. The strategy provides high income and diversification from liquid equity and fixed income markets aiming to achieve a return of 5% per annum above cash.

Quarterly Commentary

Performance Update:

The Fund returned 2.08% in the second quarter of 2025, an excess return of 1.07% over the Benchmark. Since inception in May 2021, the Fund has returned 7.21% per annum, 4.40% per annum over the Benchmark.

The Fund ended the final quarter of financial year 2025 with a running yield of 7.6% and a yield to maturity of 7.8% per annum. Performance for the quarter was largely driven by interest income (84% contribution) with a smaller contribution coming from credit spread movements (9% contribution) due to general spread tightening

Fund Positioning:

The second quarter of 2025 saw market and spread performance return back to a period of normality following the tariff related volatility in early April. The temporary tariff freeze in place was a reason to remain cautious of upcoming headlines particularly in public markets.

While Australian private credit borrowers are likely to be less exposed to first order idiosyncratic effects of tariffs, second order macro-economic implications have relevance for all investors.

Fund Details

Portfolio Value (\$Million)	\$1,164.5
Buy/Sell Spread	+0.5%/-0.0%
Distribution Frequency	Quarterly
Redemption Terms	Quarterly with best endeavours

Key Statistics

Number of Issuers	110
Running yield (%) p.a	7.6
Modified duration (yrs)	0.13
Portfolio Credit Spread Duration (yrs)	2.2
Non-AUD Denominated	10%

Pipeline

Cash & Cash Substitutes	23%
Committed Not Funded	3%
In Due Diligence	7%
Pipeline	10%

During the month, The Fund settled over \$55m of private corporate debt transactions across three transactions. All in coupon spreads for these transactions ranged between 470 to 593 bps which represents around 9% in yield. Two asset backed warehouses were also finalised.

Activity in private markets picked up materially coming into the end of financial year. The fund has committed to three senior secured loans diversifying over 3 sectors. The loans are being provided to an established medical software company and a real estate transaction within the hotel sector. A senior secured corporate loan is also being provided to a borrower in the retail discretionary space.

There are now two small asset backed transactions expected to be finalised shortly. Post settlement there is a relatively thin pipeline as spreads in that asset class continue to march tighter

The committed pipeline post due diligence will lead to a large settlement task totalling more than \$100m in July and August. This will be funded by cash held in the portfolio account and rotating out of lower yielding public assets. The Fund also has sufficient liquid public assets to fund new private credit transactions that are not yet committed too.

Post settlements The Fund is expected to generate a return of 5% over bank bills, equivalent to about an 8.6% yield to maturity with spread duration at 2.8 years.

Opportunistically over the quarter the Fund traded public corporate and financial credit. In June this included participating in an inaugural Australian dollar Melbourne Airport hybrid transaction. The public allocation is expected to reduce as private debt commitments settle.

Three positions remain on our watchlist. They represent 1% of The Fund. The largest is a senior secured loan to a private hospital operator who is undergoing a sales process. The loan is 0.7% of the Fund and is valued in the low to mid 50s, reflecting observable secondary market trading.

Market Conditions: see the quarterly round the grounds report for a detailed discussion on our views across sectors

As always comments, questions and general feedback are welcome.

Warm regards,

Pete Robinson

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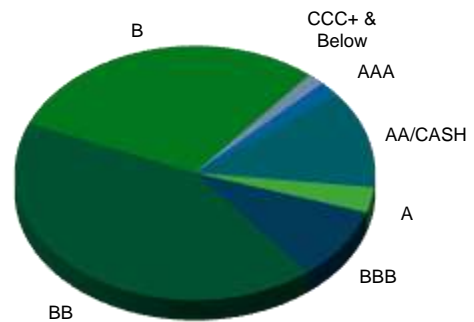
Linda Mead

Senior Institutional Business Development Manager

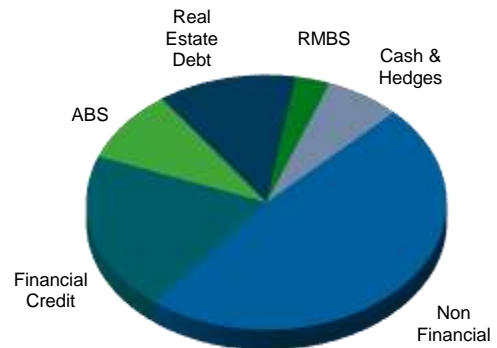
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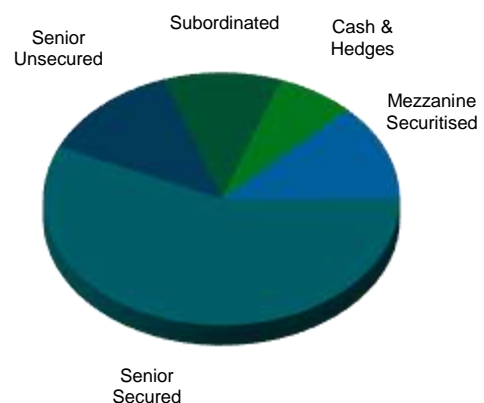
Fund Credit Quality



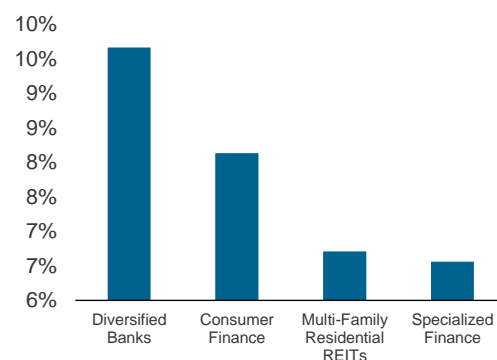
Fund Asset Allocation



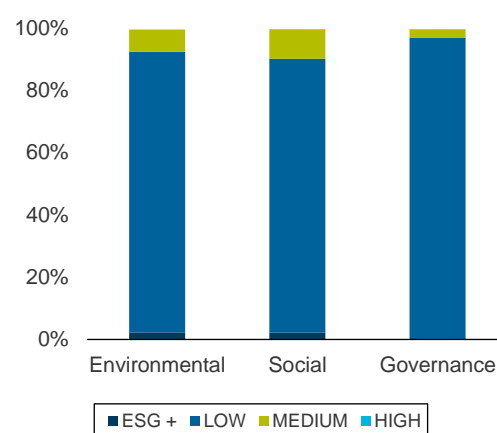
Fund Ranking



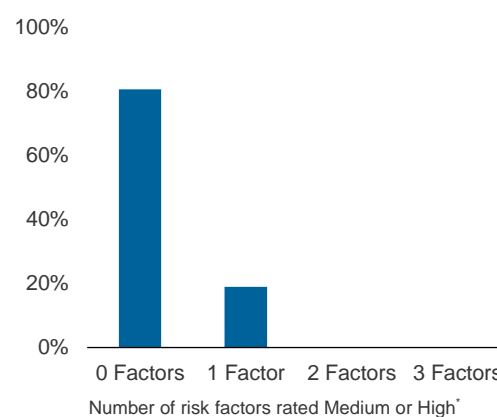
Top Industry Exposures



ESG Profile



ESG Risk Layering



* Percentage of deals which have multiple risk factors rated Medium or High. For example, 2 might be Environmental and Governance risk rated Medium.

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