

Challenger IM LiFITS 1 Notes

Monthly Report March 2026

ASX: CIMHA

The Challenger IM LiFITS 1 Notes (LiFITS) are unsecured, deferrable¹, redeemable, floating rate notes in the form of listed debt securities backed by a portfolio of public and private credit assets managed by Challenger Investment Management. LiFITS are issued by Challenger IM Capital Limited (the Company or Issuer).

The Interest Payment paid in March represents the full target payment to investors. As at the date of releasing this report, subsequent payments may have been announced and/or paid. Refer to the Issuer's latest announcements via ASX or at www.challengerim.com.au/funds/challenger-im-lifts-1-notes/.

Interest Payments (\$/note)²

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2026	0.50	0.54	0.50	-	-	-	-	-	-	-	-	-
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2025	-	-	-	-	-	-	-	-	-	-	1.34	0.55

Interest Payment Returns³

Interest Period	20 Feb 2026 - 19 Mar 2026
Interest Period (days)	28
Benchmark Rate: BBSW (1 month) mid ⁴ (2dp)	3.79% p.a.
Margin	2.75% p.a.
Total Interest Rate ⁵ (2dp)	6.54% p.a.

Note Details

Name	Challenger IM LiFITS 1 Notes	Target Repayment Date	4 September 2031
Issuer/Company	Challenger IM Capital Ltd	First Loss Buffer Percentage (month end) ⁶ (2dp)	7.89%
ASX Code	CIMHA	Note Face Value	\$100
ASX Last Price (month end)	\$97.45	Notes on Issue	3,500,000
Payment Frequency	Monthly	Investment Manager	Challenger Investment Partners Limited
Maturity Date	6 September 2032	Note Trustee	Equity Trustees Limited

¹ Interest deferrable (in limited circumstances) and cumulative, and redeemable by the Issuer.

² Interest payable per note is calculated in accordance with the LiFITS Prospectus. No allowance is made for tax. Past performance is not a reliable indicator of future performance.

³ Based on payments made during the named reporting month.

⁴ The Benchmark Rate is recalculated on the first day of each Interest Period.

⁵ Past performance is not a reliable indicator of future performance.

⁶ As defined and calculated per the LiFITS Prospectus.

Key Features of LiFITS 1 Notes



Backed by a diversified portfolio of public and private credit assets



Fixed term



Managed by a trusted institutional team with 20 years' experience



A limited first loss buffer for Noteholders in the event of a shortfall in income



Monthly interest of 1-month BBSW + 2.75% p.a.



Listed on ASX with daily liquidity

Platform Availability

AMP North	HUB24	Netwealth
BT Panorama	MLC Expand	Powerwrap (IDPS)
Dash	Macquarie Wrap IDPS & Super	Praemium (IDPS)
CFS Edge (IDPS)	Mason Stevens	

Ratings

BondAdviser



About Challenger Investment Management

Challenger Investment Partners Limited, or Challenger Investment Management (Challenger IM), a wholly owned subsidiary of Challenger Limited, is an alternative investment manager with a strong pedigree in global developed credit markets. The Fixed Income division currently manages assets across a global opportunity set in public and private credit markets. Since 2005, Challenger IM has invested for Challenger's balance sheet alongside clients across a range of strategies. For further information on Challenger IM and its strategies, please visit www.challengerim.com.au.

For further information, please contact Fidante:

P: 1300 721 637 | e: info@fidante.com.au | w: www.fidante.com

Important Notices

Unless otherwise specified, any information contained in this material is current as at the date of publication and has been prepared by Challenger IM Capital Limited ACN (687 738 263) (**Issuer**), a wholly owned subsidiary of Challenger Limited. Challenger Investment Partners Limited (also referred to as **Challenger Investment Management** or **CIM**) (ABN 29 092 382 842, AFSL 234 678) provides investment management and other services to the Issuer.

The Issuer does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act 2001 (Cth) (**Corporations Act**). Accordingly, to make offers to arrange for the issue of the Notes, the Issuer has appointed Fidante Partners Services Limited ABN 44 119 605 373 AFSL 320505 as its authorised intermediary to make offers to arrange for the issue of the Notes, pursuant to section 911A(2)(b) of the Corporations Act.

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Past performance is not a reliable indicator of future performance. Investments in the Notes are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group or any other person.

This information is not intended to constitute financial product advice. This information must not be distributed, delivered or otherwise disclosed to any investor. It has been prepared without taking into account any person's objectives, financial situation or needs. Investors should consider whether the information is suitable to their circumstances.

The Prospectus for the offer of the Notes and the Target Market Determination, available at www.fidante.com/challenger-im-lifts, should be obtained and read in their entirety by an investor before making a decision to acquire the Notes. No cooling off rights will apply to an investment in Notes issued pursuant to the offer. No representation or warranty, express or implied, is made as to the fairness, accuracy, adequacy, reasonableness, completeness or reliability of any statements, estimates or opinions or other information contained in this material. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (Challenger IM LiFITS 1 Notes (CIMHA) assigned August 2025 referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.

For all important information regarding BondAdviser Security Recommendations please visit www.bondadviser.com.au.

Any research house rating only represents the opinion of the research house, which is relative and subjective, on the investment merits of the product. The Issuer advises that such ratings are intended to be general advice and to be used by wholesale clients only and should never be relied on by retail clients when making a decision about investing in the Notes.

ASX Listing Rule 15.5

The Company and Issuer of LiFITS is a wholly owned subsidiary of Challenger Limited (ASX:CGF).

The Company address is 2/5 Martin Place, Sydney NSW 2000 Australia.

This document has been authorised for release by the Company's Continuous Disclosure Committee.

28 April 2026

Challenger IM Capital Limited

Note Issuer Monthly Report – March 2026

Challenger IM Capital Limited (Company) is an unlisted public company which is the issuer of the Challenger IM LiFTS 1 Notes (Notes). The portfolio of assets generating the Note returns are managed by Challenger Investment Management (Challenger IM) and are primarily held in the Challenger IM Capital Wholesale Trust 1 (WT1) (ABN 46 876 337 040), a wholesale managed investment scheme. As such, this report has been generated with reference to the assets of WT1 (unless otherwise noted). The Company is also expected to directly hold an immaterial¹ weighting of cash and other highly liquid assets.

Figures and charts contained in this report are per month end.

Monthly Commentary

Performance Update:

For the March quarter, WT1 had a return of 1.52%², exceeding the Bloomberg AusBond Bank Bill Index Benchmark return of 0.91%.

WT1 continues to generate strong income returns from recurring interest on underlying investments. Returns during the period were impacted by a widening in credit spreads.

There were no individual positions that materially impacted performance over the period.

Portfolio Positioning:

Credit markets started out of the gates strongly across all asset classes in the first month of 2026. The momentum reversed in the remaining months of the quarter due to changing risk sentiment and an increase in volatility. Private market pricing also showed a softening tone, influenced by negative headlines during the period.

We are currently seeing many opportunities in real estate senior secured loans. All of these relate to fully developed, income producing assets, as WT1 does not take on any construction risk.

Activity in domestic private corporate loan markets has slowed, with M&A activity and potential transaction exit strategies largely placed on hold. The activity levels reflect heightened market volatility; recent interest rate increases and expectations of further increases. Despite the challenging environment, refinancings and selective recapitalisations remain feasible for stronger performing businesses, albeit at wider market spreads.

Portfolio Details

Gross Asset Value (\$million) ³ (1dp)	380.0
Secured Financial Indebtedness ⁴	0.0%

Key Statistics

Number of Issuers	120
Running yield p.a. (1dp)	7.8%
Modified duration (yrs)	0.1
Portfolio Credit Spread Duration (yrs)	2.1
Average Issuer Weighting	0.7%
Weighted average traded margin (bps)	417

¹ The Company expects that on average there will be no greater than \$3m cash held within the Company, other than for a finite period leading up to each monthly interest payment on the Notes.

² Past performance is not a reliable indicator of future performance. Performance figures in prior reports have been reported on a post-tax basis. The Company now reports performance on a pre-tax basis

³ Relates to all assets held by the Company as Issuer, rather than the assets held by WT1.

⁴ As defined in the Prospectus for the Notes dated 11 August 2025.

Current private credit commitments comprise three transactions. These include a senior secured loan to a leading medical devices and equipment supplier undertaking a refinance, a senior secured loan to a borrower providing diversified manufacturing and distribution services to industrial sectors, and a commitment to a collateralised warehouse facility. One corporate transaction settled in March. The borrower is in the food products sector, specifically wheat and flour.

Public credit market relative value opportunities have started to emerge. WT1 has adopted a selective approach and has been cautious given the ongoing geopolitical risks and changing risk sentiment. Public market activity, with credit spreads in our view, yet to fully reflect the recent shift in risk sentiment. Secondary markets have widened only modestly, leading WT1 to prioritise primary market participation where issuance is expected to clear at more attractive levels. While investment grade bond issuance has slowed, asset-backed markets have priced meaningfully wider, providing selective opportunities for deployment. The portfolio positioning is in line with guidance in the Prospectus with strong diversification across issuers, sub strategies and industries. There are no major sectoral biases with room to add senior secured corporate, real estate loans and private asset backed transactions as opportunities emerge. The weighted average asset swap margin of the portfolio has benefited from the ongoing rotation into private markets. Illiquidity premiums in private markets continue to be attractive.

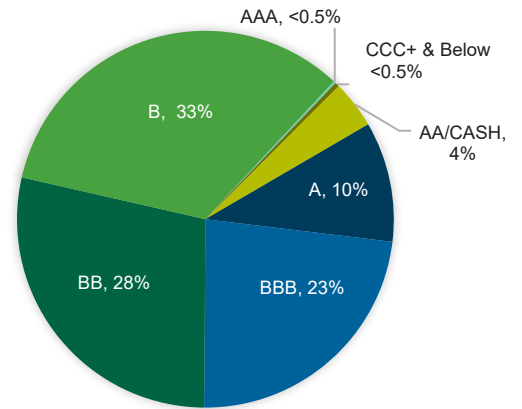
There continues to be one position on Special Mention (which is an exposure that is performing and for which we will increase our monitoring). The exposure represents a 0.5% weighting. The position is secured against established residential housing. It is internally rated BB-. This loan is adequately covered by the asset value.

WT1 has exposure to a substandard position representing 0.04% of the portfolio. There are also two exposures in default representing 0.2% of the portfolio. The Challenger Credit Risk Management team and the Valuation Committee have adopted recovery-based valuations for these positions.

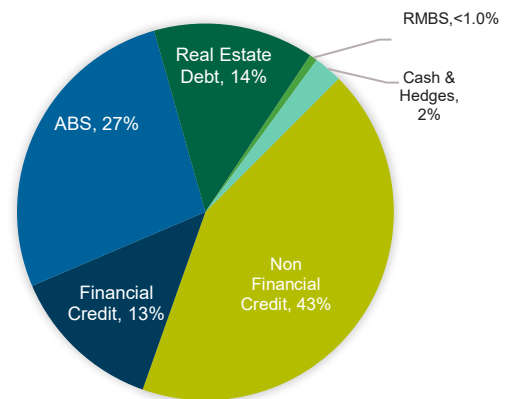
The weighted average Australian dollar denominated asset swapped margin of the portfolio is at around 4.2% p.a. currently with the yield to expected maturity at around 8% p.a. At month end 37% of Fund assets held are externally rated with the remainder rated on an equivalent basis by the Challenger Credit Risk Management team.

The Company does not currently have any secured financial indebtedness, although a facility is intended to be established shortly which will be utilised to facilitate additional investment and the future issuance of Notes.

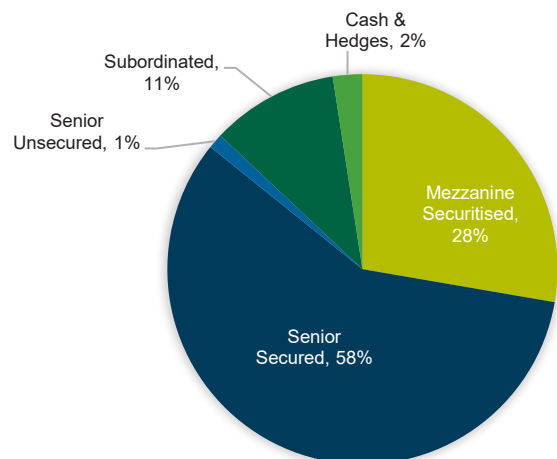
Portfolio Credit Quality *



Portfolio Asset Allocation *



Portfolio Ranking *



* Figures have been rounded to the nearest whole % (other than values rounding to below 1%) and therefore may not total 100%.

Market Conditions:

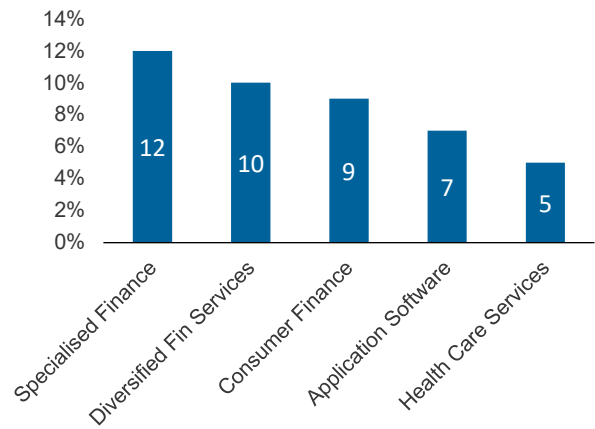
Market risk sentiment continued to deteriorate over March. There is a combination of continued geopolitical risks, fears around AI disruption and tighter financial conditions to consider. There has been a broad-based sell-off in equity markets (MSCI world down 6.5%) and credit spreads widened over the month. However, credit spreads continue to remain somewhat low versus historical “risk off” event levels. The levels of credit pricing are partly driven by optimism around near-term de-escalation of the Iran War. There was also continuing technical support coinciding with firmer secondary execution towards the end of the month, although the depth of the market bid was relatively more shallow. Of note, there were some secondary auctions in the Domestic Asset Backed markets where there was limited bid interest, highlighting investors are becoming more cautious on weaker profiles and less known issuer platforms, resulting in dispersion in market bids.

Weighing most heavily on risk sentiment was the war in Iran, which extended beyond a month, with the Strait of Hormuz (through which ~20% of the world’s oil supply flows) remaining largely shut. As a result, Brent oil prices spiked from US\$72/barrel at the end of February to US\$118/barrel at the end of March (+63%), reinforcing inflation concerns and increasing rate hike expectations for many developed economies. Notably, Australia appears to be more aggressive and currently pricing in circa three rate hikes by year end, after hiking +25bps in March. This resulted in a flattening of yield curves, which were briefly inverted in some markets.

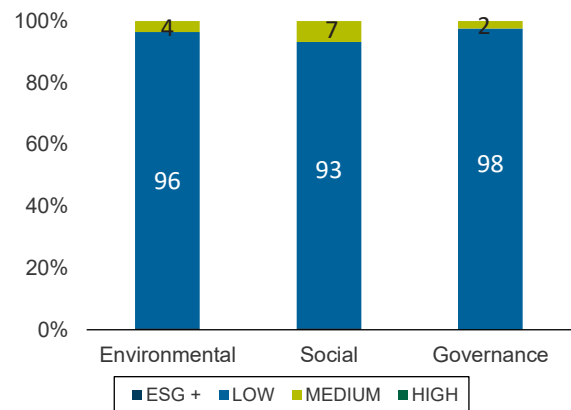
While oil prices ended the month materially higher, we note that current levels are still below what was reached during the start of the Russia/Ukraine conflict, which peaked at US\$128/barrel when oil flow wasn’t as significantly disrupted. As a reminder, Russia was able to re-route the majority of their shipments to Asia. This is partly attributed to the rising popularity of the TACO (“Trump Always Chickens Out”) trade, and optimism around a near term de-escalation of the Iran War, despite no guarantees that the Strait would be reopened even if the U.S. were to exit the conflict.

This could result in heightened near term volatility as countries begin to draw down on current energy reserves. In fact, it was TACO Tuesday on the 7th of April when President Trump posted that “a whole civilisation will die tonight”, only for the S&P500 and high yield credit markets to close broadly unchanged. Market participants were vindicated as the next day the United States and Iran agreed to a two-week ceasefire, during which the Strait would be reopened with free passage in coordination with Iran’s armed forces. Oil prices subsequently plummeted from US\$109/barrel to US\$93/barrel, equity markets rallied, and credit spreads tightened, with S&P500 index up +2.5% and US high-yield credit default swap index tightening by 19bps on the day.

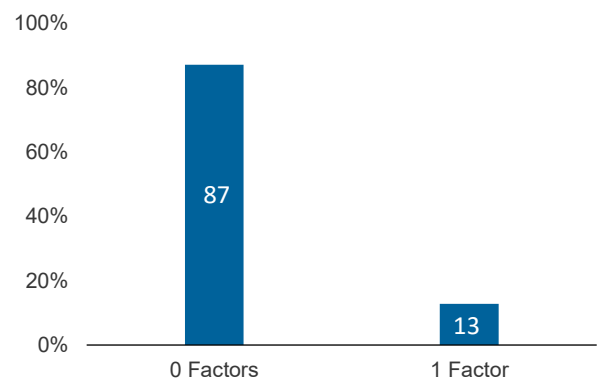
Top 5 Industry Exposures*



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 Medium.

* Figures have been rounded to the nearest whole % (other than values rounding to below 1%) and therefore may not total 100%.

Meanwhile, concerns around private credit continue to float around in the background with continued redemption requests from business development companies, where Blue Owl enforced redemption gates of 5%, while receiving redemption requests of greater than 20% from their Blue Owl Capital Inc.'s flagship fund and more than 40% from their tech focused fund. While fears continue to be present around AI disrupting the viability of various SaaS business models, performance of software loans improved over the month, with JP Morgan reporting month to date performance of technology loans of +1.6% to 27 March, vs +0.7% for the loan index, although still underperforming significantly year to date with -4.3% vs -0.3% for the index. However, the relative outperformance during the month suggests that some "throwing the baby out with the bath water" may have taken place, providing investors an opportunity to purchase less AI-exposed software loans at a discount.

While markets have experienced some temporary relief following the ceasefire, risks remain elevated. Volatility could re-emerge should hostilities resume, inflation pressures persist, or central banks maintain a more restrictive policy stance. In this environment, spreads may face renewed widening pressure, underscoring the importance of disciplined risk and liquidity management.

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