

Challenger IM Multi-Sector Private Lending Fund

A high income, diversifying, multi-sector investment opportunity

A unique offering

The Challenger IM Multi-Sector Private Lending Fund is a floating rate, multi-sector credit strategy which invests across Australian and New Zealand private securitised, corporate and real estate lending.

Why a Multi-Sector Private Debt approach?

- Broad opportunity set providing flexibility to invest in most attractive sectors
- Returns adjusted for leverage compare favourably to offshore markets
- Short credit duration
- Ability to take advantage of illiquidity premia

Who is the Fund suitable for?

The Fund is best suited to sophisticated investors who:

- seek an attractive, risk-adjusted return
- are prepared to invest in primarily non-investment grade private market securities
- are willing to trade off / forego some liquidity in exchange for the potential of increased returns

Fund facts

Investment return objective	Bloomberg AusBond Bank bill Index + 5% after fees
Liquidity	Quarterly with a 90 day wait period and on a best-efforts basis
Distribution frequency	Quarterly
Recommended investment horizon	3-5 years +
Fees (Class P)	0.75% p.a. (inclusive of GST and net of RITCs) on drawn capital
Minimum initial investment (Class P)	\$100,000
Loan origination discounts	Discounts realised at origination are incorporated in Fund property and contribute to the Fund's returns

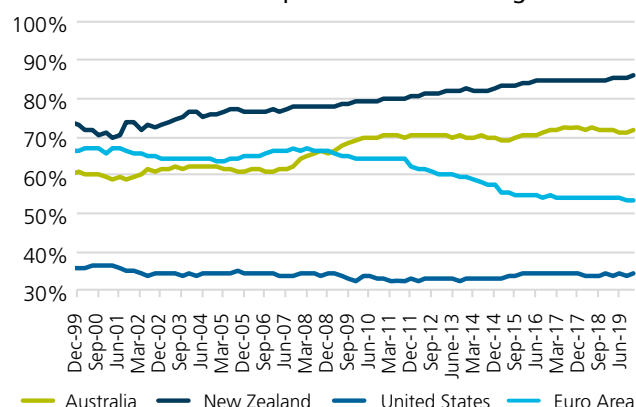
Why invest



Growing opportunity set

Regulatory pressure on banks has created a sustainable and growing investment opportunity. This is enhanced by the limited competition in this asset class. The bank dominated Australian lending market provides well structured, tight standards relative to offshore.

Bank share of private sector lending



Experienced and stable team

One of the longest track records in Australian private lending going back to 2005

- Over 20 investment professionals with average industry experience of 16 years and tenure of eight years
- Exceptional access to corporate, securitised and real estate markets.



Strong governance

Challenger IM clients benefit from a robust governance framework including an independent credit risk management team within the Challenger Group. Investments are marked-to-market monthly with reference to public market credit spreads ensuring NAV reflects market conditions.

Key mitigants to risk

Investment Process

The investment process is based on thorough due diligence, including:

- an initial screening with consideration of long-term macroeconomic themes
- a relative value assessment
- sectoral reviews, quantitative analysis and an evaluation of ESG risk factors
- consideration of the current asset allocation and mix of assets within the portfolio
- a robust credit risk assessment process for final approval

Risk Management

The strategy aims to reduce market risk by maintaining short spread duration and low cross-sector correlation. Its focus on floating rate loans reduces exposure to interest rates and broader equity markets.

The team identifies complexity risks which provide income and minimise more volatile currency and interest rate risks and avoids risk it cannot consistently exploit to generate excess returns.

Challenger Investment Management

Challenger IM is a predominantly institutional investment manager focused on accessing investment opportunities across a broad spectrum of fixed income credit markets.

The team believes that high income, diversifying and defensive portfolios can be constructed by taking a multi-strategy approach to credit investing across both public and private markets. By having a broad mandate, incorporating both public and private sector credit as well as multiple underlying strategies, the team seeks to identify and exploit pricing inefficiencies across credit, liquidity and complexity risks.

The team looks to dampen volatility by seeking to avoid interest rate and currency risks and aims to keep spread duration relatively short, particularly for less liquid strategies.

The Fund is available to wholesale clients (as defined in the Corporations Act 2001) only.

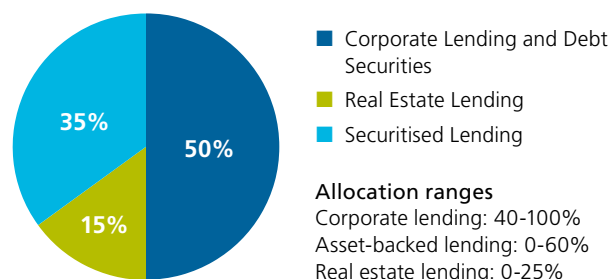
Disclaimer

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ESG

Private markets provide a significant opportunity for ESG engagement. The Challenger IM team ensures investors are compensated for ESG risk. The manager regards this risk as inherently linked to the sustainability of businesses to which it lends. Through active engagement with issuers, the team ensures structures align economic interests and incentivise deleveraging.

Indicative Asset Allocation



Source: Challenger Investment Management

Contact

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