



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Pengana Credit Pty Ltd
Benchmark	Bloomberg AusBond Bank Bill Index AUD
Product structure	LIT
Market cap. at 31-Dec-2024	\$171.81m
Price divergence	Mod
Listing Date	21 June 2024
Leverage	Max: 1.50x
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.)

Management fees & costs	2.59
Performance fee costs	0.71
Annual fees and costs	3.40

Source: FE fundinfo, Offer Document date: 19/Apr/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

- 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 Trust's performance track record is in it's infancy, having only been incepted in June 2024.
- The NAV stabilisation mechanism is untested over an extended period of time, particularly during periods of market stress where the Trust may trade at notable discounts to NAV.

Product Opinion

The Trust has been upgraded to **'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 Trust 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 Trust's fee load is high relative to global peers. The NAV stabilisation mechanism also remains untested, especially during periods of market stress when discounts to NAV may widen.

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 Trust will target a cash distribution yield of 7% per annum (net of fees, costs and taxes incurred by the Trust), paid monthly.
Internal return objective	Excess Return
Internal risk objective	Drawdown
Non-financial objective	None

Asset Allocation (%) (as at 30/06/2025)

Alternative Assets	100.00%
Total	100.00%

Source: FE fundinfo

Rating History

05-Jul-2024	Investment Grade
-------------	------------------

Product Distribution Profile

Frequency	Monthly
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Trading Snapshot (as at 30/06/2025)

Securities on issue	81,816,917
Ticker	PCX
Last price	\$2.01
52 week high/low price	\$2.09/\$1.91
Last NTA or NAV	\$2.02
52 week high/low NTA or NAV	\$2.02/\$1.98
Premium/discount to NTA or NAV	-0.491 %

Return Profile

Income		
Capital		
	Defensive	Growth

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

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	6.52	9.38	-	11.18	-	10.81	-	-
Standard deviation	2.98	1.99	-	2.49	-	3.34	-	-
Excess return (% p.a)	2.13	4.83	-	4.94	-	5.01	-	-
Outperformance ratio (% p.a)	58.33	79.17	-	75.00	-	72.22	-	-
Worst drawdown (%)	-0.90	-0.32	-	-0.76	-	-2.20	-	-
Time to recovery (mths)	2	-	-	-	-	-	-	-
Sharpe ratio	0.72	2.59	-	2.73	-	2.09	-	-
Information ratio	0.71	2.48	-	1.99	-	1.62	-	-
Tracking error (% p.a)	2.99	1.97	-	2.48	-	3.34	-	-

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

Product Benchmark: Bloomberg AusBond Bank Bill Index AUD

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

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

Calculated using share price

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

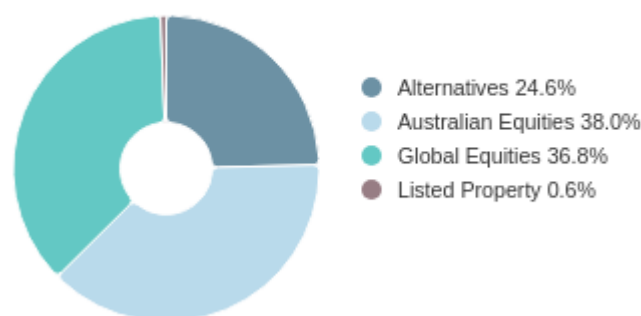
Given the Manager's current level of AUM, the firm is considered profitable and well capitalised. Earnings quality of the Fund is aided by the diversity of the AUM within the business across differing strategies and clients.

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) ●●●

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.

Portfolio Construction

Portfolio management structure	Portfolio Manager
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 (50-70%), Balanced (10-30%), Total Return (<20%), Enhanced Cash (<20%).

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.

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(21%)
Min Credit Rating (At Purchase)	Unrated
Cash Allocation (Typical, Max.)	10%, 20%
Public Market Allocation	None
Credit Line Facility	None
Capital Stack Allocation	None
Portfolio Level LVR	Max: 100% First Lien, 31% Subordinated, 16% 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?

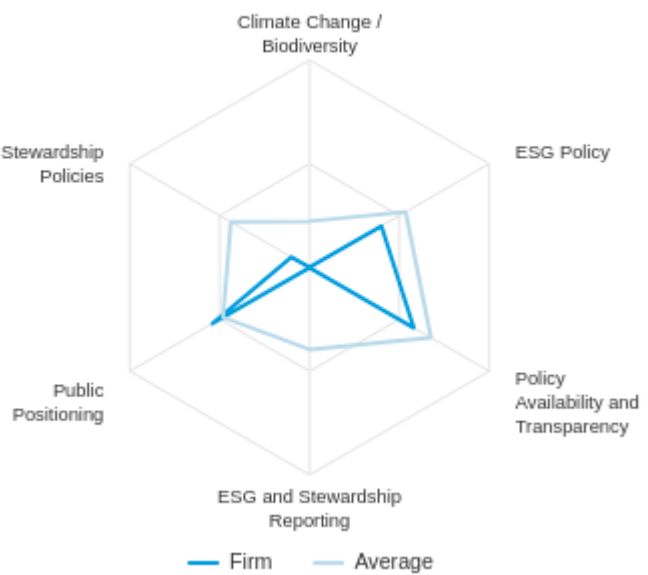
The Manager has not indicated any ESG approach in their submissions to Lonsec. While the Manager may be undertaking some activities that would be considered ESG integration, Lonsec is unable to provide guidance on how that might reflect portfolios.

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

Responsible entity	Pengana Investment Management Limited
Investment manager	Pengana Credit Pty Ltd
Sub-investment manager	Mercer Consulting (Australia) Pty Ltd
Custodian	BNP Paribas
Administrator	BNP Paribas
Fund Auditor	EY
Securities lending agent	N/A
Change in Key Providers? (Over last 12 months)	No

Product Details

Market cap	\$165.27m (June 2025)
Premium / disc. (12M ave.)	1.2%
Authorised capital management	Private placements, Entitlement offers, Dividend reinvestment plans, Buy-backs
Net asset disclosure frequency	Monthly
Distribution model	Interlal
Investment structure	Underlying product
Product type	Listed Registered Managed Investment Scheme (Unitised)
Currency hedged	Yes

What is the Product Structure?

Pengana Global Private Credit Trust is a closed-ended Australian domiciled unit trust, listed on the ASX ('PCX') on 21 June 2024. The Trust is a multi-manager global private credit strategy. The Trust 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 1.50x.

Lonsec Opinion & Supporting Facts

Price Divergence

The Trust's deviation, in terms of premium/discount to NTA, during the previous 12 months have been 1.2% on average. Given the Trust listed in June 2024, there isn't sufficient information to analyse long-term price divergence. That said, early signs have been encouraging.

Liquidity

As a closed-end listed vehicle, the Trust's traded unit price may not match the respective NAV. The RE will apply a NAV stabilisation mechanism for situations where there is a discount. The RE intends to make an offer to buy-back 5% of the issued capital of the Trust at the NAV per unit at the time. This offer will be made on a quarterly basis subject to the 10/12 limit and unit holder approval and scaling. This mechanism will be funded by Trust assets and any units bought-back will be cancelled immediately. The Trust's NAV stabilisation mechanism is viewed as a differentiated feature in Listed Investment Trusts but is untested over an extended period. While it is anticipated that this should help support the closer alignment of the per unit traded price and NAV, particularly during benign market periods, this key feature is untested and outcomes uncertain. Moreover, during periods of market stress there may be heightened demand for this feature which may cause it to be overwhelmed and effectively invalidated. Additionally, the potential for ongoing and persistent redemptions made available by the mechanism has the strong potential to erode the capital base of the Trust, albeit the Trust is expected to prudently raise capital to manage those instances.

Governance

The Manager employs quality service providers and has had a stable relationship with the Responsible Entity ('RE') since the inception of the Trust. The RE, 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.

Secondary Market Support

Pengana's experience in cultivating shareholder support and loyalty, crucial for narrowing the gap between share price and net asset value ('NAV') is considered to be somewhat less than specialised LIT peers. That said, the Manager's website provides regular updates about the strategy, which is considered advantageous for fostering shareholder support.

Product (continued) ●●●

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.

Structure

The Trust is a closed-ended 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.

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 the both the Underlying Fund's performance and the underlying loan credit quality. As such, further look through of this nature would be welcomed.

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.

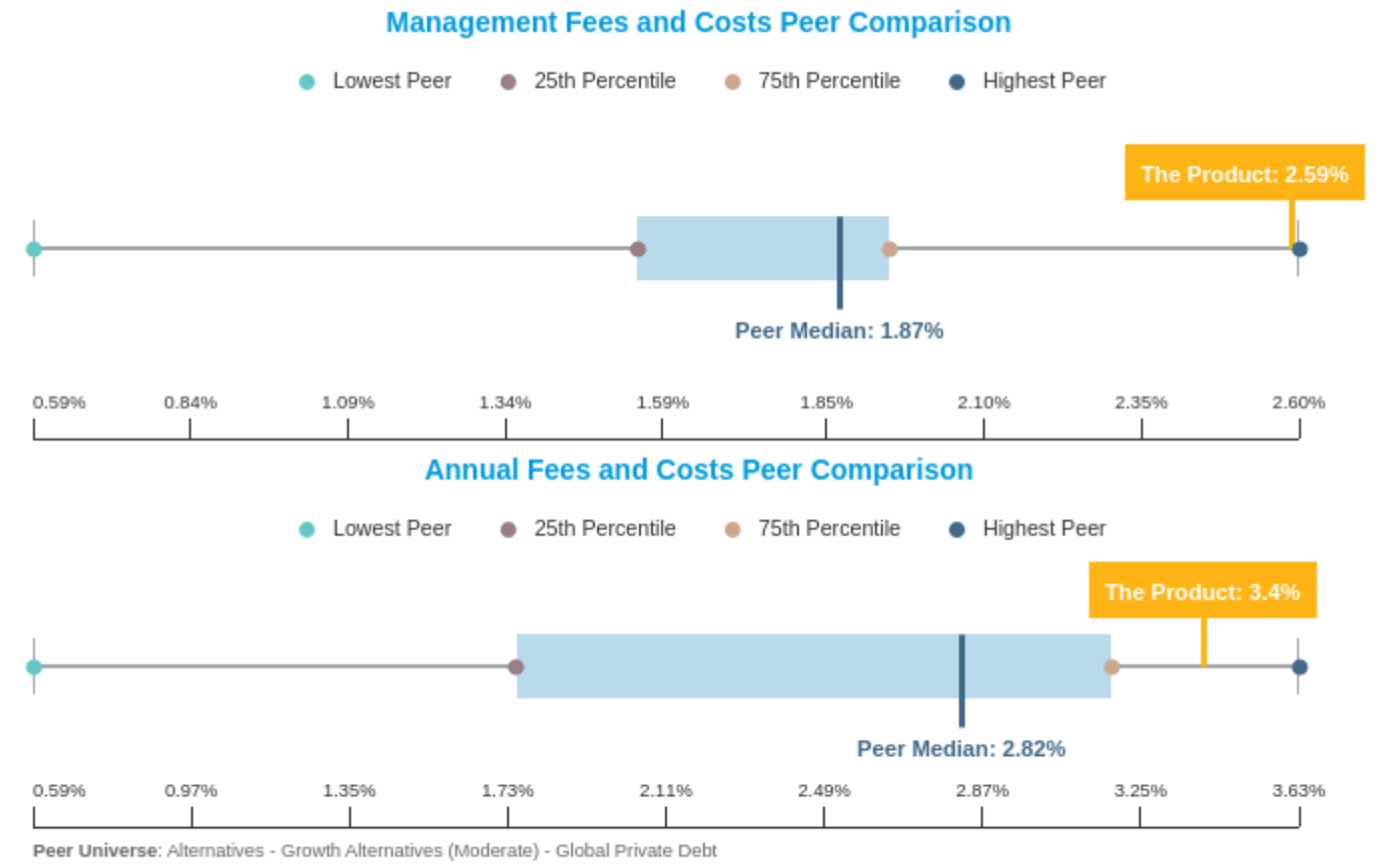
Fees

Annual Fees and Costs (% p.a.)		Performance Fees	
Management fees & costs	2.59	Applicable	Yes
Performance fee costs	0.71	Hurdle type	Cash Plus
Annual fees and costs	3.40	Hurdle	6% p.a. (with floor of 7.5% p.a.)
Source: FE fundinfo, Offer Document date: 19/Apr/2024		Rate	20%
		Fee capping	No
		High watermark	No

Fees Explained

The Manager’s PDS, dated 19 April 2024, discloses Annual Fees and Costs (‘AFC’) totaling 3.40% p.a. This value comprises (1) Management Fees and Costs of 2.59% p.a. (inc. indirect costs) and (2) Performance fee estimate of 0.71% p.a. and (3) Net Transaction Costs of 0.10% p.a. In line with RG97, some fees and costs have been estimated by the issuer on a reasonable basis. Actual fees and costs may vary to these estimates, particularly with respect to net transaction costs and performance fees.

A performance fee of 20% over a hurdle rate of RBA Cash Rate +6% p.a., with a floor of 7.5% p.a. (net of Responsible Entity & Management fee) is charged. Further, the Trust has more than one layer of management and performance fees. The Trust’s investments including Underlying Funds are subject to both management and performance fees.



Lonsec Opinion

Annual Fees and Costs

Annual fees and costs are higher than peers within the global private debt sector.

Fairness

Although the Trust’s overall fee load is considered to be expensive relative to peers, the Trust 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

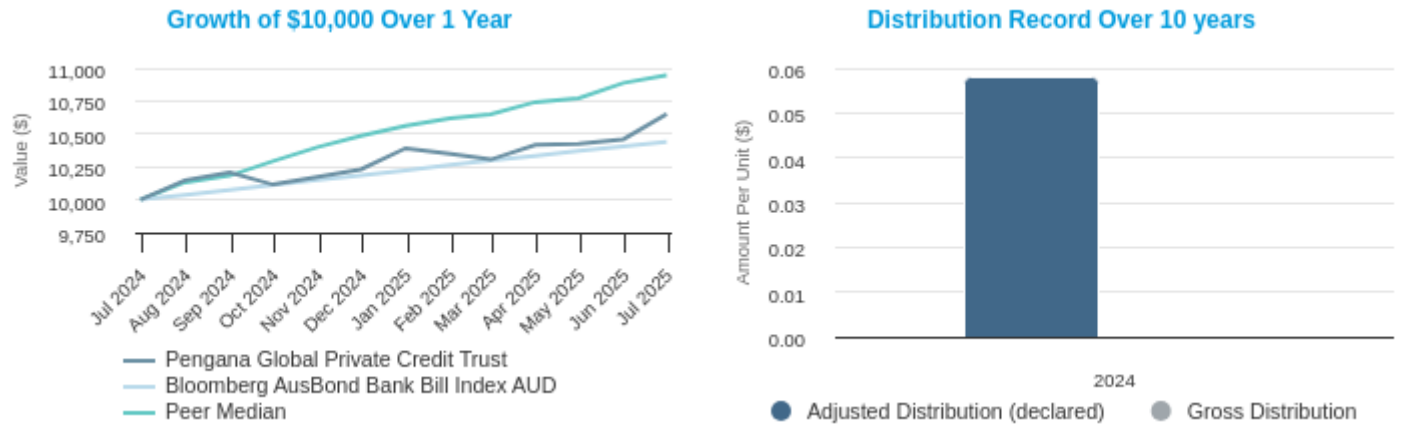
Investment objective	The Trust will target a cash distribution yield of 7% per annum (net of fees, costs and taxes incurred by the Trust), paid monthly.
Internal return objective	Excess Return
Internal risk objective	Drawdown
Product benchmark	Bloomberg AusBond Bank Bill Index AUD
Lonsec peer group	Global Private Debt

Alpha Generation

Given the Trust's inception in June 2024, the performance track record is too short to make a meaningful assessment. That said, performance over the one year period to 30 June 2025 was 6.5%.

Alpha Consistency

Given the Trust's inception in June 2024, 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 Trust's, which inhibits performance portability to a degree.



Performance data is as at 30 June 2025

Performance (continued) ●●●

Benchmark Relativity

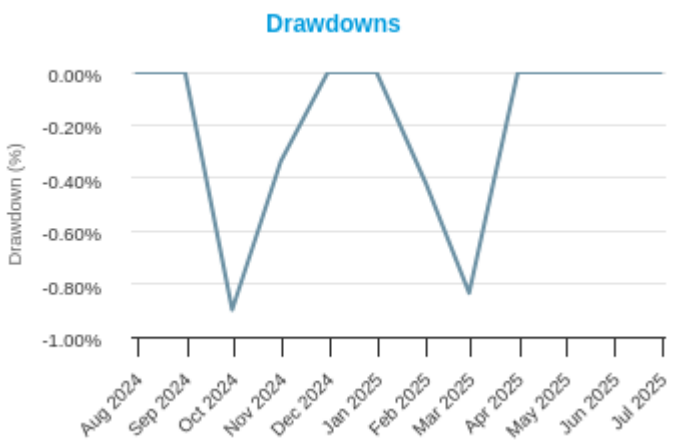
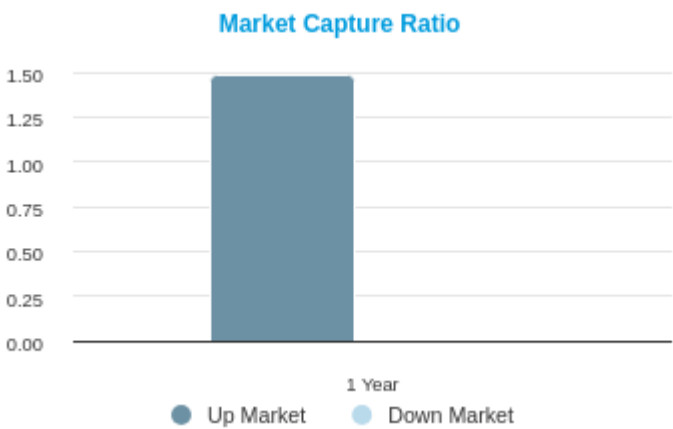
Given the Trust's inception in June 2024, the performance track record is too short to make a meaningful assessment. That said, given the diverse range of Underlying Funds included in the portfolio, in particular offerings in the "Total Return" bucket, the Trust is expected to achieve returns across a wide variety of return sources and differentiated approaches.

Return Volatility

Given the Trust's inception in June 2024, the performance track record is too short to make a meaningful assessment.

Product Defensiveness

Given the Trust'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.

Lonsec Group Disclaimers

Issued by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec, we/our) a subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) and (Lonsec Group). Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Group. This document is not a prospectus, any other form of disclosure document or product disclosure statement within the meaning of the Corporations Act 2001. Any advice contained in this document is General Advice only and has been prepared without taking into account investors' objectives, financial situation or needs. Prior to acting upon any information contained in this document, investors must do their own investigation and analysis of the appropriateness of the information or seek independent financial and/or tax advice, having regard to their objectives, financial situation and needs. Investors must consider reading any relevant Product Disclosure Statement (PDS) or offer document to assess the appropriateness of this advice in light of their own objectives before making a decision to obtain a financial product. Past performance is not a reliable indicator of future performance. © 2025 Lonsec Research. All rights reserved. You may not reproduce, transmit, disseminate, sell or publish this information without our written consent.

Except for any liability which cannot be excluded, no representation, warranty or undertaking, express or implied is made and no responsibility or liability is accepted by Lonsec Research, its directors, officers, employees and agents for any error or inaccuracy, misstatement or omission from this document or any loss or damage suffered by the recipient or any other person as a consequence of relying upon it.

Lonsec Research makes no representation, warranty or undertaking in relation to the accuracy, reasonableness or completeness of the information presented in this document which is compiled from information from public and third-party sources. We assume no obligation to update this document after publication. Lonsec Research provides this document for the exclusive use by the recipient to whom it is provided and should not be used or relied upon by any other person unless express permission is obtained from us. Additional fees and charges may apply. Please verify from the offer documents for the relevant financial product. In line with industry practice, returns may be estimated. To access verified returns please refer to the product issuer. This document may also contain third party material that is subject to copyright. To the extent that copyright subsists with a third party, it remains with the original owner and permission may be required to reuse the material.

Lonsec Group Disclaimers (continued)

The product rated in this publication may have related financial products or be associated with other financial products and platforms. Our rating applies to the financial product outlined in this publication. You should seek professional advice before you make an investment decision on related or associated financial products and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication.

Disclosures

Lonsec Research does not hold the financial product(s) referred to in this document. The financial product issuer and/or Lonsec Research Representatives (and/or their associates) may from time to time have holdings in the financial product referred to in this document or in Generation Development Group (ABN 90 087 334 370). For the purposes of this report Lonsec Research considers such holdings not to be sufficiently material to compromise the rating or advice. Lonsec Research manages any potential conflict by implementing a comprehensive ratings process, information barriers and monitoring program. Lonsec Research receives a fee from the financial product issuer(s) for researching the financial product(s), using objective criteria. Lonsec Research's rating(s) outcome is not linked to the fee. Lonsec Research and its associates do not receive any other compensation or material benefits from product issuers or third parties in connection with the report. Lonsec Research's research process relies upon the participation of the financial product issuer(s). Should the financial product issuer(s) no longer participate in our research process, we reserve the right to withdraw the document at any time and discontinue future coverage. This is a summary of the research report, you can access the full research report via Lonsec Research. For information about our associations and/or relationships with the financial product issuers and General Development Group, please refer to our Conflicts of Interest Statement accessible [here](#).

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

Lonsec Research Pty Ltd
Level 39, 25 Martin Place
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. 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.

Lonsec Research FSG (continued)

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

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.

1.7 What should you do if you have a complaint?

Lonsec Research's internal complaints handling process is designed to ensure that your concerns are treated seriously, addressed promptly and fairly. A complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. If you have a complaint relating to Lonsec Research's products, services, its employees, the complaint should be addressed to:

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.

1.8 Conflicts of Interest

Lonsec Research is aware of the inherent potential conflicts of interest associated with the provision of ratings and how we are remunerated for our services. There are a comprehensive set of policies, and procedures in place at Lonsec Holdings that apply to its subsidiaries including Lonsec Research. Information barriers (both permanent and temporary) consistent with our regulatory obligations under Regulatory Guide 79 are in place to manage either perceived or actual conflicts of interest. Employees of Lonsec also have to abide by Personal Trading and Gifts and Entertainment requirements and are trained on these requirements from time to time.

Lonsec Research review and rate products for Fund and Equity Managers who may from time to time have holdings within Generation Development Group Limited. Lonsec Research manages any potential conflict by disclosing to investors who access the research for these products and by implementing a comprehensive ratings process, information barriers and monitoring program. For further information on how Lonsec manages its conflicts refer to our Conflicts of Interest Statement accessible [here](#). For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

Lonsec Holdings has appointed Australian Retirement Trust Pty Ltd ABN 88 010 720 840, AFSL 228975 as the provider of default superannuation services to its Group employees. Lonsec Holdings appointment of Australian Retirement Trust is not an endorsement of, or opinion on, the Fund.

Australian Retirement Trust is a subscriber to our services and pays a fee to us for this subscription service. Australian Retirement Trust rating and report is issued by an analyst who is aware of Australian Retirement Trust's appointment as default superannuation fund provider but who does not have a personal investment in the fund.

This FSG was prepared on 1 August 2024.