

Challenger IM LiFTS 1 Notes

Monthly Report April 2026

ASX: CIMHA

The Challenger IM LiFTS 1 Notes (LiFTS) 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. LiFTS are issued by Challenger IM Capital Limited (the Company or Issuer).

The Interest Payment paid in April 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	0.58	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	1.34	0.55

Interest Payment Returns³

Interest Period	20 Mar 2026 - 19 Apr 2026
Interest Period (days)	31
Benchmark Rate: BBSW (1 month) mid ⁴ (2dp)	4.06% p.a.
Margin	2.75% p.a.
Total Interest Rate ⁵ (2dp)	6.81% p.a.

Note Details

Name	Challenger IM LiFTS 1 Notes	Target Repayment Date	4 September 2031
Issuer/Company	Challenger IM Capital Ltd	First Loss Buffer Percentage (month end) ⁶ (2dp)	7.92%
ASX Code	CIMHA	Note Face Value	\$100
ASX Last Price (month end)	\$99.40	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 LiFTS 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 LiFTS 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

Issuer Name	Challenger IM Capital Limited
Security Name	Challenger IM LiFITS 1 Notes
Security Recommendation	Subscribe
Security Risk	Upper Medium



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 LiFTS 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 LiFTS 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.

25 May 2026

Challenger IM Capital Limited

Note Issuer Monthly Report – April 2026

Challenger IM Capital Limited (Company) is an unlisted public company which is the issuer of the Challenger IM LiFITS 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:

In April, WT1 had a return of 1.06%, exceeding the Bloomberg AusBond Bank Bill Index Benchmark return by 0.72%.

Over the last 6 months, WT1 has returned 3.93% outpacing the 1.87% return on the Bloomberg AusBond Bank Bill Index.

WT1 continues to generate strong income returns from recurring interest on underlying investments. Credit spread tightening in all markets contributed to the total return for the period offsetting negative contributions from recent months.

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

Portfolio Positioning:

Risk sentiment in credit markets rebounded throughout April, with credit spreads tightening following the widening observed in March. Securitised market spreads have somewhat lagged this recovery, with spreads remaining relatively softer. The recovery in risk appetite was most evident in the strong demand seen across primary markets. Credit spread levels remain above the tightest levels reached earlier in the year. Markets have shown a willingness to retrace, although Challenger IM is cautious about participating amid ongoing geopolitical and inflation uncertainty.

Activity in domestic private credit remains mixed across asset-backed and corporate lending. WT1 is currently committed to five transactions, including a senior secured loan to a borrower providing diversified manufacturing and distribution services to industrial sectors, a senior secured loan to a provider of education resources, and commitments to three collateralised warehouse facilities.

Portfolio Details

Gross Asset Value (\$million) ³ (1dp)	380.1
Secured Financial Indebtedness ⁴	0.0%

Key Statistics

Number of Issuers	123
Running yield p.a. %	7.6
Modified duration (yrs)	0.1
Portfolio Credit Spread Duration (yrs)	2.0
Average Issuer Weighting	0.8%
Weighted average traded margin (bps)	369

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 are reported 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.

The new deal flow in domestic private corporate loan markets has been slower, 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. The changing market risk sentiment and tightening of credit spreads in April has led to recent additional borrowing inquiries. The potential pipeline of new real estate opportunities remain quite strong. There have been no commitments to these transactions during the month as due diligence is ongoing, and rejection rates are typically high.

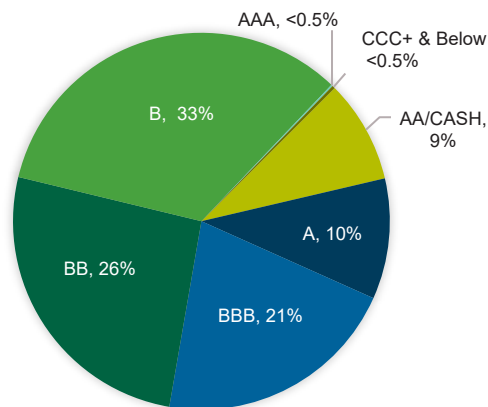
The illiquidity premiums in private markets remain attractive. As spreads stabilise, this should enable a more proactive rotation strategy to capture the illiquidity premium. Given the potential for further credit spread volatility and widening our focus was within public markets over the month.

Public market activity was focused on primary relative value opportunities. Activity centred on securitised markets, alongside selective participation in investment grade issuance. While WT1 took advantage of the relatively softer tone in securitised spreads, post-issuance performance was subdued across both asset classes. Positioning remained disciplined, with allocations concentrated in higher-conviction exposures where we feel more confident in the underlying credit fundamentals and the ability to hold through volatile periods.

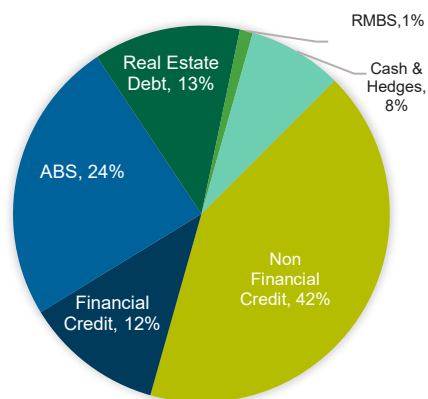
There continues to be one position on Special Mention (which is an exposure that is performing and for which we will increase our monitoring). The exposure represents a 0.4% weighting. The position is secured against established residential housing. It is internally rated BB-. This loan is adequately covered by the asset value with an LVR below 70%. WT1 has exposure to a substandard position representing 0.03% of the portfolio. There are also two exposures in default representing 0.1% of the portfolio. The Challenger Credit Risk Management Team and the Valuation Committee adopt recovery-based valuations for these positions and account for observed secondary market trading activity when it is available. The weighted average asset-swapped margin of the portfolio is at around 3.7% p.a. currently with the yield to expected maturity at around 7.3% p.a. This has fallen from March due to repayments, a redemption of units in the Multi Sector Private Lending Fund and market spread compression. We anticipate, post immediate pipeline settlements, the weighted average swap margin will be 4.0% p.a., equivalent to a yield to maturity of 7.6% p.a. At month end, 30% of Fund assets held are externally rated with the remainder rated on a like-for-like basis by the Challenger Credit Risk Management team.

There is currently no Secured Financial Indebtedness, although a loan facility was established in April which is intended to be used for the first time in May to facilitate additional investment and the future issuance of Notes. The Secured Financial Indebtedness is expected to appear in future monthly reports from May onwards.

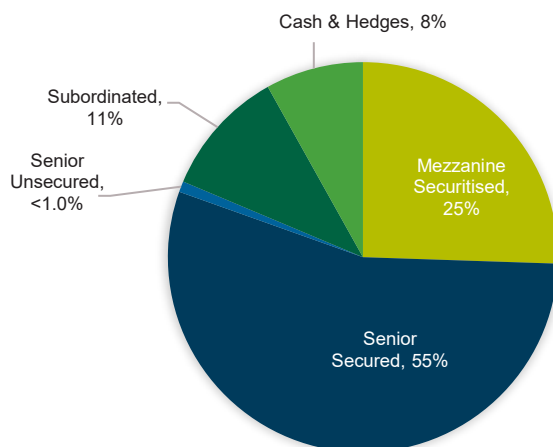
Portfolio Credit Quality *



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:

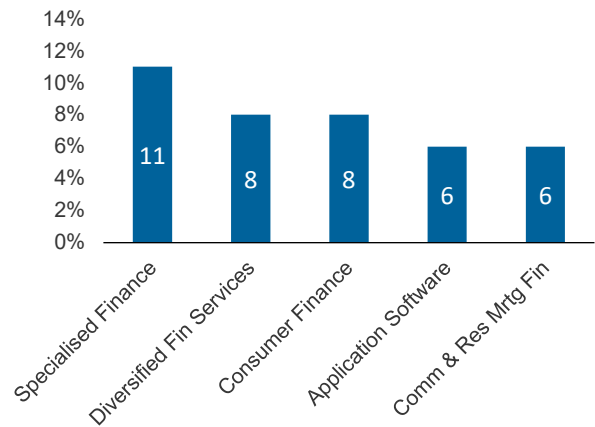
Market risk sentiment improved but remained fragile throughout April and continued to be dominated by developments in the Iran conflict, and its impacts on the global economy. With the announcement of a ceasefire in early April, equity markets rallied with the S&P 500 closing the month at an all-time high of ~7200, a 10% increase vs. the prior month. There was a similar story in credit markets with credit spreads tightening to pre-Iran-war levels. However, investor confidence remains fragile as negotiations stalled, increasing uncertainty around the reopening of the Strait of Hormuz, resulting in credit spreads nudging slightly higher towards the end of the month.

Oil prices were volatile over the period, dropping from a peak of US\$112/barrel to a trough of US\$84/barrel following the ceasefire announcement. Oil prices ended the month at US\$105/barrel as negotiations stalled, and US blockades choked off toll income to Iran such that supply remained constrained. According to the IEA April 2026 oil market report, shipments of crude, natural gas liquids and refined products averaged ~3.8 million barrels / day (mb/d) in early April, compared with more than 20 mb/d in February prior to the conflict. Markets are currently viewing this as a near term demand / supply imbalance, rather than a long-term structural supply issue with oil currently trading in backwardation (cheaper prices in the future compared with today) with Apr 27 contracts trading at ~US\$75/barrel. This view of the eventual normalisation of supply, combined with stronger than expected earnings growth (especially for the technology sector), is factoring into equity markets and driving them higher.

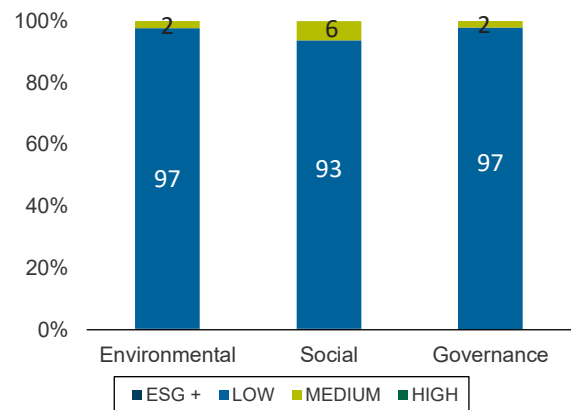
Credit markets rallied in April, with credit spreads tightening to pre-war levels. While the Strait of Hormuz is still shut and there is currently no resolution, the technical backdrop has meant that there is a strong demand for assets driving spreads tighter. For example, European securitised markets saw mezzanine tranches multiple times oversubscribed, while some deals in CLO markets saw tranches taken subject shortly post announcement. However, dispersion persists with deals with lower quality collateral taking longer to syndicate. Domestically, Australian securitised markets are currently lagging the rally with senior AAA RMBS spreads about midway between the year-to-date range, suggesting there is still room to run if market conditions remain stable.

Even if there was to be a near-term resolution to the conflict, oil prices are expected to be higher than prior to the start of the conflict given there has likely been some damage to oil assets and work will be required to get the oil flowing again. Additionally, there could also be an impact on food prices in the future due to increasing cost of food production (fuel transportation, fertiliser, etc), which may put further pressure on consumers. As a result, inflation concerns persisted in April with most developed economy central banks remaining on hold during the month with a hawkish tilt, with the exception of the RBA which is expected to hike rates at least two more times by year end after hiking in March due to the country running above target inflation even prior to the supply shock to oil (headline inflation of 4.1% vs. 2-3% target).

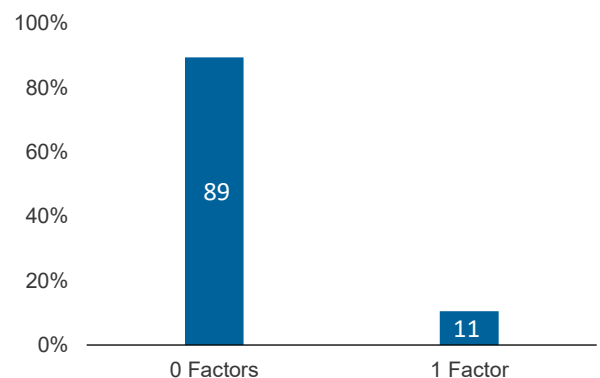
Top 5 Industry Exposures*



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%.

In private credit markets, there continues to be increasing scrutiny in the space where the Fed asked major US banks for details around their exposure to private credit due to the recent surge in redemptions and rise in troubled loans, to assess potential for spillover effects to the wider financial system. While exposures are relatively low (Wells Fargo has the highest exposure to private credit, including non-bank financial loans (NBFIL) at 19% of their loan book), specifically, exposure to Business Development Companies (BDCs) were less than 1% of their total loan book. While relatively contained, increasing scrutiny could result in banks tightening their lending to private credit, e.g. JPM has already been marking down the value of loans (particularly software) in March. This could result in increased issuance of private credit CLOs, as private credit managers look to securitisation as an alternative to bank leverage.

In summary, April saw markets rally driven by some easing in geopolitical stress as well as strong technical support. However, risks persist and remain sensitive to headlines and policy signals, highlighting a need to exercise discipline when it comes to credit selection.

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.

Portfolio Team Change:

Following Pete Robinson's recent departure from the business (announced in our February report), we are pleased to announce the following appointments which took effect on 1 May 2026.

Stephen Martin has been appointed the Head of Multi Sector Credit, reporting to Victor Rodriguez, the Executive General Manager of Group Asset Management. Additionally, David Bothof has been promoted to Head of Portfolio Management, reporting to Stephen Martin. The Head of ABS function will be replaced by two roles; Chris Whitcombe as Head of European & US ABS and the Head of ABS (ANZ) position which we are currently recruiting for.

LIFTS is supported by a deep, experienced leadership and portfolio management team of over 40 people and the broader resources of Challenger.

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