

PENGANA DIVERSIFIED PRIVATE CREDIT FUND

13th April 2026

Dear Investor,

Market Commentary

Recent market developments have generated significant noise across private credit. In such periods, it is useful to step back from short-term market movements and consider the broader structural drivers of the asset class and what determines investment outcomes.

Key Observations

- **Private credit remains a structurally important and reliable part of the financial system.**
Companies and banks continue to require private capital, particularly where traditional financing channels, such as syndicated bank lending and public fixed income markets, can be less consistent. Banks often originate loans with the intention of distributing risk and may retreat when markets are uncertain, while public markets can be volatile and episodic. Private credit provides consistent, long-term capital to address this gap.
- **Capital remains committed to the asset class, despite more reactive behaviour at the margin.**
While some retail-oriented vehicles have experienced redemption pressure, institutional investors continue to allocate to private credit to meet income, diversification, and liability-matching objectives. Institutional inflows continue to exceed redemption activity in certain retail-oriented structures, demonstrating that long-term capital remains supportive of the asset class.
- **Dispersion is increasing**
Outcomes are diverging across managers and strategies, underscoring that performance is driven by underwriting discipline and portfolio construction.
- **Liquidity dynamics are being misinterpreted as credit stress**
Liquidity-related headlines reflect investor behaviour and product structure, rather than a broad deterioration in underlying credit quality.

These observations provide the lens through which recent developments can be understood.

What's Driving the Noise (and How to Interpret It)

Recent commentary reflects:

1. **Redemption pressure - structure, not stress**

Redemption activity has been concentrated in parts of the wealth and semi-liquid market, where investor behaviour can be more sensitive to short-term sentiment.

Importantly, these fund structures are operating as designed. Redemption caps and pro-rata mechanisms are intended to ensure fairness across investors and avoid forced asset sales. They reflect how these vehicles manage liquidity, rather than indicating asset impairment.

Access to less liquid assets comes with clearly defined liquidity terms. The current environment is reinforcing a more stable alignment between asset liquidity and investor expectations.

2. **Isolated events being generalised**

A small number of high-profile events have received disproportionate attention.

These are idiosyncratic situations, often involving fraud, and linked to specific companies rather than being evidence of broad-based credit market deterioration. Underlying credit performance in well-constructed portfolios remains stable. Such periods highlight differences in underwriting quality rather than signalling systemic stress.

3. **Public market volatility influencing sentiment**

Volatility in public equity and credit markets is influencing investor sentiment across asset classes.

Geopolitical developments, energy market uncertainty, and rapid repricing of technology-related exposures have driven sharper movements in liquid markets. This can influence broader investor behaviour, even where underlying private credit fundamentals remain stable.

4. **Increased scrutiny as the market matures**

Regulatory and media attention has increased alongside the growth of the asset class.

Areas such as liquidity management, leverage and transparency have long been a focus for institutional investors and experienced managers. The current attention should be viewed as a constructive evolution of the market, supporting greater consistency, transparency, and investor confidence over time.

What the Market May Be Under-appreciating

1. **Private credit's structural role remains intact.**

The demand for private capital continues to grow, supported by structural changes in the financial system and the reduced role of traditional bank lending in certain areas.

2. **It remains an execution-driven asset class.**

Outcomes are determined by manager quality, portfolio construction and ongoing oversight, particularly as dispersion increases.

3. **Diversification must be structural, not just statistical.**

Effective diversification comes from combining different strategies, sectors, geographies and cash flow drivers.

It is also important to distinguish between vehicles and underlying assets. Movements in listed prices or redemption activity in particular structures do not necessarily indicate impairment in underlying loan portfolios.

4. The opportunity set remains strong across strategies:

- In direct lending, our managers are maintaining discipline and selectivity. While this has resulted in more measured leverage levels in the near term, spreads, structures and credit quality remain attractive;
- In asset-backed finance, structural disintermediation continues across consumer and commercial receivables, enabling private capital to access diversified, asset-backed cash flows with strong risk-adjusted returns; and
- In opportunistic credit, market dislocations and capital constraints are creating selective opportunities to deploy capital into illiquid, stressed and special situations at compelling entry points.

What Investors Should Focus On

In this environment, the focus should be on what drives outcomes over time.

We believe investors should focus on diversification, manager selection and disciplined portfolio construction and oversight. These elements support capital preservation and income generation across market cycles.

No asset class is immune to risk. Credit losses and individual events will occur over time. The objective of quality manager selection, diversification and disciplined construction is to mitigate their impact and maintain consistency of outcomes at the portfolio level.

Portfolio Positioning

The portfolio continues to perform as designed.

The portfolio is diversified across managers, strategies, and geographies, with a focus on senior, defensible exposures and disciplined underwriting. This is designed to ensure that idiosyncratic events remain contained and do not become portfolio-level outcomes.

In volatile markets, risks increase across all asset classes. However, our direct lending managers have not relaxed their selectivity in deploying capital, maintaining a disciplined approach to underwriting and risk management. This consistency has preserved the portfolio's strong income generation and credit quality. While continued selectivity has resulted in more measured levels of portfolio leverage and a slight moderation in near-term returns, pricing on new deals has improved, and the current under-leverage provides our managers with capacity to deploy capital at attractive risk-adjusted levels while maintaining a strong focus on downside protection.

At the same time, opportunistic strategies are seeing a growing pipeline of compelling opportunities as market dislocation increases demand for flexible capital.

We continue to collaborate closely with Mercer in manager selection, portfolio construction, and ongoing monitoring, supporting a consistent and disciplined investment framework.

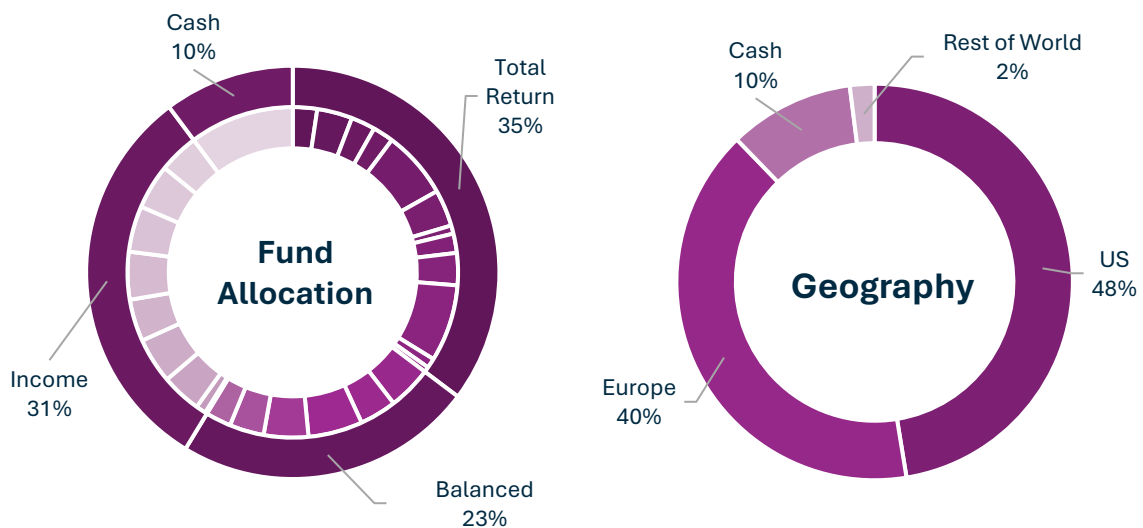
Investor Takeaway

Recent market dynamics reflect heightened sensitivity to headlines, reactive investor behaviour, and volatility in public markets.

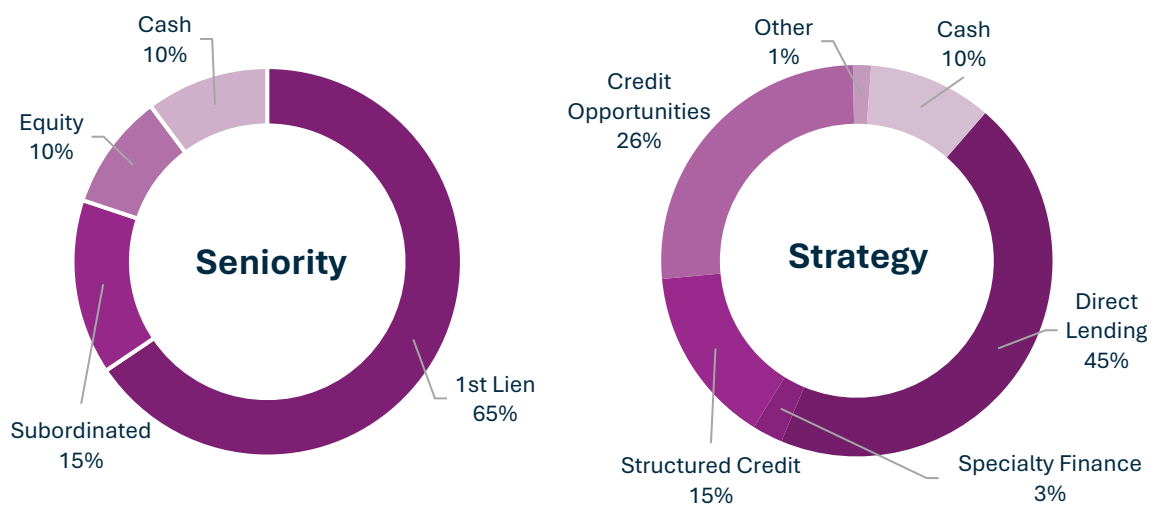
However, the underlying drivers of private credit remain intact. Achieving the benefits of the asset class depends on disciplined execution - including manager selection, diversification, and portfolio construction - rather than short-term reactions to market noise.

PORTFOLIO UPDATE

Portfolio Composition



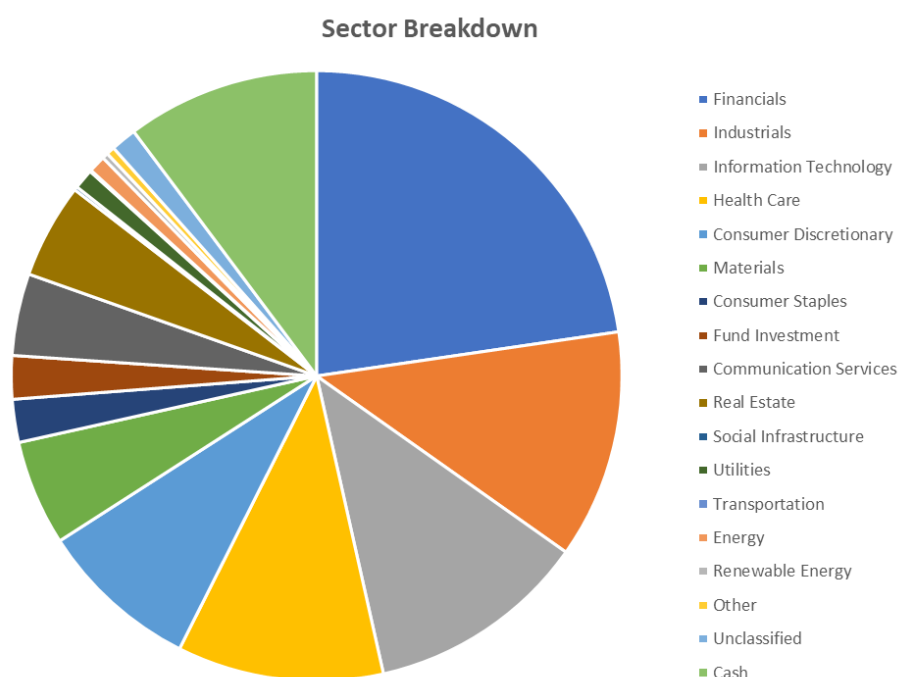
The portfolio remains within stated limits across geography, seniority and investment strategy. Diversification by vintage, style and manager continues to underpin downside protection and liquidity planning.



The Fund’s underlying sector exposure remains well diversified and focused on defensive, non-cyclical industries such as Financials, Industrials, Information Technology and Health Care. These 4 sectors account for 57% of the total Fund exposure (64% excluding cash).

Exposure to the Information Technology sector, which includes exposures to Software companies, is relatively modest at 12%. Our Direct Lending managers have performed extensive bottom-up analysis on their portfolios to determine potential exposure to AI disruption. Based on this analysis, AI risk within the Fund is considered modest and well-managed. All of our managers have provided AI Risk training risk to their credit analysts (often engaging 3rd party experts) and have embedded AI Risk within their underwriting and ongoing review processes.

Exposure to the Real Estate sector accounts for about 5% of the total Fund exposure.



New Investments

The Fund is currently invested in 30 underlying funds.

During the March quarter, we:

- Onboarded a US asset-backed finance fund, enhancing strategy diversification and improving the speed of capital deployment within the Balanced bucket;
- Onboarded a European direct lending fund, increasing European geographic exposure in line with target allocation guidelines;

- Redeemed from a US direct lending fund that has progressively migrated towards the larger-cap end of the market. As a result, the fund's risk-reward profile is no longer considered appropriate for the Fund;
- Onboarded two US credit opportunities funds; and
- Onboarded a European asset-backed finance fund

The addition of these funds continues our program of geography, strategy and vintage diversification, while also ensuring the Fund remains fully invested, contributing to stable returns over time.

Portfolio Returns

Continued focus on downside protection in volatile markets.

Over the March quarter, the Fund returned 2.13%.

Valuations across our underlying funds were generally positive over the December quarter, although return dispersion increased amid ongoing market volatility. As noted above, returns from our direct lending funds were moderated by fund-level leverage remaining below target. In the current environment, we believe a more conservative approach is appropriate, and this positioning leaves the portfolio well placed to capitalise on opportunities as market conditions stabilise.

Net Returns After Fees (%)¹

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | FYTD ² |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|-------------------|
| FY26 | 0.67 | 0.42 | 0.78 | 0.51 | 1.08 | 0.45 | 0.53 | 1.38 | 0.21 | | | | 6.20 |
| FY25 | 0.38 | 0.55 | 1.09 | 0.59 | 1.98 | 0.95 | 1.00 | 1.53 | 0.96 | 0.54 | 0.65 | 0.68 | 11.47 |
| FY24 | | | | 0.32 | 0.86 | 1.11 | 0.83 | 0.82 | 0.94 | 0.38 | 1.56 | 0.11 | 7.14 |

Thank you for entrusting us to manage your capital.

Yours sincerely,



Nehemiah Richardson
CEO Pengana Credit



Russel Pillemer
CEO Pengana Capital Group



Adam Rapeport
Portfolio Manager



Nick Griffiths
CIO Pengana Capital Group

¹ Due to the lag in underlying fund valuation reporting, and in order to more closely reflect the current NAV for new investors, the Trustee adjusts the NAV by the RBA Overnight Cash Rate + 6% p.a. since the date of the last valuation provided by underlying managers.

² Fund return reflects compounded movements in the NAV.