

Challenger IM Credit Income Fund – Class A

ARSN 620 882 055 APIR HOW8013AU

Monthly Report April 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	0.75	0.99	2.69	5.71	7.51	7.60	6.14	6.30
Bloomberg Bank Bill Index	0.34	0.95	1.87	3.11	3.79	4.15	2.96	2.66
Active return	0.41	0.04	0.82	2.60	3.72	3.45	3.18	3.65

Data Source: Fidante Partners Limited, 30 April 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	\$1,033.3 mil
Buy/Sell Spread	+0.18/-0.18%
Distribution Frequency	Quarterly
Redemption Terms	Monthly with 10% Fund level gate

Key Statistics

Number of Issuers	130
Running yield (%) p.a.	6.0
Modified duration (yrs)	0.10
Average Rating	BBB/BBB-
Portfolio Credit Spread Duration (yrs)	3.0
Non-AUD Denominated	16%
Private Credit Allocation	19%

Monthly Commentary

Performance Update:

The Fund returned 0.75% during April. The total contribution represented an excess return of 0.41% over the Benchmark and 0.28% over the Bloomberg AusBond Credit FRN Index. Fund returns for the month benefitted from a rebound in market risk sentiment and tightening of credit spreads.

Over the last 12 months the Fund has returned 7.51% outpacing the 4.98% 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 returns for the month at 0.51%. Credit spread tightening in markets added an additional 0.25% to the total return for the period offsetting a negative contribution in recent months.

Fund Positioning:

Risk sentiment in credit markets rebounded throughout April, with credit spreads tightening following the widening observed in March. Securitised market spreads have lagged this recovery somewhat, 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 tights reached earlier in the year. Markets have shown a willingness to retrace, although the Fund is continuing with its cautious positioning amid ongoing geopolitical and inflation uncertainty.

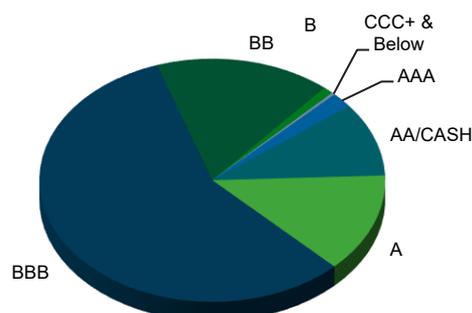
The Fund's post-pipeline allocation to private credit is expected to increase to approximately 21%. In light of potential softness in credit markets driven by headline risk and the relative repricing in public markets, we expect to rebalance private credit exposure toward the lower end of our 25–30% target range. Should spreads widen further, this would support a more proactive rotation back toward the upper end of the range. While illiquidity premiums in private markets remain attractive, the Fund is adopting a more selective approach to new opportunities, prioritising transactions where the illiquidity premium is compelling and exposures provide genuine diversification benefits.

Public market activity was focused on primary relative value opportunities. Activities were focused on securitised markets, alongside selective participation in investment grade issuance. While the Fund 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.

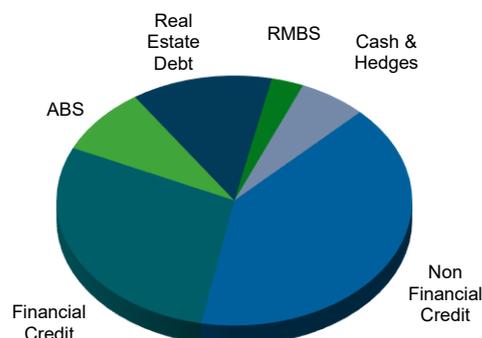
Performance Statistics

Standard Deviation (ann.)	2.0%
% of Down months	7.7%

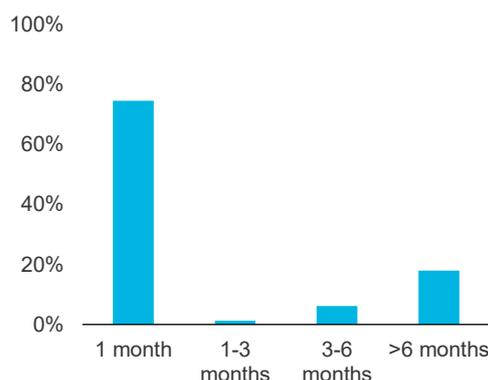
Fund Credit Quality



Fund Asset Allocation



Fund Liquidity Exposure



The Fund also took advantage of the improved risk appetite to reduce high yield exposures, exiting an asset backed and a financial position, at or above marked levels. This has positioned the portfolio more defensively while increasing capacity to redeploy into higher beta exposures more opportunistically in a more attractive spread environment.

The portfolio remains well diversified, with approximately 130 issuers, and we continue to actively manage concentration risk. Credit spread duration is being managed cautiously; but we will extend spread duration for attractive new positions. Any impact here has been broadly offset by the natural roll down of the portfolio. The Fund's yield remains below target, and we retain a defensive stance given current spread levels. However, the portfolio remains well positioned to redeploy into risk during periods of increased market volatility.

The Fund maintains a strong liquidity profile, with over 75% of assets able to be liquidated within 30 days under normal market conditions.

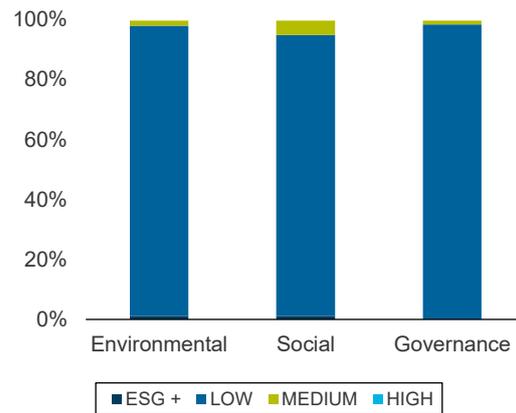
The real estate exposure with a weighting of 0.9% remains on special mention (defined as a performing asset requiring increased monitoring). The position is first ranking and secured against established residential housing. A sponsor related dispute unrelated to the underlying asset has now been resolved. However, valuation weakness and performance have not tracked in line with base case expectations. The exposure is internally rated BB-, with asset coverage reflected in an LVR of approximately 69%.

There is one other position on our watchlist. A private hospital operator, which has been subject to a series of downgrades over time. The position is rated D and represents a 0.3% weighting in the Fund. There has been no further change to pricing. It was revised upward from the high-50s to the low-60s in March due to improved timing of recoveries. The workout process remains ongoing, and the valuation of the position continues to evolve as additional information becomes available.

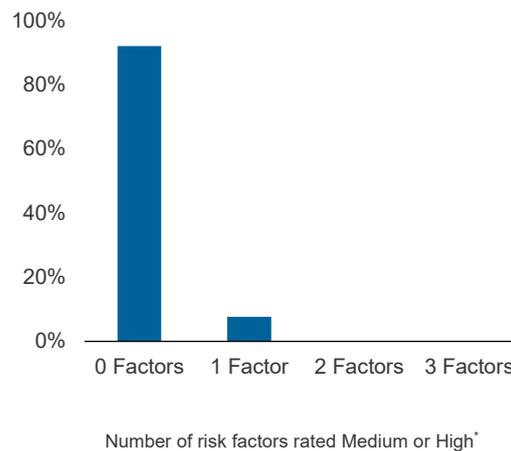
Market conditions:

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 announcements 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, resulting in credit spreads nudging slightly higher towards the end of the month.

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

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), could be what's been driving equity markets higher.

Credit rallied in April, with credit spreads tightening to pre-war levels. While the strait 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 mezz tranches multiple times oversubscribed, while some deals in CLO markets saw tranches taken subject shortly post-announcement. However, dispersion continues to persist 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 down the line 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).

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 (NBF) at 19% of their loan book), specifically, exposure to BDCs was 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.

	Mar	Jun	Sep	Dec	FYTD
2026	1.69%				
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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