TermPlus-5 year term

PCL0310AU **Author:** Aditya Sharma **Published:** 28 Oct 2026

Data is provided by the manager at 31 Dec 2025, and currency in AUD, unless otherwise stated

Investment Grade

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Pengana Credit Pty Ltd
Benchmark	RBA Cash Rate
Product structure	Managed Fund
Leverage	Underlying Funds can lever up to a combined level of 1.50x
Redemption terms	At term maturity, subject to notification period
Product Size	$23.3m (Sep 2026)
Inception date	Jun 2024
Asset class	Alternatives
Sector	Growth Alternatives (Moderate)
Peer group	Alternatives - Growth Alternatives (Moderate) - Global Private Debt
Rated peers	34
Annual fees and costs	3.02
Source: FE fundinfo	* Refer to Fees section

What is the Product?

TermPlus-5 year term ('the Fund') is one of the three structured term offerings in the TermPlus portfolio, which has a 5-year maturity date following initial investment. The TermPlus portfolio is a multi-manager global private credit strategy. The Fund has a fixed target return of RBA +4.15% p.a., with returns capped to that target rate.

Product Characteristics

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

Product Opinion

The Fund has maintained its **'Investment Grade'** rating. The Fund benefits from the synergy between Pengana and Mercer. While Mercer provides extensive global scale, experience, and resources, alongside institutional-grade manager research capabilities, Pengana complements these capabilities by providing specialised structuring and distribution support. Utilising a global multi-manager strategy, the Fund offers investors broad diversification across high-quality international fund managers and relative to global private debt peers, the total fee load for the Fund is considered very reasonable. The Fund's performance track record is still evolving, currently lacking the historical data required for a rigorous evaluation across a full market cycle. Investors forgo excess returns above the target, which is retained by Pengana in exchange for multiple credit enhancement layers, and it's operation is untested.

Lonsec Rating Model

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

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

Allocation Profile

	Low Complexity	High Complexity
Core		
Satellite		■

Private Market Profile

	Liquid	Illiquid
High Valuation Risk		■
Low Valuation Risk		

Strengths

- The Fund leverages the synergy between Pengana's distribution and Mercer's institutional manager research.
- Mercer's global Private Debt team brings over 20 years of on-the-ground expertise across international managers.
- The Fund offers investors broad diversification across international fund managers and global markets.

Weaknesses

- The Fund name may imply 'bank-like' features, but it is not an ADI account and shouldn't be seen as a cash or term deposit proxy.
- The Fund's performance track record is still evolving and yet to see a meaningful full-market cycle.
- Investors forgo any excess spread above the target return, which is retained by Pengana, in exchange for the limited downside protection provided.

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Key Facts

Changes Since Last Review

- To improve its liquidity management framework, Pengana has now established a A$100m contingent liquidity facility agreement with JP Morgan to assist in meeting short-term liquidity requirements.
- As an extension of the above-mentioned facility arrangement, Pengana has switched its hedging provider from Macquarie to JP Morgan.

Key Objectives

Investment objective	To achieve the "Target Rate", equal to the RBA Rate plus 4.15% p.a. (net of all fees and costs)
Non-financial objective	None

Product Distribution Profile

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

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Portfolio Strategy

	Last Review %	This Review %
US Corporate Direct Lending	29.7	24
European Corporate Direct Lending	22.7	25
US Asset-backed Lending	9.6	14
European Asset-backed Lending	1.9	6
Opportunistic Lending	25.9	22
Other	3.5	3
Cash	6.7	6

Rating History

06-Nov-2025	Investment Grade

Return Profile

Income		
Capital		
	Defensive	Growth

Performance Analysis - annualised after fees at 30/06/2026

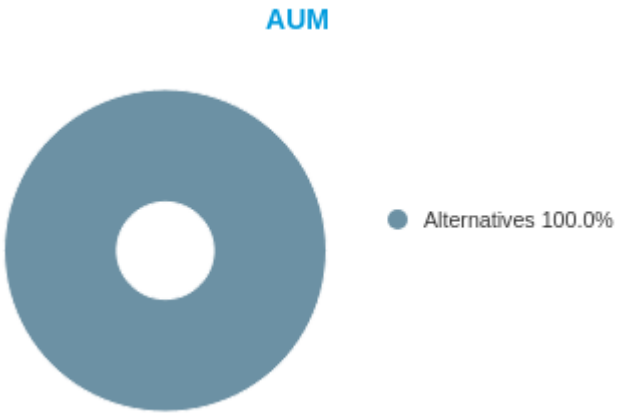
	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	8.29	5.67	8.50	7.60	-	8.90	-	6.42
Standard deviation	0.10	1.45	0.11	1.49	-	2.81	-	4.58
Excess return (% p.a)	4.45	1.82	4.47	3.25	-	1.05	-	1.35
Outperformance ratio (% p.a)	100.00	75.00	100.00	81.25	-	55.56	-	59.17
Worst drawdown (%)	0.00	-0.28	0.00	-0.81	-	-2.28	-	-6.63
Time to recovery (mths)	-	1	-	2	-	NR	-	-
Sharpe ratio	42.52	1.48	40.25	1.69	-	1.19	-	0.78
Information ratio	114.71	1.48	149.73	1.67	-	0.29	-	0.48
Tracking error (% p.a)	0.04	1.45	0.03	1.50	-	2.78	-	4.49

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

Metrics

Total AUM	$3.9b
Investment Management Headcount	56
Investment Professionals	14
Sales & Service	14
Distributor	Internal

Who is the Manager?

The Fund is managed by Pengana Credit Pty Ltd. ('Pengana Credit') which was established in May 2022 and is a wholly owned subsidiary of Pengana Capital Group Limited ('Pengana' or 'the Manager'). Pengana credit is responsible for the portfolio construction, asset management, and operations for Pengana's private debt and fixed-income products.

Pengana is a diversified funds management group founded in 2003 and headquartered in Sydney. The Manager is an ASX-listed business owned by founders, board directors, institutional investors and partner financial groups.

Pengana Credit has appointed Mercer as the investment consultant primarily responsible for sourcing, conducting research and due diligence on the underlying managers.

Lonsec Opinion

Profitability

The Manager is generally considered well capitalised, although group level profitability has been subdued in FY 2026. Earnings quality of the manager is supported by the diversity of the AUM within the business across differing strategies and clients.

Business Track record

The Manager has a successful track record in managing investments since its inception in 2003. The firm has diversified its business through investment capabilities established across equities, fixed income, property and alternatives. Pengana's credit business was launched in 2022 and signifies the Manager's evolving track record in this space, with Pengana Credit now managing assets worth A$832m (as of 31-May-2026).

Pengana will rely on Mercer's specialist capabilities in sourcing underlying Funds; Mercer has over 20 years of experience in Private Debt investment advisory with approximately USD 18.6b of assets under advisement (as of 30-June-2025).

Business Ownership

Founders, directors, and company staff command insider ownership in Pengana Capital Group Limited (ASX: PCG), collectively holding roughly 35% to 40% of the entire business. While maintaining a boutique culture can be challenging in a listed firm, the high level 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 it's 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.

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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	36/4	4
Nick Griffiths	CIO, Pengana Capital Group	No	2022	33/23	23
Rebecca Jacques	Head of Wealth Management Investment Solutions, Mercer	No	2022	28/8	17
Scott Wilkinson	Head of Private Market (APAC), Mercer	No	2022	22/17	12
Adam Rapeport	Portfolio Manager, Pengana Credit	Yes	2024	28/3	28

KDM Change*

No changes.

* Last 3 years

Profile

Size	18
Structure	Centralised
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	29
Portfolio Managers		
Hybrid portfolio manager/ analysts	15	11
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.

Pengana Credit has appointed Mercer Consulting (Australia) Pty Ltd. to provide investment 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 and 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'). To broaden its localized investment expertise, Mercer has progressively integrated regional Chief Investment Officers into its PDIC.

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Team *(continued)*

Lonsec Opinion

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 overlaps, 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 and consistent 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.

Team Size

Mercer's private credit team of 15 is organised across three regions: US, Europe and APAC (Sydney). In aggregate Mercer covers over about 2000 primary fund offerings, 100 co-investments and 100 secondaries each year. Team size at Mercer is considered appropriate given the breadth of the strategies on offer. That said, given the depth and intensity required for private market's manager research, further resourcing would be viewed favourably.

On Pengana's side, from an operational perspective, Rapeport assumes primary responsibility for day-to-day portfolio management, supported by oversight from Griffith and Richardson.

Track Record/Co-Tenure

Given the Pengana Credit business was established in 2022, the track record and co-tenure of the IC and PM is still evolving as they are yet to experience a meaningful full market cycle.

The co-tenure of Mercer's committees is strong, with average co-tenure being over 11 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 six 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.

Alignment

Pengana's compensation for key decision makers typically includes base salary, short and long term incentives, including equity allocations in Pengana Credit. Incentives, in the form of cash bonus and performance rights (similar to options) are calculated based on business 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 across the two businesses is considered to have moderate-to-high alignment of interests.

Key Person Risk

Key person risk for this fund 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, is also considered particularly key. The depth and experience of both the Investment Committee and Mercer's underlying committees, combined with rigorous governance and investment frameworks, effectively mitigate key-person risk for the Fund.

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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 - Business Management, Alignment, Strategy, Track Record and ESG, with internal rating outcomes ranging from A (highest) to N (not rated). All Underlying Fund ratings are ratified by Mercer's Private Debt 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 Private Debt 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

There is some asymmetry in the Fund structure whereby the Pengana Credit receive any excess yield above the target return of RBA Cash Rate + 4.15% p.a. in return for providing multiple layers of additional credit protection and absorbing the first 5% of realised investment losses. Under this dynamic the risk assumed by the Fund may far exceed the risk required to achieve the target return. That said, comfort is gained that there is clear alignment of interest, given the Manager is a subordinated investor 'on the hook' for the first 5% of losses.

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, asset-backed lending, opportunistic credit, 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.

While the investment philosophy is underpinned by a commitment to deliver strong risk-adjusted returns through a well-diversified portfolio, the strategy remains structurally confined to private credit mandates. Consequently, the capturing of illiquidity premiums entails elevated credit, and liquidity risks relative to public market alternatives.

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	Portfolio Manager
Approach to benchmark	Benchmark Agnostic
Typical number of loans	~30 Funds I ~5,000 loans
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's allocation is dynamic and dependent on the level of investor demand across each of the TermPlus maturity dates. In instances whereby there are more investors within the 1-year maturity structure, the TermPlus portfolio exposure will be tilted more toward the Income and Enhanced Cash buckets. Alternatively, if the TermPlus portfolio has more investors in the 5-year maturity structure, the TermPlus portfolio will be tilted more toward the Balanced and Total Return buckets. The overall TermPlus portfolio is constructed in an attempt to ensure each investor's investment matures at the predefined maturity date.

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	$879m (Sep 2026)
Portfolio liquidity (1 week)	4.6% (Sep 2026)

The Manager has not indicated a capacity ceiling for the strategy.

Given the fund-of-funds nature of the vehicle, capacity management is primarily managed at the underlying fund level rather than within the Fund itself. Crucially, capacity management is a component of Mercer's rigorous manager due diligence and selection process. Overall, capacity is not constrained and there is ample room for the Pengana funds to grow.

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% I GP exposure 50%
Industry limits (Min/Max)	No limit
Country Limits (Min./Max.)	Australia (55%), Europe (70%), North America (70%), Rest of World (22%)
Min Credit Rating (At Purchase)	Unrated
Cash Allocation (Typical, Max.)	10%, 35%
Public Market Allocation	None
Credit Line Facility	Yes - A$100m
Capital Stack Allocation	None
Portfolio Level LVR	Max: 100% First Lien, 33% Subordinated, 19% 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.

Pengana has engaged MSCI to provide structured look-through data on the underlying vehicles, which is intended to support the development of its internal database and analytics capabilities. That said, how these data flows translate into practical portfolio insights is yet to be fully demonstrated in practice.

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. That said, given the complexity of the liquidity matching and stress testing models required for a strategy of this nature, further oversight of this function would be welcomed going forward to build conviction.

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ESG

Manager Positioning - Product

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

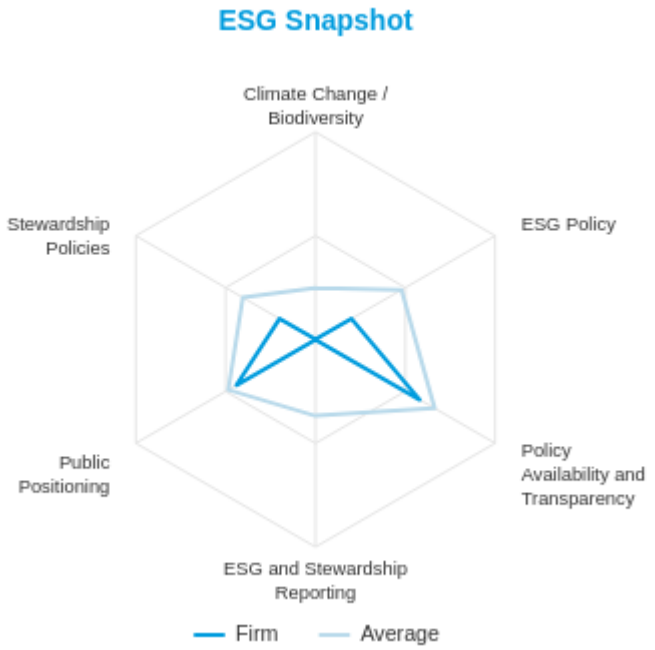
What is the Manager's ESG approach for this product?

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



Manager Level Approach

The Manager has articulated a commitment to integrating ESG within its investment process, supported by public positioning at the group level. The ESG policy is publicly available and remains at a high level. ESG assessment and integration are primarily driven at the strategy level, with implementation varying across investment teams. There is no separate engagement or stewardship framework specific to Pengana Credit, with engagement referenced at a high level within the group policy. The Manager does not have a proxy voting policy, which is not relevant for the asset class; voting records are disclosed for certain funds at the broader group level. There are no climate change or biodiversity commitments.

Product Level Approach

The review of ESG integration for fund-of-fund strategies such as this, considers the broad ESG components of the selected underlying strategies or managers, or the extent to which ESG impacts asset allocation. It does not review the ESG integration in detail at the level of each of the underlying funds or strategies. The Manager does have some minimum ESG standards for selection and periodic monitoring of the underlying funds or strategies. Indications that company engagement on ESG issues is a key component of the Manager's investment approach are limited. 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.

Product

Service Providers

Responsible entity	Pengana Capital Limited
Investment manager	Pengana Credit Pty Ltd
Custodian	BNP Paribas
Administrator	BNP Paribas
Fund Auditor	Ernst & Young
Change in Key Providers? (Over last 12 months)	No

Product Details

Product size	$23.3m (Sep 2026)
Fund 12-month net flows	Positive
Distribution model	Internal
Buy/sell spreads	0.00%/0.00%
Investment structure	Underlying product
Product type	Registered Managed Investment Scheme (Unitised)
Currency hedged	Yes
Use of derivatives	Yes
Types of derivatives	FX

What is the Product Structure?

TermPlus-5 year term ('the Fund') is one of the three structured term offerings in the TermPlus portfolio, which has a 5-year maturity date following initial investment. The TermPlus portfolio is a multi-manager global private credit strategy. The Fund has a fixed target return of RBA +4.15% p.a.

The Fund should not be considered as a cash or term deposit proxy. Unlike deposits in ADIs, investments in the Fund are not supported by other loss bearing securities in a bank's capital structure, do not benefit from the government's guarantee on deposits, and as a non-bank entity, the Manager is currently largely unregulated by APRA.

Lonsec Opinion & Supporting Facts

Structure

The TermPlus portfolio is an Australian domiciled unit trust, which is a feeder fund to the Pengana Private Credit 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.

TermPlus portfolio consists of two unit classes units, being the Investor Class and the Support Class. Pengana will make applications for units in the Support Class equal to 5% of the dollar value of units issued in the Investor Class. The co-investment acts as a capital buffer for Fund investors as any realised losses will first be absorbed by this 5% subordinated investment. In return for the capital protection, investor returns are capped at the target return and Pengana earns any excess spread over this return (noting that if the 5% capital buffer becomes impaired, future excess spread must be used to replenish the capital buffer back to 5% before the Manager receives a return on its investment). This structure brings added complexity, thus the management of this structure will be closely observed as the Fund builds a track record.

Service Providers

The Manager employs credible service providers and has had a stable relationship with the Responsible Entity (RE) since the inception of the Fund. The RE, however, is a related party which may lead to conflicts that need to be managed. Outside of this, reliable service providers are utilised for the custodial, administrative and auditing responsibilities of the product.

Pengana has switched its hedging arrangements from Macquarie to JP Morgan.

Wind-up Risks

Wind-up risk is considered to be relatively elevated as the AUM has not scaled up significantly yet. That said, Pengana Credit's distribution effort is supported by Pengana's broader distribution team which is viewed positively.

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 rigorous process helps mitigate some of these concerns to an extent.

Transparency

The Manager has recently introduced quarterly reporting on the Fund's performance and underlying portfolio, with these disclosures made publicly available. While this is a positive development, the scale and granularity of the Fund's portfolio disclosures remain relatively limited and continue to lag the reporting standards established by some of its more prominent peers.

Product *(continued)*

Liquidity Details

Gating allowed	Yes
Liquidity Frequency	At term maturity, subject to notification period
Subscription and Redemption Notice Required	Quarter end of the prior quarter to which the investors term matures

Liquidity

Investors must be prepared to forego access to capital for at least 60 months. If no instruction is received by the quarter end of the prior quarter to which the investors term matures, it will roll for a subsequent 60 month 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 0-35% (typically 10%) of the portfolio in the "Enhanced Cash" bucket to assist in management of cashflows.

The Risk and Allocation Committee provides monthly oversight of the liquidity management process and reviews the liquidity of each of the products. Given the TermPlus portfolio is a multi-manager portfolio offering investors structured maturity terms over one, three and five year periods, the Manager is required to maintain detailed liquidity matching and stress testing models to ensure the documented liquidity parameters are available. This is a complex process and is managed solely by the PM and further oversight of this function would be welcomed going forward.

Additionally, the Manager has now established a A$100m contingent liquidity facility agreement with JP Morgan to assist in meeting short-term liquidity requirements.

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.)

Management fees & costs	1.94
Performance fee costs	1.01
Net Transaction Costs	0.07
Buy/Sell Spread	0.00/0.00
Annual fees and costs	3.02

Source: FE fundinfo, PDS Date: 24/Jun/2025

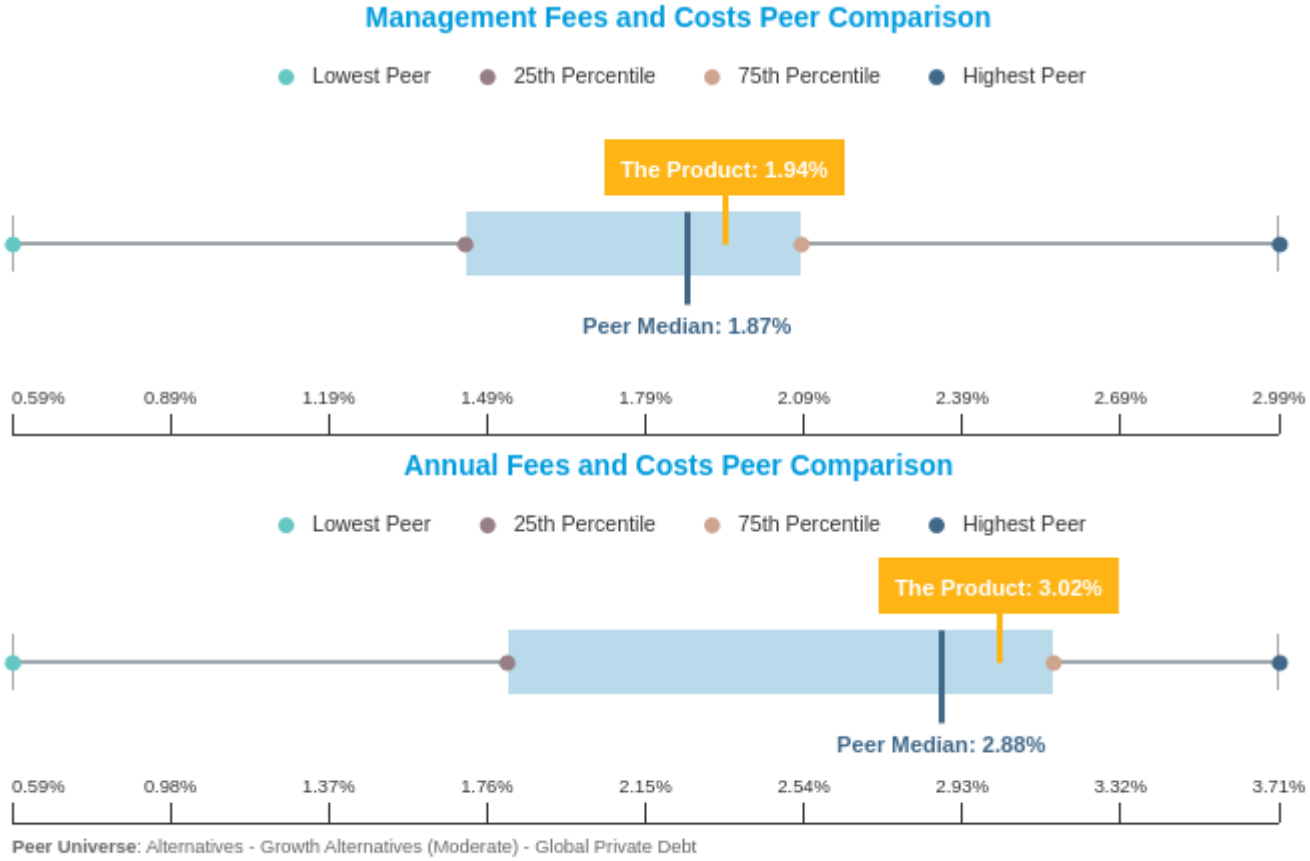
Performance Fees

Applicable	No

Fees Explained

The Manager's PDS discloses Annual Fees and Costs ('AFC') totaling 3.02% p.a. This value comprises (1) Management Fees and Costs of 1.94% p.a. (inc. indirect costs of 1.94% p.a.) and (2) Performance fee estimate of 1.01% p.a. and (3) Net Transaction Costs of 0.07% 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.

The Fund does not charge a performance fee, performance estimates included in the above AFC estimate are based on any performance-based incentive fees charged by Underlying Managers for Underlying Funds. None of the indirect fees and costs charged by the Underlying Funds are rebated by the Manager.



Peer Universe: Alternatives - Growth Alternatives (Moderate) - Global Private Debt

Lonsec Opinion

Annual Fees and Costs

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

Fairness

Given the Fund's fees are only charged to investors if the target return is not achieved, there is the risk investors misinterpret the true cost of their investment.

Importantly, there is an opportunity cost of the partial capital protection, represented by the forgone returns above RBA Cash +4.15% p.a. This representation is best understood by the AFC articulation in the PDS.

Performance

Performance Summary

PDS return objective	To achieve the “Target Rate”, equal to the RBA Rate plus 4.15% p.a. (net of all fees and costs)
Internal return objective	Excess Return
Internal risk objective	Drawdown
Product benchmark	RBA Cash Rate
Lonsec peer group	Alternatives - Growth Alternatives (Moderate) - Global Private Debt

Alpha Generation

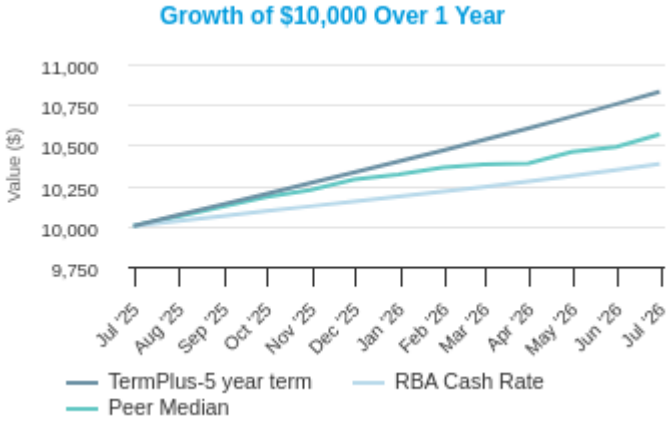
Given the Fund's inception in June 2024, the performance track record is too short to make a meaningful assessment. That said, performance since inception to 30-June-2026 was 8.35% p.a.

Investors must be cognisant that the given the investor returns are capped at RBA Cash +4.15% p.a., the underlying risk the portfolio is exposed to may have warranted a higher return.



Alpha Consistency

Given the Fund's inception in June 2024, the performance track record is too short to make a meaningful assessment. However, annual return over the past one year to 30-Jun-2026 was 8.29%, which is now lower than its two year and since inception returns.





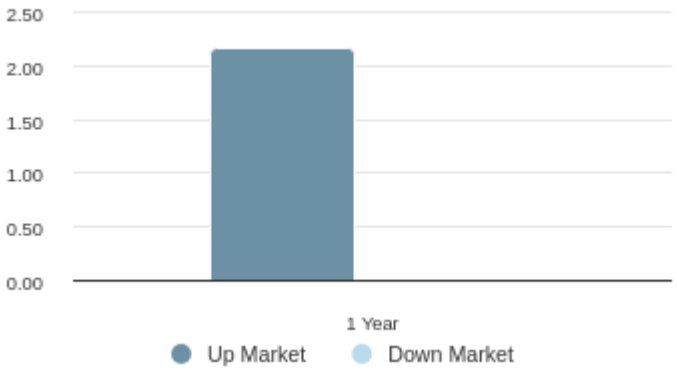
Performance *(continued)*

Product Defensiveness

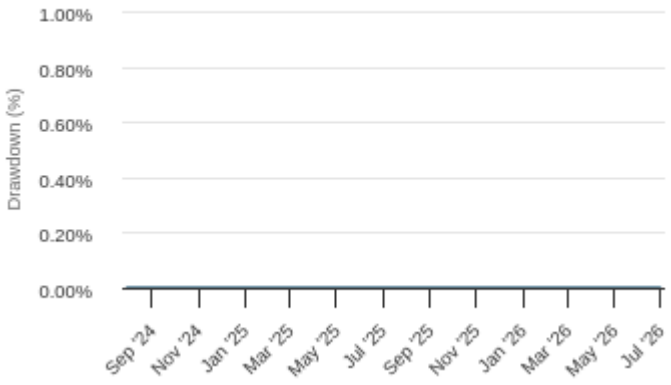
Given the Fund's track record has not yet experienced a full market cycle, it is difficult to fully assess the product's defensiveness. That said, given the breadth of coverage within the global private credit market, it is positioned to provide investors with greater resilience relative to more concentrated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

Furthermore the 5% capital buffer provides investors with a limited level of protection during periods of underperformance.

Market Capture Ratio



Drawdowns



Appendix

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.
'**Not Rated**' is a classification applying to a product not reviewed under Lonsec's Research Process and no view or opinion is being made in any way as to the product's ability to meet its investment objectives.

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

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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

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Contact Details

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Sydney NSW 2000
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Email: info@lonsec.com.au
www.lonsec.com.au

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- 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;

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Lonsec Research FSG (continued)

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Complaints Manager
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: complaints@lonsec.com.au

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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.