

Challenger IM Credit Income Fund – Class A

ARSN 620 882 055 APIR HOW8013AU

Monthly Report September 2025

Performance ¹	1 Month (%)	Quarter (%)	6 Months (%)	FYTD (%)	1 Year (%)	3 Years (%) p.a.	5 Years (%) p.a.	Since Inception (%) p.a. ²
Challenger IM Credit Income Fund - Class A	0.69	2.32	3.95	2.32	7.53	8.28	-	6.37
Challenger IM Credit Income Fund - Class I ³	0.69	2.32	3.95	2.32	7.53	8.28	6.37	-
Bloomberg Bank Bill Index	0.29	0.92	1.94	0.92	4.19	4.05	2.53	2.53
Active return	0.40	1.41	2.01	1.41	3.34	4.22	3.84	3.84

Data Source: Fidante Partners Limited, 30 September 2025.

¹Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

²The Inception date for Class A is October 1 2020.

³As at the date of this report two classes of units are offered: Class I which has been offered since the inception of the Fund on 3 October 2017 and Class A which has been offered since 1 October 2020. For information purposes, and to give a longer term view of the Fund's performance, the returns for the Class I are also provided in the Performance table and shows Class I's performance. The returns quoted for Class I have been adjusted to reflect the fees applicable to the Class A units.

Past Performance is not a reliable indicator of future performance.

Fund Features

Experienced team - Boasting one of the longest track records in institutional private lending strategies, the team is uniquely positioned to exploit opportunities across both public and private lending markets. The team's breadth of experience allows the Fixed Income team to exploit market inefficiencies across all sectors in the global credit market.

Risk management - The Fund aims to reduce market risk by considering low cross-sectoral correlations and maintaining a relatively short spread duration. The team identifies complexity risks to provide income and what they consider to be attractively priced but hard to access liquidity, allowing the Fund to minimise more volatile currency and interest rate risks.

Diversification - The Fund invests across both public and private credit markets providing the opportunity to allocate to the most attractive sectors over time. The Fund targets a weighted average investment grade rating and the diversified set of asset classes in which the Fund can invest includes secured loans, securitised credit, corporate bonds and real estate debt.

Strong governance - The Fixed Income team's clients benefit from a robust governance framework including an independent credit risk management team within the Challenger Group.

Fund Objective:

The Fund aims to achieve superior absolute returns over the medium to long term whilst offering capital stability and a steady income stream.

Fund Details

Management Fee	0.60% p.a.
Strategy FUM	\$944.4 mil
Buy/Sell Spread	+0.18/-0.18%
Distribution Frequency	Quarterly
Redemption Terms	Monthly with 10% Fund level gate

Key Statistics

Number of Issuers	131
Running yield (%) p.a.	5.9
Modified duration (yrs)	0.09
Average Rating	BBB/BBB-
Portfolio Credit Spread Duration (yrs)	3.3
Non-AUD Denominated	21%
Private Credit Allocation	20%

Quarterly Commentary

Performance Update:

The Fund returned 2.32% in the first quarter of the 2025-26 financial year, an excess return of 1.41% over the Benchmark and 1.01% over the Bloomberg AusBond Credit FRN index. Fund returns for the quarter were increased by the tightening of credit spreads. The spread effect comprised 38% of the quarterly Fund return and income comprised 64% of return. Since inception, income has generated 88% of the Fund's return.

At September month end, the running yield of the Fund was 5.9% p.a, which is in line with its yield to maturity.

Fund Positioning:

Spreads closed tighter in the final month of the quarter. The tightening has been evident in public market spreads and is now starting to carry forward into private markets. The illiquidity premium offered by participating in private markets remains attractive; therefore, our views on Fund positioning are unchanged. The Fund has sufficient capacity to rotate between markets if the opportunity presents. The allocation to private credit has been steadily increasing and is expected to settle in the mid-20% range.

We expect the bulk of Fund returns to be generated by the income received on assets. More recently, the Fund returns have been a beneficiary of continuing market spread performance but with spreads already at cyclically tight levels we are not positioning for further tightening. The strong performance was not attributable to any specific sector but rather broad-based spread movements.

We have 131 issuers in the Fund and are continuously seeking to diversify risk. Credit spread duration is being cautiously managed and remained stable over the month. The Fund yield is below target, as we remain defensive given current market spread levels. Given the Fund's positioning it is well placed to redeploy into risk if market conditions weaken.

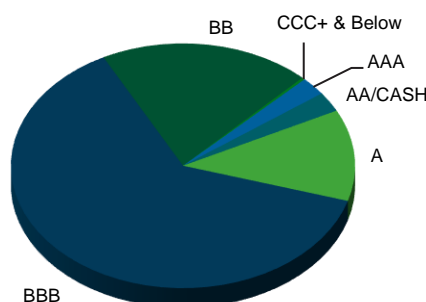
During the quarter, the Fund settled five private transactions. Three of the transactions were in real estate which is a sector that the Fund had interest to increase exposure to, given its low allocation. These included two loans secured against assets operating within the hotel sector in differing locations across Australia and New Zealand. The third real estate transaction was a residual stock loan transaction. As a reminder, the Fund does not take any development or construction risks instead focussing on senior secured lending against existing assets. The fourth private transaction was a senior secured loan to a well-known records and information provider. The final settlement was to an ABS warehouse commitment, which was targeted to rebalance the Funds asset allocation to ABS, which had reduced over time.

In public markets the Fund took advantage of spread concessions and relative value offered in the primary market. Most of the activity was centred in the bank and insurance sectors. Activity in asset backed markets was muted as the

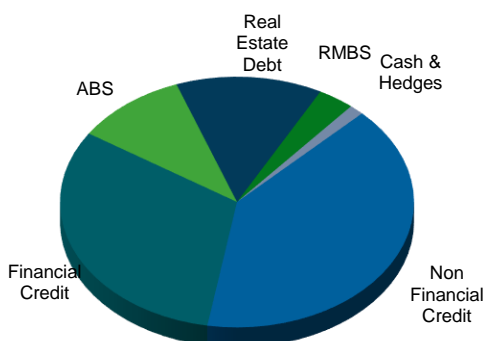
Performance Statistics

Standard Deviation (ann.)	2.1%
% of Down months	7.2%

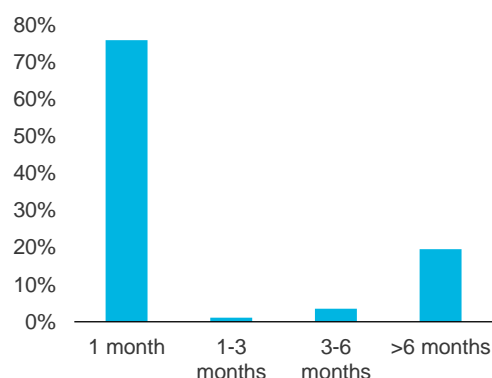
Fund Credit Quality



Fund Asset Allocation



Fund Liquidity Exposure



Fund has been maintaining exposure over the last few months.

The weighted average credit rating remains at investment grade (BBB/BBB-) with capacity to take on additional risk when the opportunity presents. When we track and measure the Fund's rating, we apply the "Moody's" WARF methodology to reflect the default risk of the portfolio. We do not apply a simple average that significantly understates the default risk of the Fund's portfolio.

The liquidity profile of the Fund is strong. Over 76% of assets can be liquidated within 30 days in normal market conditions.

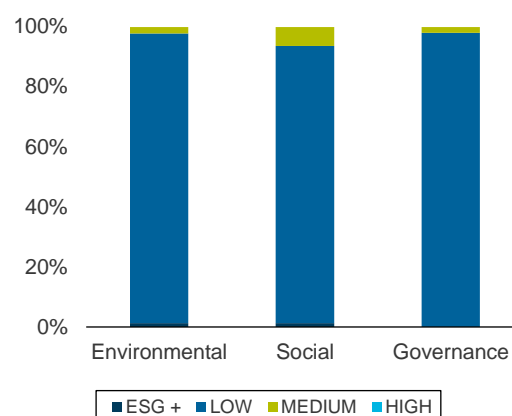
The Fund only has one position that is below the minimum BB- rating at purchase requirement down from two at the end of the last quarter. The upgraded borrower provides engineered solutions to a range of industries. It was downgraded below BB- during COVID but with earnings rebounding the exposure was upgraded by Challenger's Credit Risk Management team back to BB-. The exposure represents a 0.8% weight in the Fund.

The one name below BB- is on our watchlist (private hospital operator) and has been progressively downgraded over time. The position is marked in the low-to-mid 50s, is rated D and represents 0.3% of the Fund. Whilst the mark represents the current fair value of the position there is still the potential for revaluation higher on better recovery prospects that may occur during future periods.

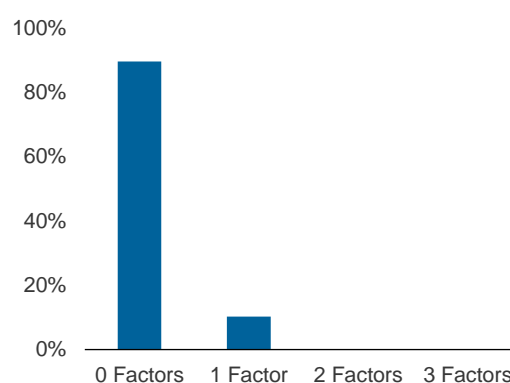
Market conditions:

See the quarterly round the grounds report for a detailed discussion on our views across sectors.

ESG Profile



ESG Risk Layering



Number of risk factors rated Medium or High*

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

Quarterly Distribution Returns History (%)

	Mar	Jun	Sep	Dec	FYTD
2025	1.73%	1.73%	1.38%		6.22%
2024	1.47%	2.22%	1.39%	1.33%	6.27%
2023	1.90%	2.10%	1.04%	1.21%	5.30%
2022	0.68%	1.59%	0.61%	0.42%	2.96%
2021	0.98%	1.00%	0.26%	0.41%	2.88%
2020				0.81%	

Source: Fidante Partners. Past distributions are no indication of future distributions. 1. Calculated as the cents per unit (CPU) distribution at quarter end divided by the ex-distribution unit price at the start of the quarter. 2. Annual distribution return (Financial -Year-to-Date) is calculated as the Total Return (after fees) minus Growth Return. Total Return (after fees) is calculated using pre-distribution quarter end withdrawal unit price, and assumes distributions are reinvested. Growth Return equals the percentage change in unit price.



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