



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Pengana Credit Pty Ltd
Benchmark	RBA Cash Rate
ASIC registered	No
Availability	Wholesale Qualified Investors Only
Product structure	Managed Fund - IM
Leverage	Max: 1.75x
Redemption terms	Quarterly, following initial 3 year lock-up
Product Size	A\$112.4m
Inception date	Sep 2023
Asset class	Alternatives
Sector	Growth Alternatives (Moderate)
Peer group	Global Private Debt
Rated peers	27

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Low
Tenure of Decision Makers	Medium
Complex (RG240)	No
Transparency	Medium
ESG Approach	No ESG Integration
Peer Relative Fees and Costs	Above median

Annual Fees and Costs (% p.a.)

RG97 Applicable	No
Management fees & costs	1.00
Performance fee costs	0.00
Net Transaction Costs	0.00
Annual fees and costs	1.00

Source: FE fundinfo, Information Memorandum date: 01/Sep/2024

Strengths

- Pengana leverages the strength of Mercer's manager research capabilities with significant scale, experience and resources.
- Mercer's global Private Debt team has over 20 years 'on-the-ground' presence in key regions.
- The global multi-manager strategy provides access to diversity across single borrowers, managers and strategies mitigating default risk inherent in private debt portfolios.

Weaknesses

- The investment structure is complex but is designed to provide a global multi-manager exposure to private credit.
- Decision making may be slow given the multi-layer approval process, albeit not uncommon in a multi-manager strategy.
- The total fee load is high relative to global private debt peers.
- The Fund's performance track record is in its infancy, having only been inceptioned in September 2023.

Product Opinion

The Fund has received an initial rating of **'Recommended'**. Pengana benefits from the strength of Mercer's manager research capabilities, alongside significant scale, experience, and global resources. Mercer's global Private Debt team brings over 20 years of 'on-the-ground' presence in key regions. The Fund employs a global multi-manager strategy, offering broad diversification across individual borrowers, managers, and investment strategies helping to mitigate the default risk typically associated with private debt portfolios. That said, the total fee load is high compared to global private debt peers. Additionally, the investment decision-making process may be slowed due to a multi-layered approval structure, albeit not an uncommon feature in a multi-manager strategy. The Fund's performance track record is also limited and therefore lacks sufficient historical data for robust performance evaluation.

Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	—
ESG	●●●	—
Product	●●●	—
Fees	●●●	—
Performance	●●●	—

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Private Market Profile

High Valuation Risk		
Low Valuation Risk		
	Liquid	Illiquid

Key Facts

Key Objectives

Investment objective	The Fund's Target Return to Investors is the RBA Official Cash Rate ('RBA OCR') plus 7 - 9% p.a. in AUD, generated over a rolling 5 year investment horizon.
Non-financial objective	None

Product Distribution Profile

Frequency	Quarterly
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0
AMIT Election	Yes
TOFA Election	No

Rating History

This is the initial review of the Product.

Return Profile

Income		
Capital		
	Defensive	Growth

Portfolio Strategy

	Last Review %	This Review %
US Corporate Direct Lending	N/A	26.7
European Corporate Direct Lending	N/A	20.5
US Asset-backed Lending	N/A	13.9
European Asset-backed Lending	N/A	4.9
Opportunistic Lending	N/A	25.4
Other	N/A	2.9
Cash	N/A	5.7

Target Market Determination

Produced by issuer	No
Provided to Lonsec	No

Performance Analysis - annualised after fees at 30/06/2025

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	11.92	8.76	-	11.10	-	10.76	-	-
Standard deviation	0.64	1.17	-	2.50	-	3.34	-	-
Excess return (% p.a)	7.71	4.50	-	4.86	-	4.96	-	-
Outperformance ratio (% p.a)	91.67	83.33	-	75.00	-	72.22	-	-
Worst drawdown (%)	-0.28	0.00	-	-0.76	-	-2.20	-	-
Time to recovery (mths)	1	-	-	-	-	-	-	-
Sharpe ratio	3.57	3.38	-	2.68	-	2.08	-	-
Information ratio	3.64	3.55	-	1.96	-	1.60	-	-
Tracking error (% p.a)	0.64	1.14	-	2.49	-	3.34	-	-

Lonsec Peer Group: Alternatives - Growth Alternatives (Moderate) - Global Private Debt

Product Benchmark: RBA Cash Rate

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

Time to recovery: NR - Not recovered, dash - No drawdown during period

Business ●●●

Facts

Investment Manager	Pengana Credit Pty Ltd
Ultimate Parent Company	Pengana Capital Group Limited
Headquarters	Sydney
Inception Date	Oct 2003
% Staff Ownership	20-50%

Governance

% Independent board members	0
% Female board members	0
Independent chair	No
CEO as Chair	Yes
Separate Audit Committee	Yes

Who is the Manager?

Pengana Credit Pty Ltd ('Pengana Credit') was established in May 2022 and is a wholly owned subsidiary of Pengana Capital Group Limited ('Pengana' or 'the Manager' or 'PCG').

Pengana is a diversified funds management group founded in 2003 and headquartered in Sydney. The Manager is an ASX-listed business owned by staff, directors and private shareholders. All of Pengana's underlying managers are boutique in nature with profit sharing arrangements in place with the responsible portfolio management teams and Pengana. Additionally, key members of the team are aligned to the headline business via the allotment of shares.

Lonsec Opinion

Profitability

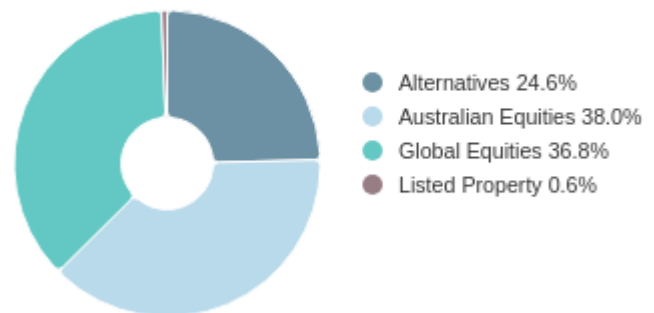
Given the Manager's current level of AUM, the firm is considered profitable and well capitalised. Earnings quality of the Fund is aided by the diversity of the AUM within the business across differing strategies and clients.

Business Track record

The firm has a successful track record dating back to its inception. The firm has diversified its business through investment capabilities such as equities, fixed income, property and alternatives. This has led to solid AUM growth across all distribution channels.

The launch of the Pengana Credit business in 2022 signifies the Manager's track record in the private credit space is in its infancy. Pleasingly, Pengana Credit has appointed Mercer Consulting (Australia) Pty Ltd ('Mercer') to provide investment research, portfolio construction, risk monitoring and portfolio reporting.

AUM



Metrics

Total AUM	\$3.6b
Investment Management Headcount	52
Investment Professionals	13
Sales & Service	14
Distributor	Internal

Business Ownership

Pengana Credit Pty Ltd is a wholly owned subsidiary of Pengana Capital Group Limited ('PCG'). Pengana is significantly owned by employees and affiliates, equating to 34% as a 30 June 2025. While maintaining a boutique culture can be challenging in a listed firm, the high levels of employee ownership is viewed positively.

Business Governance

Although the governance information in the data table above appears light, Pengana Credit operates in a partnership structure and is wholly a subsidiary of PCG, an ASX-listed business. Pleasingly, given the listed nature of the business, the Manager is subject to greater regulatory oversight and governance requirements in comparison to its boutique peers. Notably, the Manager has not faced any regulatory findings in recent history. The Manager has a reasonable governance framework, with a separate audit committee and three out of the five directors are independent.

Pengana Credit's governance structure is considered appropriate in its current size, however, as this business unit grows, the complexities of the business structure will be monitored. That said, there are no concerns at this stage.

Team ●●●

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Nehemiah Richardson	CEO, Pengana Credit	Yes	2022	35/3	3
Nick Griffiths	CIO, Pengana Capital Group	No	2022	32/22	22
Rebecca Jacques	Head of Wealth Management Investment Solutions, Mercer	No	2022	27/7	16
Scott Wilkinson	Head of Private Market (APAC), Mercer	No	2022	21/16	11
Adam Rapeport	Portfolio Manager, Pengana Credit	Yes	2024	27/2	27

KDM Change*

No changes.

* Last 3 years

Profile

Size	18
Structure	Decentralised
Turnover	Medium

Alignment

KDM equity held in manager	Yes
KDM co-investment in strategy	No
Performance-Based bonus	Yes
Long term incentive plan	Yes

Resources

	Number	Average Years Experience
Key decision makers	5	28
Portfolio Managers		
Hybrid portfolio manager/analysts	15	10
Dedicated analysts		
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists		

Who is the Team?

Pengana Credit is primarily responsible for overseeing the investment process and managing the Fund. Pengana Credit implements investment decisions, manages the liquidity, and implements the FX hedge. The Fund's investment committee ('IC') oversees and approves investments in private credit investment managers, and includes Nehemiah Richardson (CEO, Pengana Credit), Nick Griffiths (CIO, Pengana Capital Group), Rebecca Jacques (Head of Wealth Management Investment Solutions, Mercer) and Scott Wilkinson (Head of Private Market (APAC), Mercer). Adam Rapeport is the portfolio manager ('PM') for the Fund.

Mercer has been appointed by Pengana Credit to provide advisory services such as underlying fund due diligence and investment recommendations for the Fund. Mercer has a Private Debt team of 15, structured into regional responsibilities. This team drives the manager research capability with the support of Mercer's in-house manager research/ratings team. Furthermore, Mercer has an Operational Due Diligence team of 42, available to conduct operational due diligence for each fund manager and underlying fund offering.

Mercer operates several different committee structures throughout their due diligence process, such as a Private Debt Investment Committee ('PDIC'), Private Debt Portfolio Construction Group ('PDPCG') and Private Debt Rating Review Committee ('PDRRC').

Team (continued) ●●●

Lonsec Opinion

Team Size

Mercer's private credit team of 15 is organised across three regions: US (New York, Norwalk, St. Louis), Europe (London) and APAC (Sydney). The team covers over 1,400 private credit funds across the globe, of which ~500 are rated. Team size is considered to be ample to cover the strategies on offer given the structure. That said, given the deep research intensive nature of manager research within private market offerings further resourcing would be viewed favourably.

Skill

The Fund's IC is considered to have ample experience to oversee and approve the Fund's investment recommendations provided by Mercer. Pleasingly, the IC includes senior members of Mercer's private markets platform to offer real time insights to Mercer's investment recommendations. PM, Rapeport, is considered to have the appropriate skills and experience to manage a portfolio of this nature. Rapeport's entire experience is in risk management roles which is viewed a complimentary skillset for a role of this nature.

Mercer's various committee structures include senior members of the Mercer's private markets and fixed income teams which places them in a good stead to provide the oversight and guidance required for their roles. Notably, the PDIC, PDPCG and PDRRC have a high number of personnel crossover given the seniority of team members involved in private debt. Pleasingly, Scott Wilkinson is a member of each of these committees, which provides Pengana Credit (and the Fund) direct insight into the committee's decision making.

Mercer's private debt team is considered to possess the skills and experience appropriate for private credit fund selection. That said, further engagements with the underlying analyst team would be welcome to evidence this further.

Track Record/Co-Tenure

Given the Pengana Credit entity was established in 2022, the track record and co-tenure of the IC and PM is in its infancy and their track record continues to build.

The co-tenure of Mercer's committees is strong, with average co-tenure being over 10 years. Notably, David Scopelliti (Global Head of Private Equity & Private Debt) is one of the committee members with lower co-tenure, yet his co-tenure in the organisation spans over five years. Similar to many peers in the space, co-tenure of the rest of Mercer's private debt team lies within the senior members of the team. The team has a track record of manager research and portfolio construction in private credit since 2005, albeit often in closed-ended vehicles with different portfolio characteristics to this Fund.

Key Person Risk

Key person risk is considered to be moderately low and centred on Wilkinson and Rapeport. Wilkinson's link from the Fund IC through to the Mercer committee structures is invaluable in terms of early investment insights. Furthermore, Rapeport's role as PM, given his experience to assist the management of a strategy of this nature. Pleasingly, the size and experience of both the IC and Mercer's committees mitigate the key person risk somewhat.

Alignment

Pengana's compensation for key decision makers typically includes base salary, short and long term incentives, PCG equity holdings. Incentives, in the form of cash bonus and performance rights (similar to options) are calculated based on PCG growth and profitability, of which the private credit business is a significant driver. Mercer's compensation package for senior team members (Senior Associates and above) includes base salary, short term incentives and carried interest entitlements. The carried interest distribution is subject to a multi-year vesting period and is paid out when it becomes available. Overall, the investment team is considered to have moderate-to-high alignment of interests.

Process ●●●

What is the Investment Process?

The strategy seeks to generate strong risk adjusted returns with a high degree of capital protection as well as stable and consistent income via exposure to a diversified portfolio of global private credit investments, liquid credit investments and cash. The strategy intends to achieve these objectives by investing through a multi-manager approach to access several private credit managed funds, mandates and vehicles (the 'Underlying Funds').

The strategy allocates funds across four key categories / unit classes being: 1) Income: direct lending managed funds with an income focus via cash coupons; 2) Balanced: managed funds with a broad exposure to private credit opportunity set and higher contractual returns; 3) Total Return: managed funds that invest in special situations characterised by equity-like returns via debt investments; 4) Enhanced Cash: fixed income securities or managed funds with at least annual liquidity, senior security and historically low volatility.

The investment process begins with Mercer's rating process whereby each investment is assessed based on its merits across five factors being Business Management, Alignment, Strategy, Track Record and ESG with rating outcomes ranging from A (highest) to N (not rated). All Underlying Fund ratings are ratified by Mercer's Private Rating Review Committee. Only Underlying Funds with a rating of B+ or higher are available for portfolio selection. In conjunction, the Underlying Fund and investment manager is required to pass the operational due diligence assessment by Mercer's ODD team. Mercer's Portfolio Construction Group proposes investment strategy and portfolio construction ideas for approval by Mercer's PDIC. Pengana Credit's IC retains the final approval.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Sector	Private Debt
Investment Strategy	Multi-Sector
Investment Type	Senior loans, Subordinated loans, Mezzanine and Equity
Primary geographical focus	Global
Target Market	Across spectrum given Fund of Fund nature
Lending Profile	Across spectrum given Fund of Fund nature

The investment philosophy aligns closely with a goal of delivering strong risk-adjusted returns by focusing on proprietary analysis, value orientation, capital preservation, and disciplined risk management. This approach is well-suited to the targeted broad credit universe, where capital protection is prioritized. The breadth of the universe allows the Manager to capitalize on relative value opportunities, spanning direct lending, leveraged loans, and high-yield bonds. This multi-credit strategy supports a diversified portfolio across regions and asset types within private credit markets which is viewed positively.

Investment ideas are initially screened via Mercer's proprietary traffic light system which considers the appropriateness of a fund for one of the four key classes taking into consideration deployment, return/ spread profile, payout ratio, mark to market volatility and structural fund features. Such ideas are sourced via Mercer's global network, its current thinking on investment strategy design, its modelling capabilities, and its formal review process of asset classes, which include the forward-looking level of conviction in incumbent managers relative to potential managers. Pengana also has the ability to provide input into investment ideas.

Research Process

Key screens	Liquidity, Region, Top Down or Thematic, Yield
Idea generation	Direct outreach, Expert networks
Deals assessed p.a.	~500 Underlying Funds
Key research inputs	Proprietary fundamental research

Mercer's research process aims to establish a narrow universe of funds that have been filtered by various in-house criteria, as well as being highly rated by Mercer. The depth and breadth of Mercer's domestic and global coverage is viewed positively, as it facilitates research on a broader suite of underlying managers and strategies than would otherwise be possible.

Mercer's manager research and portfolio construction methodologies are well regarded, and the organisation is well-resourced to undertake in-depth global manager research. Mercer takes a holistic view on four key factors being business management, alignment, strategy and track record with ESG being considered separately. The Underlying Funds must also pass the operational due diligence conducted by Mercer. Overall, the manager research conducted by Mercer is considered to be detailed and thorough.

Although Mercer predominantly drives the research and portfolio construction process, investment ideas can be generated from both Pengana and Mercer during the Investment Consulting Group ('ICG') forum. The ICG meet monthly to discuss macro views, portfolio composition, manager monitoring and legal/operational considerations. Ideas stemming from ICG meetings are filtered through to the Investment Committee ('IC') for final approval which requires a unanimous vote. This due diligence process appears to be thorough with sufficient checks in place to ensure the Underlying Funds are fit for purpose. That said, such an approach can lead to slower lead times regarding the implementation of investment ideas.

Process (continued) ●●●

Portfolio Construction

Portfolio management structure	Investment Committee
Approach to benchmark	Benchmark Agnostic
Typical number of loans	~24 Funds >3,500 Underlying loans
Vintage diversification	ModHigh
Portfolio maturity	Mod

Portfolio construction is thought about in two broad forms, ability for Underlying Fund inclusion within each of the four key categories / unit classes and the overall fund's exposure to each of the four key categories / unit classes. Pengana Credit structures each of their fund's with the same Underlying Funds within each of the four key categories, with the allocations to each of the four key categories differing across funds.

The Fund has the following allocation buckets to the four key categories: Income (20-40%), Balanced (15-35%), Total Return (25-45%), Enhanced Cash (5-15%).

Investment proposals are presented to the IC with a suggested investment sizing, as well as commentary on portfolio fit. Sizing recommendations and portfolio fit considerations require the support of both Pengana and Mercer and will consider characteristics including the risk/return profile, duration, liquidity profile, the current portfolio allocation and diversification when seeking to assess the Fund's investment size. Ongoing portfolio management occurs on a monthly basis to review the portfolio performance by both the IC and the PDIC. Overall, the portfolio construction process is considered to thorough, albeit the number of different organisation committees involved may slow down decision making to a degree.

Capacity Management

Capacity guidance	Not stated
Strategy AUM	A\$588m (Sept 2025)
Portfolio liquidity (1 week)	0.00%

The Manager has not indicated a capacity limit for the strategy. The fund-of-fund nature of the strategy, places less emphasis on the Fund's capacity management given there are an ample number of strategies in the universe to fulfill increased funds under management ('FUM'). As such, analysis of the Underlying Fund's capacity management programmes is more important to access any potential risks which may emerge. Pleasingly, Mercer analyses this as part of their due diligence process. Overall, given the size of the Pengana Credit's overall FUM there is ample room for growth.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Daily
Primary risk management system	Investran S&P iLevel
Single position limits (Min/Max)	Fund Manager: 30% GP Exposure: 50%
Industry limits (Min/Max)	No limit
Country Limits (Min./Max.)	Australia(55%), Europe(70%), North America(70%), Rest of World(23.5%)
Min Credit Rating (At Purchase)	Unrated
Cash Allocation (Typical, Max.)	10%, 15%
Public Market Allocation	None
Credit Line Facility	None
Capital Stack Allocation	None
Portfolio Level LVR	Max: 100% First Lien, 45% Subordinated, 26.5% Equity & equity linked

The Manager intends to be well diversified across sub-asset classes, regions, managers and strategies to manage risk associated with private debt at a portfolio level. The Manager depicts the risk limits for the Fund as outlined above. Each of the four key categories also have their own risk limits across various parameters, providing additional clarity on the Managers view of risk.

Formal monitoring and reporting as part of the investment process is managed by Mercer's dedicated Risk Management team in collaboration with the Investment team professionals. Mercer's Risk management team uses software powered by FIS Investran to monitor Underlying Funds and portfolio investments at all levels: at the client level, fund partnership level, single asset level, and the transactions between these levels. This includes the ongoing tracking of cash flows, the ongoing tracking of activity at the underlying manager (i.e. senior professional departures, term extensions, etc.) and the quarterly tracking of the underlying investment activity and the reconciliation of information to the underlying manager provided financial statements and portfolio updates.

Both Mercer and Pengana are considered to have adequate risk management processes, with separate compliance functions and regular monitoring of underlying investment managers and the overall Fund. Pleasingly, these teams are separate from the manager selection team and perform detailed audit-like due diligence functions aimed at ensuring potential managers meet the agreed operational and compliance standards.

Manager Positioning - Product

Responsible investment style	Nil
ESG approach	No ESG Integration
Sustainability thematic	N/A
Non-financial objective	None

What is the Manager's ESG approach for this product?

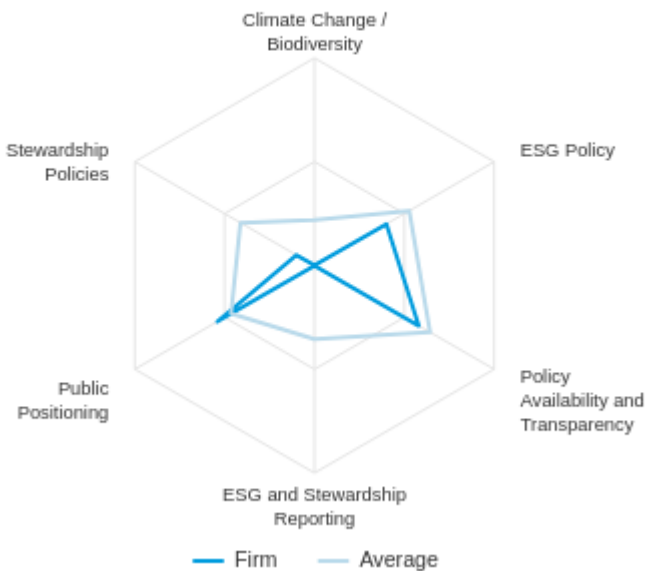
The Manager has not indicated any ESG approach in their submissions to Lonsec. While the Manager may be undertaking some activities that would be considered ESG integration, Lonsec is unable to provide guidance on how that might reflect portfolios.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	ModLow
Responsible Investment strategy risk: Clarity, measurability & reporting	Not applicable

ESG Snapshot



Product Level Approach

The review of ESG integration for Multi-Asset strategies such as this, reviews only the ESG components of the selection underlying strategies or managers, or the extent to which ESG impacts asset allocation. It does not review the ESG integration at the level of each of the underlying funds or strategies. The Manager does have some minimum standards for Manager selection and monitoring. There is regular monitoring of the ESG characteristics of the underlying securities performed and ongoing monitoring of the policies of the underlying managers is performed regularly. There are only limited signs that company engagement on ESG issues is a component of the Manager's investment approach. Compliance monitoring of ESG factors is deemed adequate however overall transparency provided to investors is lagging.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as not applicable.

Manager Level Approach

Pengana's overall ESG policy framework and disclosure lag behind its peers. The ESG policy is publicly available and remains at a high level, weighing down the ESG Policy score. It is noted that ESG assessment and integration happen at the fund level, with separate policies available. There is no separate engagement or stewardship framework, and engagement guidelines and undertakings, if available, are also at the fund level, placing the Stewardship Policies score below their peers. There is also no proxy voting policy or guidelines at the Manager level, voting records for certain funds are publicly available.

Product ●●●

Service Providers

Trustee	Pengana Capital Limited
Investment manager	Pengana Credit Pty Ltd
Custodian	BNP Paribas
Administrator	BNP Paribas
Fund Auditor	EY
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	\$112.4m
Fund 12-month net flows	Positive
Distribution model	Internal
Investment structure	Underlying product
Buy/sell spreads	0.00/0.00
Product type	Registered Managed Investment Scheme (Unitised)
Currency hedged	Yes
Use of derivatives	Yes
Types of derivatives	FX

What is the Product Structure?

Pengana Diversified Private Credit Fund ('the Fund') is multi-manager global private credit strategy. The Fund is an Australian domiciled unit trust, which is a feeder fund to the Pengana Private Credit Master Fund ('the Master Fund'). The Master Fund in turn invests predominantly in global private credit funds managed by Underlying Managers.

The Fund does not employ leverage, however, the Underlying Funds are permitted to leverage up to a combined level of 1.75x.

Lonsec Opinion & Supporting Facts

Structure

The Fund is an Australian domiciled unit trust, which is a feeder fund to the Pengana Private Credit Master Fund ('the Master Fund') domiciled in the Cayman Islands. A function of a multi-manager private market offering is that each of the Underlying Funds may be structured differently and as such introduces additional complexities to that of single manager offerings.

Service Providers

The Manager employs quality service providers and has had a stable relationship with the Trustee since the inception of the Fund. The Trustee, however, is a related party which may lead to conflicts that need to be managed. Outside of this, 'tier 1' service providers are utilised for the custodial, administrative and auditing responsibilities of the product.

Wind-up Risks

The Fund has A\$112m of funds under management ('FUM') as at 30 June 2025. Pengana Credit's distribution effort is supported by Pengana's broader distribution team which is viewed positively. As such, wind-up risk is considered to be relatively low.

Deal Allocation Policy

Pengana Credit has a detailed, documented allocation process to articulate how funds are allocated across each of the four key categories. The process is overseen by Pengana's Credit Risk and Allocation Committee. However, given the fund of fund nature of the strategy, it is pertinent to assess the underlying fund manager's allocation policy along with Mercer's guardrails of selection to ensure all investors are treated equitably. Pleasingly, Mercer has an allocation policy depicting investments will be conducted on a pro-rata basis and outlines instances which pro-rata investing may not occur, which are logical. Given the number of underlying investment managers in the strategy, there is a higher risk of deviations in allocation policies to that of single investment manager funds. That said, Mercer's process mitigates these concerns to an extent.

Transparency

Through the course of Lonsec's review, Pengana Credit provided the appropriate documentation which depicts a detailed breakdown of portfolio composition and underlying loan performance. Although the Manager produces a monthly investor letter depicting overall portfolio composition and performance, it lacks detailed insights to both the Underlying Fund's performance and the underlying loan credit quality. As such, further look through of this nature would be welcomed.

Product (continued) ●●●

Liquidity Details

Gating allowed	Yes
Level of Gating	Manager discretion, dependent on market conditions
Liquidity Frequency	Quarterly, following initial 3 year lock-up
Subscription and Redemption Notice Required	90 days

Liquidity

Investments in the Fund are "locked-up" for the first three years after the initial investment. After this period, the Fund offers quarterly redemptions on a best endeavours basis. As such, there is no further gates implemented by the Manager or Trustee after the initial lock-up period. To manage redemption and cash flows, the Manager has a number of mechanisms available to assist. Many of the Underlying Funds have monthly or quarterly liquidity windows, which offer sufficient time for portfolio rebalance to assist with redemptions. Furthermore, the Fund holds 5-15% of the portfolio in the "Enhanced Cash" bucket to assist in management of cashflows. Overall, although a three year "lock-up" is in keeping with the Manager's investment guidelines, this is considered to be long given investors may require unexpected cashflows prior to this time. That said, the Fund has ample mechanisms at hand to service the liquidity parameters outlined in the Fund's offer document.

Valuation Details

Internal valuation committee	No
Frequency of valuations	Quarterly
Independent valuations	Underlying manager dependent
Type of valuation	Underlying manager dependent

Given the fund of fund nature of the strategy, each of the Underlying Funds have different valuation policies with different valuation frequencies. The analysis of the Underlying Fund's valuation practices is undertaken by Mercer's operational due diligence team. The Pengana Credit IC requires each of the Underlying Funds to have a formal valuation policy and for the valuations of underlying investment to be externally reviewed at least annually, at a minimum. The inclusion of these minimum standards is viewed positively, albeit increased cadence of external oversight would improve conviction in the valuation process further.

Fees ●●●

Annual Fees and Costs (% p.a.)

RG97 Applicable	No
Management fees & costs	1.00
Performance fee costs	0.00
Net Transaction Costs	0.00
Annual fees and costs	1.00

Source: FE fundinfo, Information Memorandum date: 01/Sep/2024

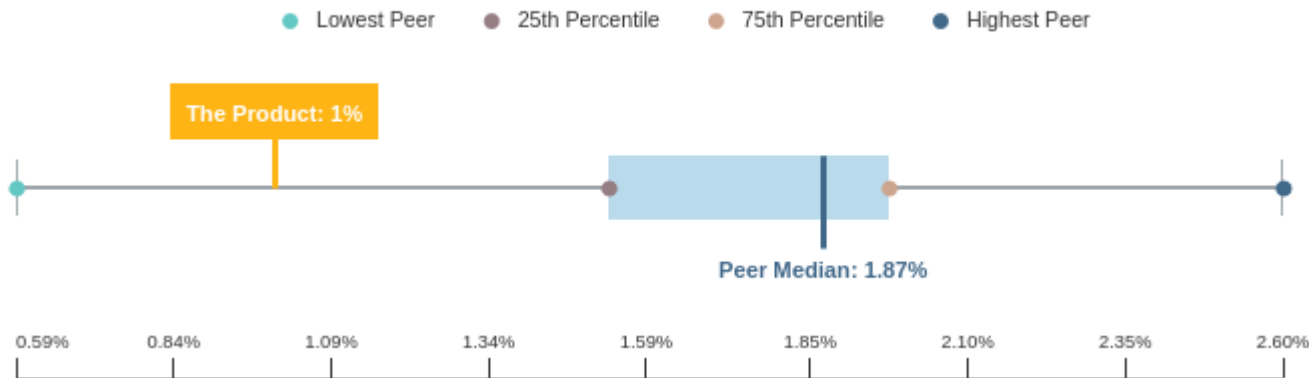
Performance Fees

Applicable	Yes
Hurdle type	Cash Plus
Hurdle	6% p.a. (with floor of 7.5% p.a.)
Rate	20%
Fee capping	No
High watermark	No

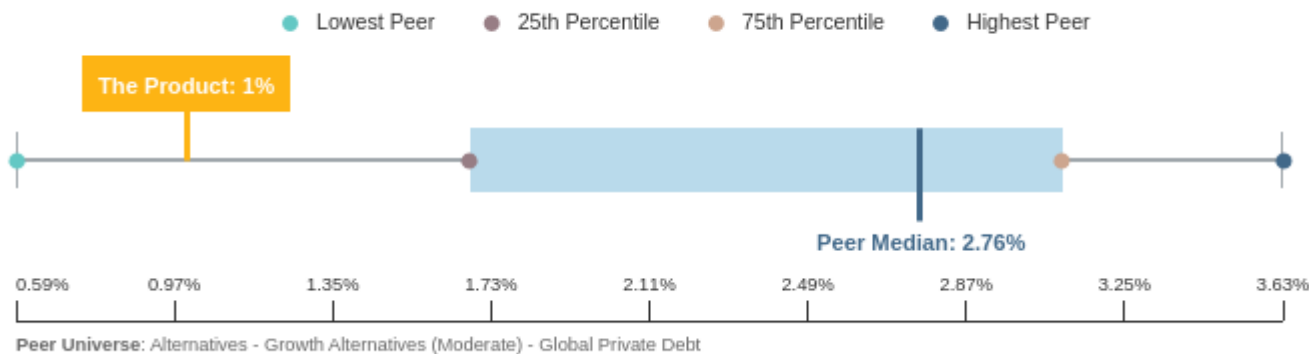
Fees Explained

The annual management fee equates to 1.00% p.a. The offer document does not provide look through to the underlying fund management costs and expenses. As such, overall fees are expected to much higher than those quoted in the offer documents. The Fund charges a performance fee of 20% when the performance exceeds the RBA Official Cash Rate + 6% p.a. with a floor of 7.5% p.a. Further, the Fund has more than one layer of management and performance fees. The Fund's investments including Underlying Funds are subject to both management and performance fees.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

Although the Fund's representation of fees relative to peers (above) appears to be vastly below the peer median, the Fund does not provide RG97 disclosure as to the AFC estimate, along with an estimate of indirect management fees and costs. This differs to the vast majority of peers used in this graphical representation. Factoring in estimates for the Fund to align with RG97's AFC, the Fund is considered to be expensive relative to the peer median.

Fairness

Although the Fund's overall fee load is considered to be expensive relative to peers, the Fund offers exposure to a diverse range of multi-manager global private credit funds, which brings about a slightly higher fee cost relative to single fund manager offerings.

Performance data is as at 30 June 2025

Performance ●●●

Performance Summary

Offer Doc. return objective	The Fund's Target Return to Investors is the RBA Official Cash Rate ('RBA OCR') plus 7 - 9% p.a. in AUD, generated over a rolling 5 year investment horizon.
Internal return objective	As above
Internal risk objective	Drawdown
Product benchmark	RBA Cash Rate
Lonsec peer group	Global Private Debt

Alpha Generation

Given the Fund's inception in September 2023, the performance track record is too short to make a meaningful assessment. That said, performance since inception to 30 June 2025 was 10.7% p.a.

Alpha Consistency

Given the Fund's inception in September 2023, the performance track record is too short to make a meaningful assessment. Comfort is gained from Mercer's history of managing global private credit offerings since 2013. That said, these strategies were managed to a different mandate to that of Fund's and many were in a closed-ended structure, which inhibits performance portability to a degree.

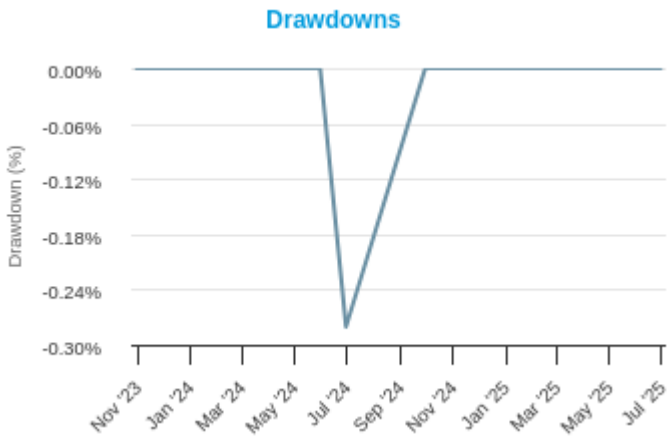
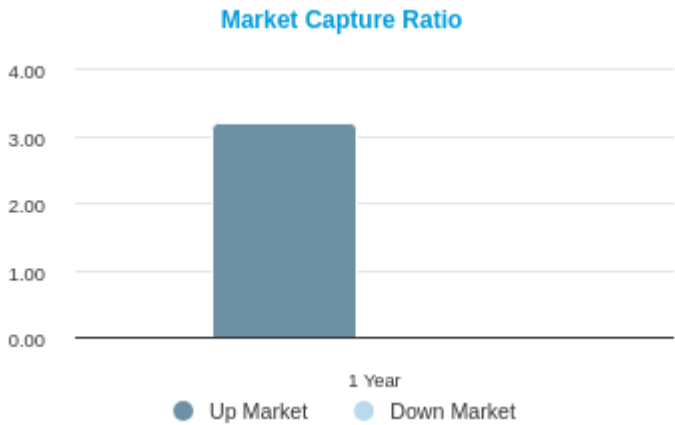


Performance data is as at 30 June 2025

Performance (continued) ●●●

Product Defensiveness

Given the Fund's track record has not yet experienced a full market cycle, it is difficult to fully assess the product's defensiveness. That said, given the breadth of coverage within the global private credit market, it is positioned to provide investors with greater resilience relative to more concentrated strategies.



Ratings

'Highly Recommended' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'Recommended' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'Investment Grade' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'Approved' rating indicates that Lonsec believes the product can meet its investment objectives.

'Not -Approved' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'Closed / Wind Up' status is applied when the product has been closed.

'Fund Watch' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The **'Redeem'** rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The **'Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'Discontinued Review' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The **'Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.

ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.

ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

Excess return: Return in excess of the benchmark return.

Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).

Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.

Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.

Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.

Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

Standard deviation: Volatility of monthly Absolute Returns.

Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.

Time to recovery: The number of months taken to recover the Worst Drawdown.

Total return: 'Top line' actual return, after fees.

Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

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Lonsec Research FSG Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;

- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

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Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
 - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
 - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser.

Lonsec Research FSG (continued)

Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

1.5 How Lonsec Research is paid

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1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

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Complaints Manager

Level 39, 25 Martin Place

Sydney NSW 2000

Tel: 1300 826 395

Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail:

Australian Financial Complaints Authority

GPO Box 3

Melbourne, Victoria, 3001.

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This FSG was prepared on 1 August 2024.