

Challenger IM Credit Income Fund – Class A

ARSN 620 882 055 APIR HOW8013AU

Monthly Report August 2026

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	0.51	1.79	2.97	1.20	6.41	7.44	6.37	6.34
Bloomberg Bank Bill Index	0.38	1.15	2.16	0.75	3.99	4.21	3.26	2.76
Active return	0.13	0.65	0.81	0.44	2.41	3.23	3.10	3.58

Data Source: Fidante Partners Limited, 31 August 2026.

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.

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	\$1,040.7 mil
Buy/Sell Spread	+0.18/-0.18%
Distribution Frequency	Quarterly
Redemption Terms	Monthly with 10% Fund level gate

Key Statistics

Number of Issuers	136
Running yield (%) p.a.	6.2
Modified duration (yrs)	0.06
Average Rating	BBB/BBB-
Portfolio Credit Spread Duration (yrs)	3.0
Non-AUD Denominated	14%
Private Credit Allocation	20%

Monthly Commentary

Performance Update:

The Fund returned 0.51% in the month of August. The total contribution represented an excess return of 0.13% over the Benchmark and 0.10% over the Bloomberg AusBond Credit FRN index.

Over the last 12 months, the Fund has returned 6.41% outpacing the 4.83% return on the Bloomberg Ausbond Credit FRN index, exceeding our goal of outperforming daily liquid credit by 1-2% per annum.

Income generation was the main driver of return for the month at 0.54%. Credit spreads were marginally weaker detracting 0.05% from the return. Since inception the income effect has contributed 88% of the Fund's return.

Fund Positioning:

Public positioning benefited from strong investor demand for credit assets amid resilient risk sentiment over the month. Issuance activity increased towards month end. Demand remained sufficient to absorb supply, with many transactions heavily oversubscribed and secondary market valuations remaining well supported. Offshore credit markets experienced a seasonal slowdown through August, although market participants expect issuance activity to accelerate following the northern hemisphere summer period.

Given increasingly compressed spreads across many public markets, portfolio activity has remained focused on security selection, primary market participation and relative value opportunities rather than increasing overall portfolio risk. The Fund remains cautious on credit valuations but continues to identify compelling opportunities through credit selection.

Spread duration at three years is at the lower end of the Fund's typical range. This reflects a cautious approach to managing credit risk while preserving flexibility to increase exposure should more attractive valuations emerge. The Fund remains well positioned to redeploy capital during periods of market volatility or increased primary market issuance.

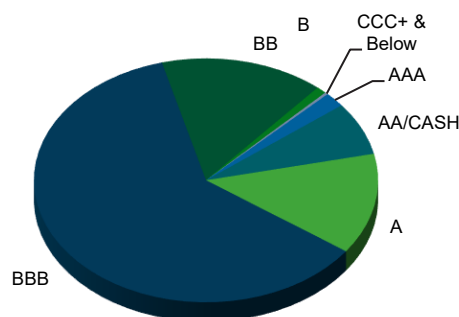
The Fund maintains a strong liquidity profile with over 74% of assets able to be liquidated or rotated within 30 days under normal market conditions.

The current weighting to private assets is at 20%. During the month, the team continued to advance a pipeline of opportunities across commercial real estate and corporate lending, including completed residual stock lending and opportunities in the healthcare, insurance broking and engineering services sectors.

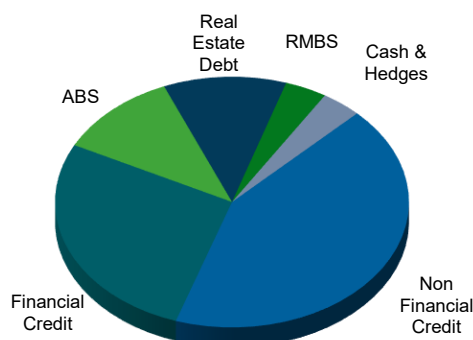
Performance Statistics

Standard Deviation (ann.)	2.0%
% of Down months	7.4%

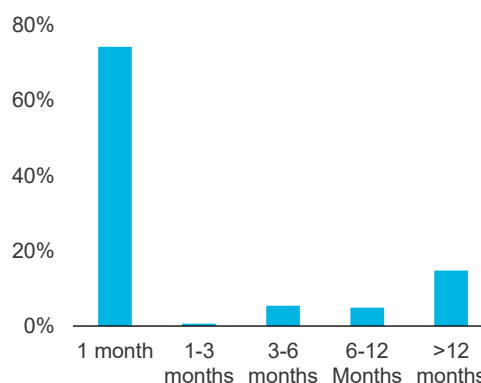
Fund Credit Quality



Fund Asset Allocation



Fund Liquidity Exposure



The Fund expects private market allocations to increase over time towards strategic targets as illiquidity premiums remain attractive. A key focus remains identifying opportunities that provide genuine diversification benefits while enhancing portfolio income. The committed pipeline at month end included opportunities in both the commercial real estate and healthcare sectors. The public and private allocations within the Funds focus on lending secured against completed commercial real estate assets and corporate assets that exhibit both cash flow generation, debt servicing capacity and underlying asset value. Should these transactions proceed, the Fund's yield to maturity is expected to increase by approximately 0.15% to 6.7%, while the allocation to private assets would rise by around 3%.

The portfolio remains fully invested and diversified across 136 issuers, with concentration risk actively managed through ongoing portfolio monitoring and position sizing.

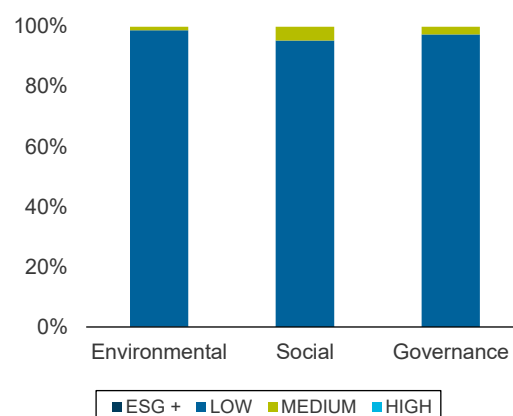
One real estate exposure with a weighting of 0.7% remains on special mention (defined as a performing asset requiring increased monitoring). The position is first-ranking and secured against established residential housing. A sponsor-related dispute unrelated to the underlying asset has now been resolved. However, valuation outcomes and asset performance have remained below initial expectations. The exposure is internally rated BB-, with asset coverage supported by an LVR of approximately 60%.

There remains one watchlist position in the portfolio. The investment relates to a private hospital operator that has experienced a series of credit downgrades over time. The position is internally rated D and represents approximately 0.3% of Fund assets. There has been no material change in valuation during the month. The position was revalued higher in March following an improvement in expected recovery timing, with the workout process continuing. Valuation outcomes will continue to be assessed as further information becomes available.

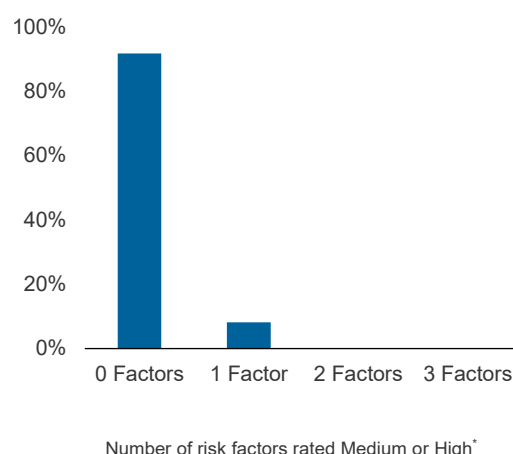
Market conditions:

Sentiment improved and risk assets performed in August despite persistent geopolitical uncertainty and a further repricing of interest-rate expectations. This has been driven by strong corporate earnings growth in the United States. There were ongoing tensions between the US and Iran and renewed military activity late in the month, suggesting markets are becoming less sensitive to geopolitical headlines as the war drags on.

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 M

Central-bank policy remained a major focus. The Federal Reserve retained its policy rate, while Fed Chair Kevin Warsh used the Jackson Hole symposium to reiterate that inflation remained above target and that price stability should remain the Federal Reserve's predominant focus. Markets interpreted the speech as relatively hawkish, with the implied probability of a September rate hike rising from below 35% to above 60%.

While the RBA left cash rates unchanged at 4.35%, Australian interest rates experienced a more material adjustment. The Australian two-year and ten-year government bond yields both rose by 17 bps to 4.69% and 5.09% respectively. Although headline inflation moderated, underlying inflation remained elevated, particularly across domestically driven services categories. Combined with relatively firm household spending, this increased expectations that the Reserve Bank of Australia may need to tighten policy further.

Improving risk appetite was also evident in credit markets, particularly in riskier parts of the credit spectrum. For example, US non-financial corporate spreads tightened modestly by 3bps compared to US high yield, US CCC & lower high yield and leveraged loan spreads which tightened 23bps, 17bps and 16bps respectively. Within leveraged loans, software outperformed with the Bloomberg Leveraged Loan Technology Index returning 2.1% vs 1.0% for the broader index, reversing some of the losses seen during the onset of "SaaSocalypse" earlier in the year, although still lagging YTD at +0.4% vs +3.1% for the broader index. However, risks persist in this space, particularly with the looming maturity wall in 2028, where software companies with revenue streams eroded by AI may face heightened refinancing risk.

Growing investor selectivity was also evident within private credit markets in Australia with the collapse of Bathla Group, one of the largest property developers in New South Wales who went into voluntary administration on the 25th of August, weighed down by around \$3.3bn in debt, and as the industry faced headwinds from a softer property market and rising construction costs. A significant portion of this debt was financed by the private credit market, where PAG, CVS Lane Capital Partners and Centuria Bass collectively lent more than \$1bn. The collapse led to CVS (who had exposure to nine Bathla loans) suspending redemptions across two funds. While MA Financial confirmed they had zero direct exposure to Bathla, they also announced they would be capping redemptions from their MA Secured Real Estate Income Fund at 1% of AUM per month, stating that it was a proactive measure to potential increases in redemption activity, highlighting fears of contagion risk within private credit markets.

While risk sentiment improved during August, there are growing indications that investors are becoming more discriminating in where they allocate capital. Credit markets continue to absorb substantial issuance volumes and spreads remain well supported, however signs of increasing selectivity and dispersion in performance have emerged across credit markets.

	Mar	Jun	Sep	Dec	FYTD
2026	1.69%	2.43%			7.18
2025	1.52%	1.73%	1.38%	1.43%	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	0.00%	0.00%	0.00%	0.81%	0.00%

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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