Challenger IM Credit Income Fund – Class A

ARSN 620 882 055 APIR HOW8013AU

Monthly Report September 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	0.29	1.49	3.36	1.49	5.98	7.32	6.36	6.30
Bloomberg Bank Bill Index	0.36	1.11	2.20	1.11	4.06	4.21	3.34	2.78
Active return	-0.06	0.38	1.16	0.38	1.92	3.10	3.02	3.52

Data Source: Fidante Partners Limited, 30 September 2026.
[1] Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.
[2]The 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	$1,052.8 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.	6.3
Modified duration (yrs)	0.06
Average Rating	BBB/BBB-
Portfolio Credit Spread Duration (yrs)	2.9
Non-AUD Denominated	14%
Private Credit Allocation	22%

Monthly Commentary

Performance Update:

The Fund returned 1.49% in the September quarter. The total contribution represented an excess return of 0.38% over the Benchmark and 0.30% over the Bloomberg AusBond Credit FRN index. Fund performance during the month was partly offset by revaluations within the private asset portfolio. The asset income contributed the majority of the total portfolios return during the quarter. At quarter end the running yield of the Fund was 6.3% p.a.

Fund Positioning:

Credit markets were mixed over the month, with domestic credit spreads broadly unchanged while offshore markets experienced greater differentiation across regions and sectors. Investor attention increasingly shifted towards relative value and issuer quality, with market outcomes becoming more varied across geographies and asset classes.

Against this backdrop, the Fund maintained a disciplined approach to deployment and remained patient where prospective returns did not adequately compensate for risk. The Fund's liquidity profile and portfolio positioning leave it well placed to deploy capital should more attractive opportunities emerge.

Illiquidity premiums remain attractive in private markets. The Fund has continued to rotate toward private credit. Competition for higher-quality opportunities remains strong; however, private markets continue to provide opportunities to capture incremental return and enhanced lender protections relative to comparable public market investments. The Fund remains focused on opportunities where risk-adjusted returns and diversification benefits are compelling.

The Fund maintains flexibility to extend duration, participate opportunistically in public markets during periods of market dislocation and access offshore opportunities where relative value exists.

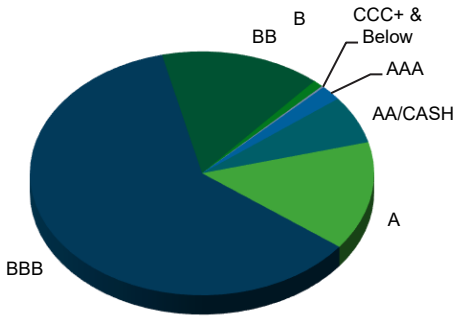
Selective participation in secondary market opportunities across public credit continued where pricing was considered attractive. At the same time, liquidity levels remained elevated, reflecting a willingness to wait for more compelling entry points. Securitised markets remained a key area of focus during the month, with issuance volumes staying elevated across the asset class. This continued supply has created pressure on pricing.

We have 136 issuers in the Fund and are continuously seeking to diversify risk. Credit spread duration is being cautiously managed. While investment opportunities remain available, the Fund continues to prioritise disciplined deployment and selective risk taking. Given the Fund's positioning, it remains well placed to redeploy capital across both public and private credit markets should market conditions become more favourable.

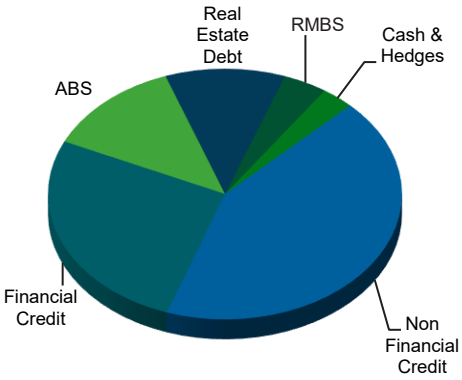
Performance Statistics

Standard Deviation (ann.)	2.0%
% of Down months	7.3%

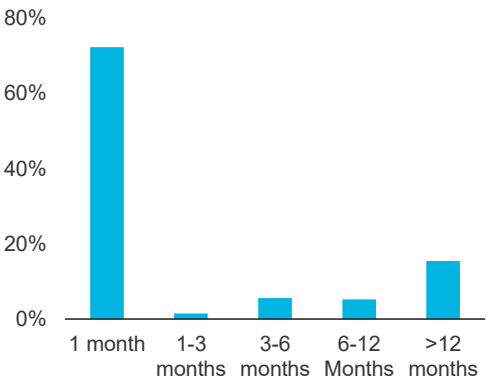
Fund Credit Quality



Fund Asset Allocation



Fund Liquidity Exposure



The liquidity profile of the Fund is strong. Over 72% of assets can be liquidated within 30 days under normal market conditions.

One real estate position with a weighting of 0.7% is still on special mention (an asset classified as performing and needing increased monitoring). The position is first ranking and secured against established residential housing. The special mention reflects the Group Credit opinion on the collateral mix and potential for equity support. It is internally rated BB-. This loan is adequately covered by the asset value with an LVR of 60%.

There is one other position on our watchlist. A private hospital operator, which has been subject to a series of downgrades and revaluations over time. The position is rated D and represents a 0.2% weighting in the Fund. Recoveries are expected to be received this financial year. The workout process is expected to be resolved by year end post an acquisition of the business and operating hospitals.

Market conditions:

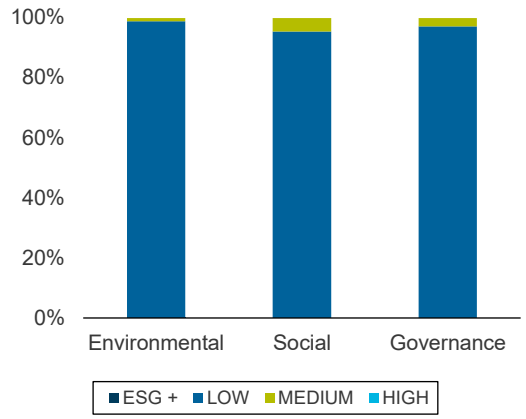
September was a challenging month for financial markets, with weakness across both credit and equity markets. Investors adjusted to higher government bond yields, renewed inflation risks and increased scrutiny of liquidity and valuations within segments of the Australian private credit market. The overarching theme was that higher interest rates were increasingly constraining asset prices, despite economic activity and corporate fundamentals remaining relatively resilient.

The defining development was a sharp repricing of global interest rates. Government bond yields rose materially as central banks continued tightening and markets reassessed the likelihood of near-term rate cuts. Higher energy prices further reinforced inflation concerns and the prospect of rates remaining higher for longer.

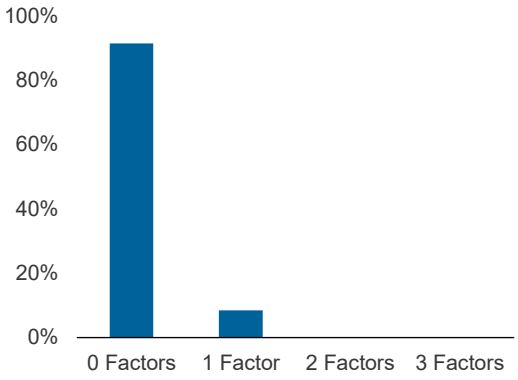
Public credit performance was mixed. Investment-grade spreads were broadly stable, with Australian and US markets outperforming Europe, where fiscal concerns in France weighed on sentiment. Higher-risk credit weakened, with US high-yield and CCC spreads widening as heavy issuance and a higher-for-longer interest-rate outlook pressured market technicals and weaker borrowers.

Australian private credit faced increased valuation, liquidity and regulatory scrutiny during the month. Several listed private credit vehicles were suspended from trading while valuations were finalised, with subsequent adjustments reducing reported net tangible assets across three funds. The events followed redemption restrictions elsewhere in property-related private credit.

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 M

Regulatory attention intensified, with ASIC highlighting governance, controls and underwriting standards as areas requiring improvement and calling on managers to assess themselves against its 10 private credit principles. While these developments were manager-specific rather than indicative of broad deterioration, they reinforced the importance of manager selection, governance and liquidity management.

September was less a story of broad-based credit deterioration than one of increasing differentiation. Higher rates and renewed inflation risks placed greater pressure on duration and weaker borrowers, while more resilient areas of credit continued to attract investor demand. Meanwhile, developments in Australian private credit brought valuation, liquidity and governance considerations into sharper focus. Corporate fundamentals remained broadly resilient, but the consequences of leverage, illiquidity and weaker credit quality became more visible, reinforcing the importance of disciplined security selection in public markets and manager selection in private markets.

Distribution History[1]

	Mar	Jun	Sep	Dec	FYTD[2]
2026	1.69%	2.43%	1.52%		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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