QUARTERLY NEWSLETTER

PENGANA DIVERSIFIED PRIVATE CREDIT FUND

22nd January 2026

Dear Investor,

A Year in Review

As we enter 2026, it is worth pausing to reflect on a complex and eventful 2025. The past year's major economic, financial and geopolitical events were shaped by a new US administration and its focus on tariffs, leading to escalating US-China trade friction; intensified geopolitical conflicts (Ukraine, Middle East); explosive growth in Artificial Intelligence (AI) investment and integration; and shifting global trade dynamics. These developments contributed to persistent inflation in key economies, policy divergence across central banks, volatile energy markets, and increased focus on supply chain resilience and economic nationalism.

Economic & Financial Themes

- **Fixed Income Market Bifurcation:** While headline credit spreads remained relatively tight throughout 2025, dispersion beneath the surface increased materially. Heightened macro and geopolitical uncertainty drove public market fixed income investors to prioritise capital preservation and minimise exposure to volatility and event-driven mark to market movements. As a result, portfolio allocations increasingly favoured high quality, investment grade issuers, resulting in further spread compression in investment-grade credit, while lower-rated borrowers and more complex structures experienced widening spreads and inconsistent liquidity conditions. This bifurcation reflects a crowded “flight-to-safety” dynamic within traded credit markets, with investors rewarding perceived certainty and penalising credits exposed to market volatility despite broadly stable macro indicators.
- **AI Investment Boom:** Rapid advances in AI fuelled significant capital spending in large markets. However, the benefits remained unevenly distributed across sectors and geographies.
- **Inflation & Interest Rates:** Persistent inflation pressures eased across most developed markets, though remained sticky in services. Central banks navigated this tension with a mix of caution and gradual normalisation.
- **Monetary & Fiscal Challenges:** Rising debt levels challenged governments, complicating fiscal sustainability, while selective fiscal support and cautious rate adjustments provided limited relief.
- **Commodity Market Volatility:** Energy security remained a key concern, with oil prices fluctuating, while gold prices surged as a safe haven amid stagflation fears.
- **Equity Market Bifurcation:** Equity markets, particularly in the US, performed strongly, driven by technology (the “Magnificent 7”), financials, gold and defence

stocks. However, interest-sensitive sectors such as real estate and small caps continued to underperform.

- **Trade & Supply Chains:** Global trade showed surprising resilience but faced headwinds from policy uncertainty and rising tariffs, leading to greater geoeconomic fragmentation.

Geopolitical Themes & Risks

- **US-China Rivalry:** Escalating trade barriers, especially new US tariffs (the "Liberation Day" tariffs), reshaped the global trade map and corporate supply chains.
- **Ongoing Conflicts:** Continued fighting in Ukraine and the Middle East, alongside broader geopolitical fractures, increased global instability and affected risk sentiment.
- **Economic Nationalism:** Widespread use of trade barriers, sanctions and investment screening became more institutionalised, challenging traditional globalisation.

Implications for Global Private Credit

Throughout this year of volatility and uncertainty, the Fund continued to deliver stable returns with low correlation to other major asset classes, reinforcing the value of Global Private Credit in a well-diversified portfolio.

The past year also reinforced several structural themes relevant to Global Private Credit.

- **Manager Selection Remains Critical:** As dispersion widened across credit strategies, proven manager discipline and underwriting quality became key differentiators;
- **Diversification Enhances Resilience:** Diversification across geographies, strategies and managers reduced exposure to localised risks and improved portfolio balance; and
- **Structure and Discipline Drive Outcomes:** A small number of high-profile credit events during the year attracted significant media attention. However, these events were concentrated in bank-led, syndicated or public market exposures and reflected idiosyncratic governance, capital structure or market liquidity failures. These episodes underscore the limitations of widely distributed, mark-to-market credit markets, where investors rely on ratings, market access and secondary liquidity rather than close monitoring and direct control. In contrast, experienced private credit managers operate in bilateral structures with robust covenants, direct borrower engagement and continuous monitoring, an environment in which emerging concerns are typically identified and addressed well before they become systemic. While risks cannot be eliminated, disciplined origination, conservative structuring and underwriting, and active oversight materially improve resilience through periods of volatility.

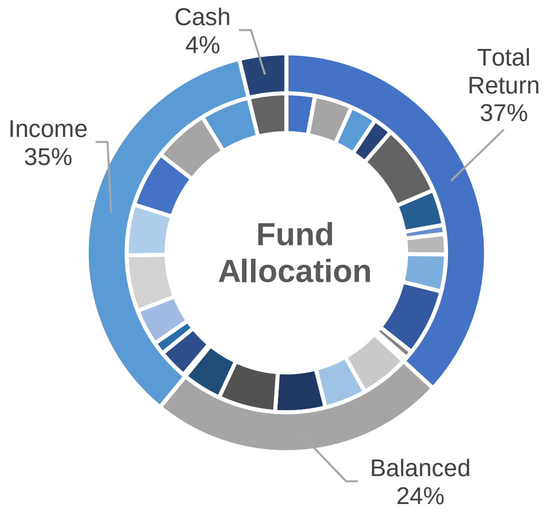
The Road Ahead

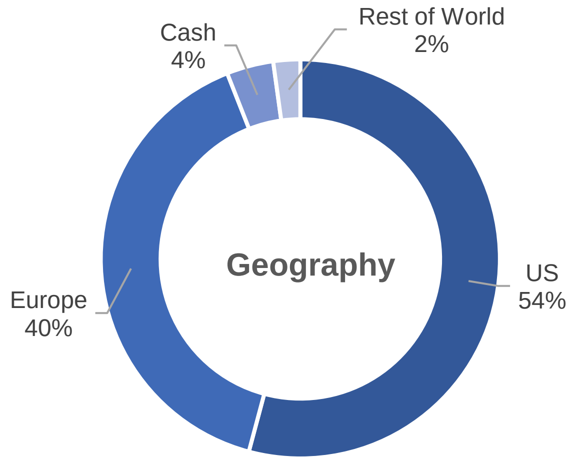
What can we expect from 2026? To quote the famous physicist Niels Bohr, "Prediction is very difficult, especially if it's about the future". However, many of the drivers of 2025's volatility are likely to persist into this year. Geopolitical tensions across the globe remain high, inflation remains sticky, the impact of tariffs continue to work their way through the financial system and the US mid-term elections in November are likely to precipitate further political stress.

Diversification is a critical tool when it comes to investing, and this is especially true in volatile and unpredictable markets. Global Private Credit has demonstrated a long track record of strong risk-adjusted returns and low correlation through economic cycles. The Fund provides investors with diversified exposure to institutional Global Private Credit, supported by stable quarterly distributions and strong risk management disciplines.

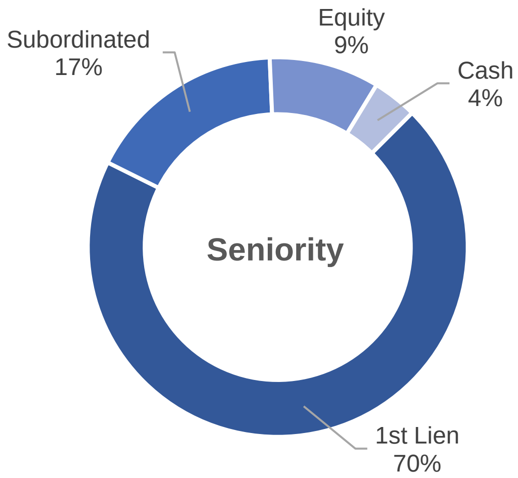
PORTFOLIO UPDATE

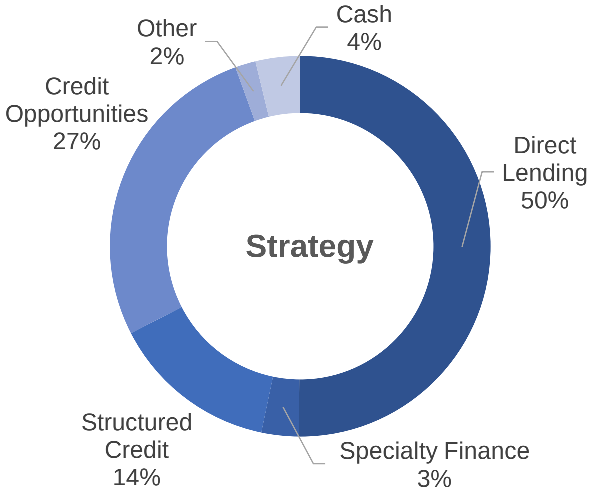
Portfolio Composition



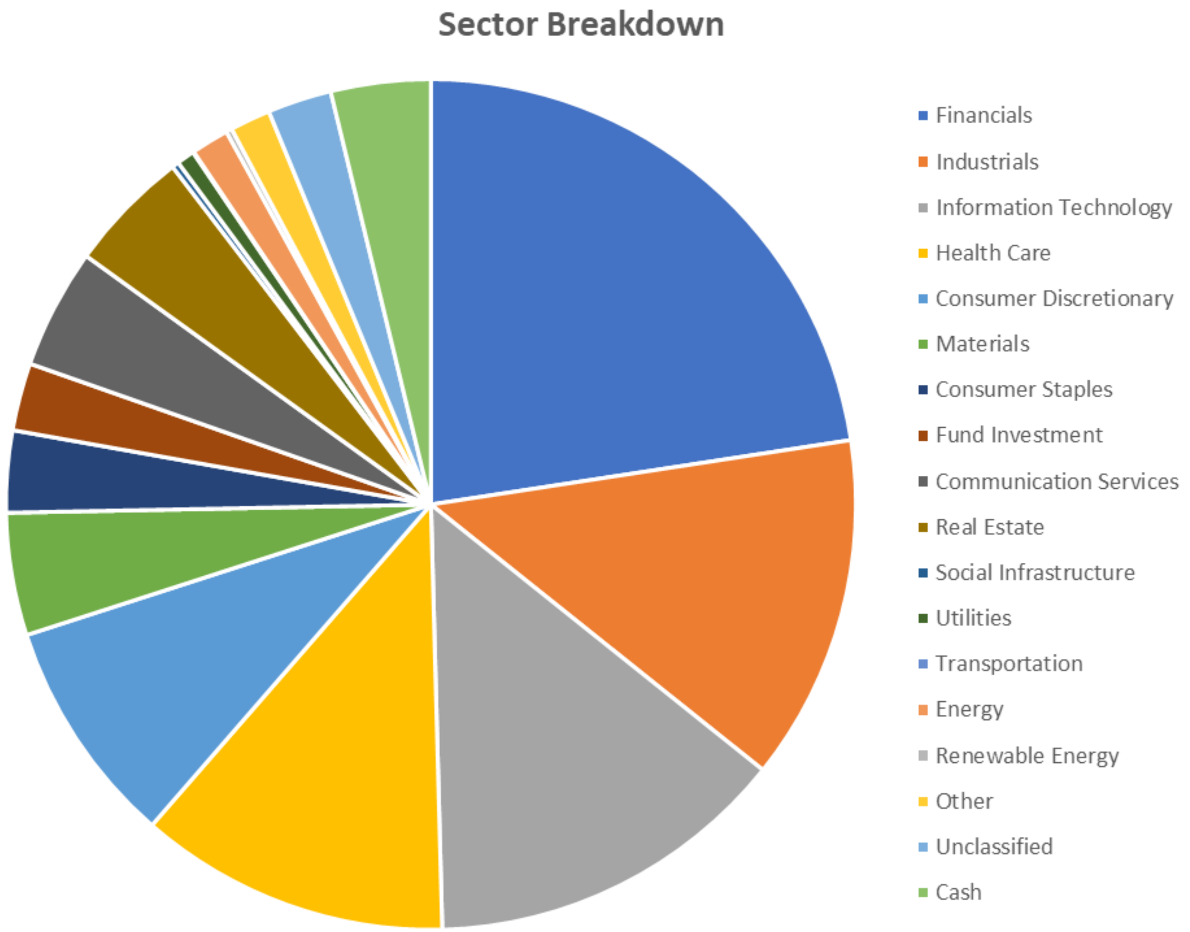


The portfolio remains within stated limits across geography, seniority and investment strategy. Diversification by vintage, style and manager continues to underpin downside protection and liquidity planning.





The Fund's underlying sector exposure is well diversified and focused on defensive, non-cyclical industries such as Financials, Industrials, Information Technology and Health Care. These 4 sectors account for 61% of the total Fund exposure. Exposure to the Real Estate sector accounts for less than 5% of the total Fund exposure.



New Investments

The Fund is currently invested in 26 underlying funds.

During the December quarter, we onboarded:

- A US direct lending fund which focuses on lower mid-market corporates, increasing our Income bucket diversification by loan size and counterparty size; and
- A US structured solutions fund, which increases the Total Return structured credit strategy exposure in line with target allocation guidelines.

In January, we onboarded:

- A US asset-backed finance fund, increasing strategy diversification and improving speed of deployment within the Balanced bucket; and

- A European direct lending fund, increasing European geographic exposure in line with target allocation guidelines.

All of our funds, both new and existing, are highly rated by Mercer with proven track records of delivering strong risk-adjusted returns through economic cycles. In addition, as part of the onboarding due diligence process, each fund is analysed in the context of the broader portfolio to ensure they add to portfolio diversification across managers, geography and strategy.

Our main focus for 2026, in conjunction with Mercer, will be the ongoing identification and onboarding of new closed-end funds to ensure the Fund remains near fully invested as existing closed-end funds move into their harvest periods.

Portfolio Returns

Continued focus on capital deployment, diversification and downside protection.

Over the December quarter, the Fund returned 2.05%.

September quarter valuations across our underlying funds were generally positive. Our special situations managers delivered strong performance, benefiting from ongoing geopolitical volatility that continues to create compelling investment opportunities at attractive entry levels. Returns from our direct lending managers were modestly lower, reflecting subdued M&A activity and a more measured pace of capital deployment from our managers. Encouragingly, our managers have maintained a disciplined underwriting approach rather than compromising standards to accelerate deployment. While this has resulted in lower portfolio leverage and moderated returns in the near term, it also strengthens the portfolio's risk profile and positions it well for future opportunities.

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							3.98
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

[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.

Thank you for entrusting us to manage your capital.

Yours sincerely,