

Private Credit

What's Under The Hood?

27 March 2026

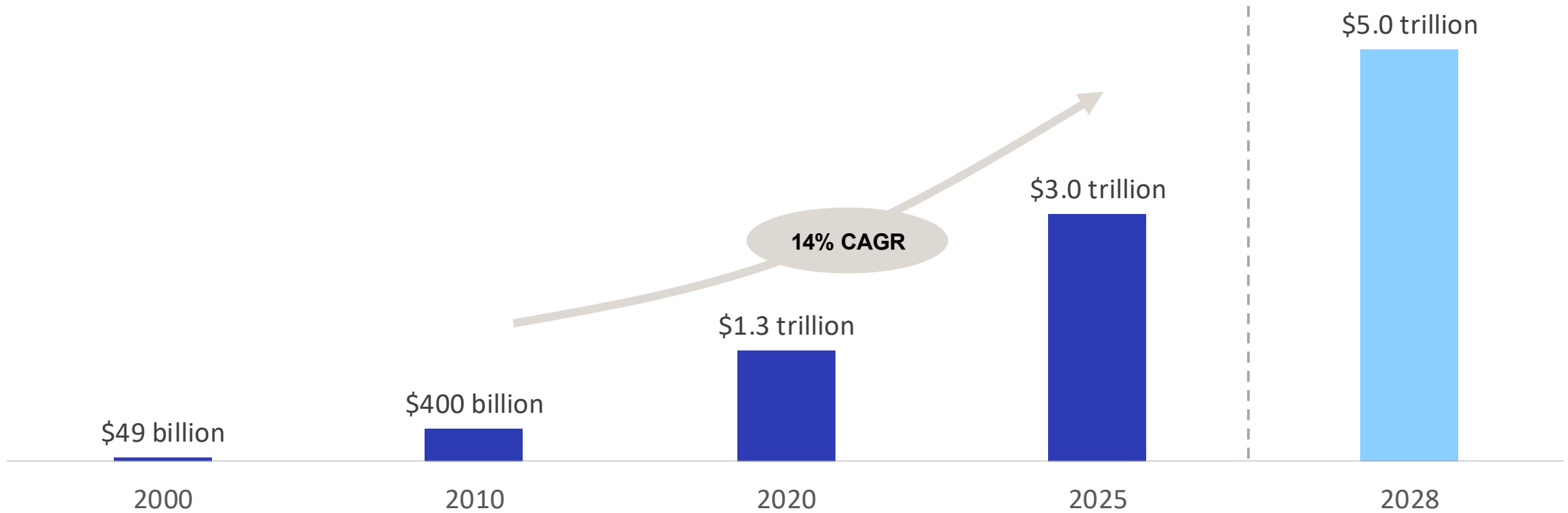
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We invest. We lend. We advise.

Growth of Private Credit

Scaled from a niche industry to a substantial asset class, with potential to expand to US\$5 trillion globally by 2028

Market size (USD)

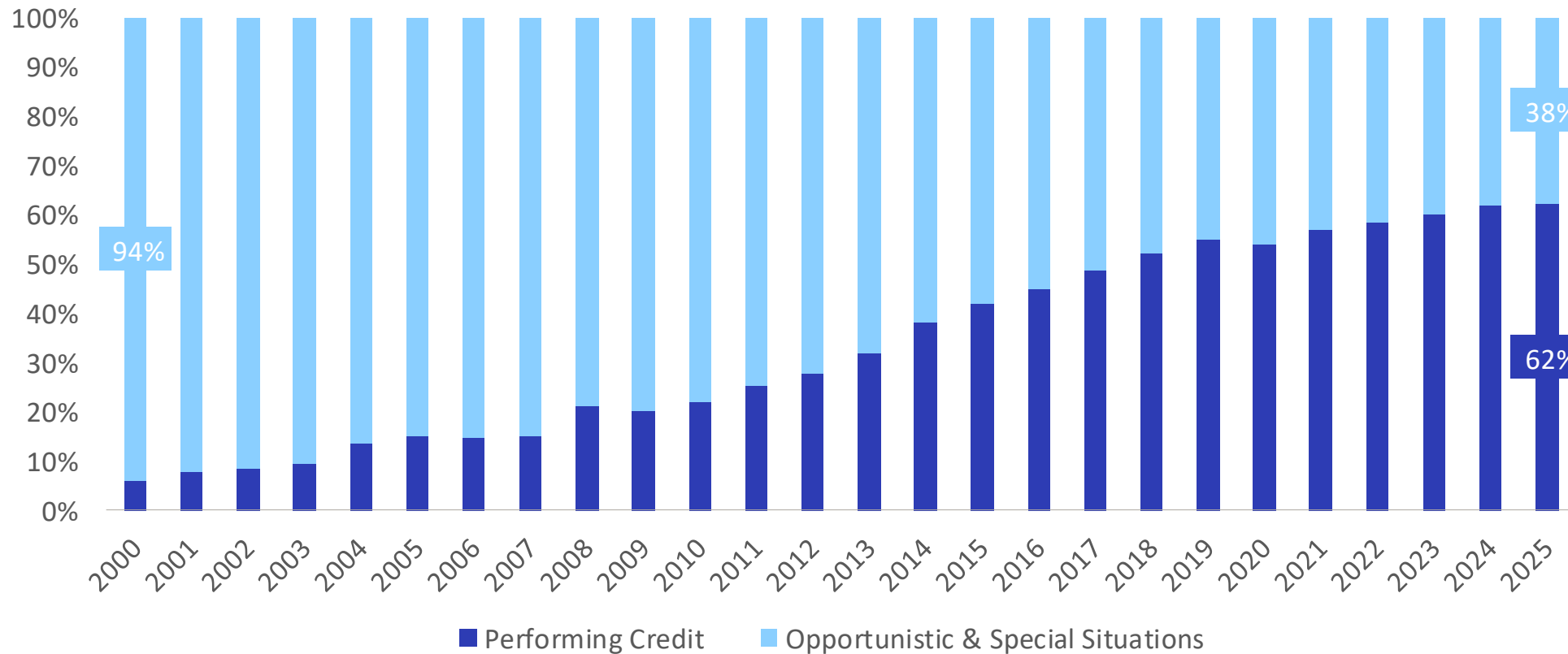


Source: MA Financial analysis. Preqin, Jan 2026. Pitchbook, May 2025. Morgan Stanley, October 2025.

Where has the growth come from?

Private credit has evolved from the “unbanked” to the “banked”

Composition of private credit AUM



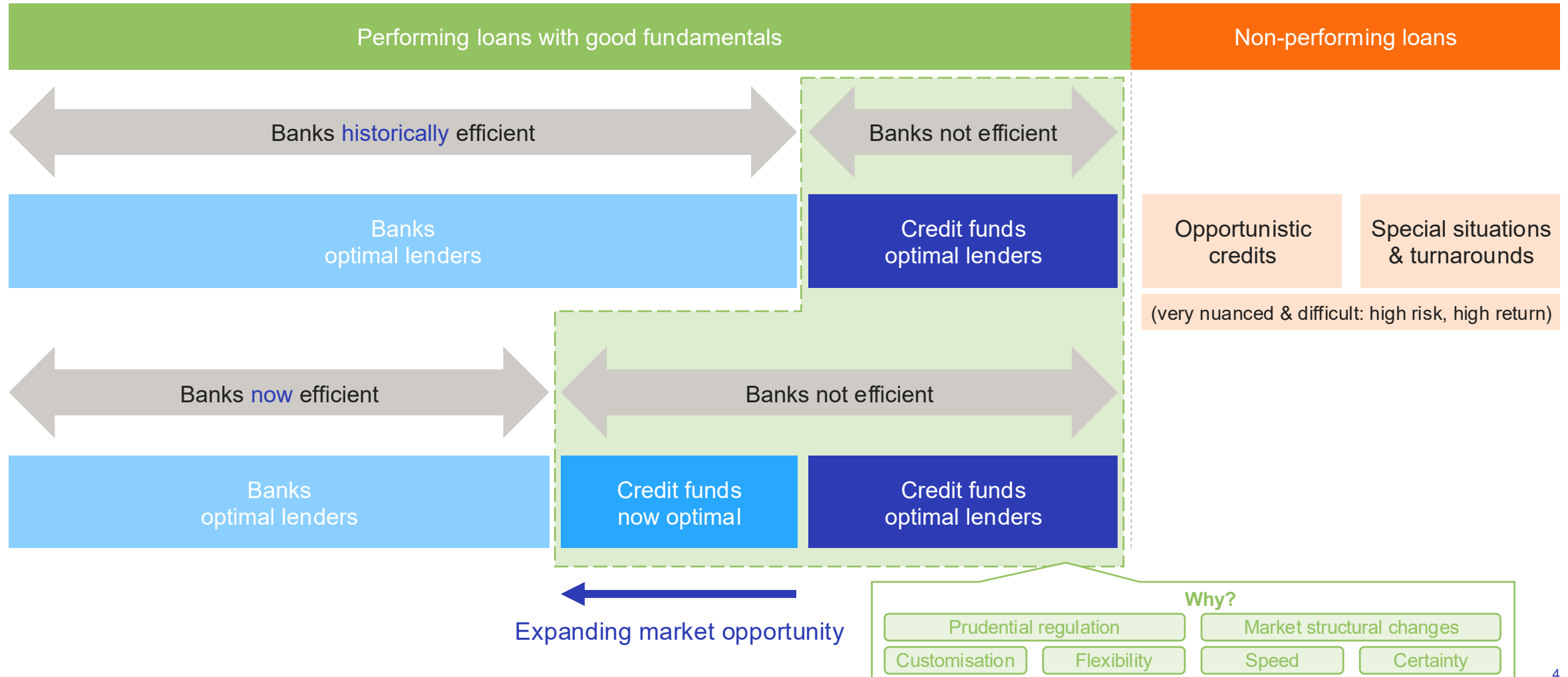
Growth since 2010

Opportunistic /Special Sit's
+6% p.a.

Performing Credit
+20% p.a.

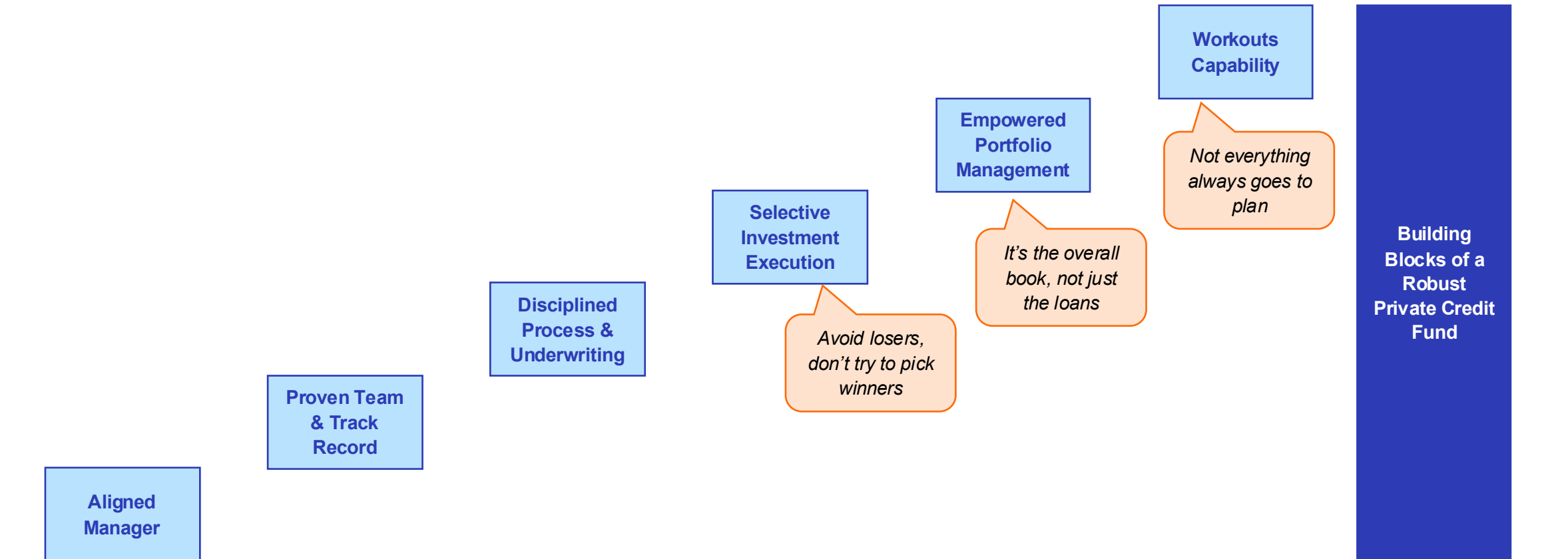
The best of Private Credit

Finding lending opportunities where banks are not (or are no longer) the efficient lender



The best of Private Credit *in a fund context*

Six things matter when applied in a fund context



Questions raised

Private Credit is a broad spectrum and there are a range of practices: good and bad.

Perhaps the biggest challenge the industry faces is transparency & disclosure

THE WALL STREET JOURNAL.

Private Credit Has an Opacity Problem

16 March 2026

FINANCIAL REVIEW

Private credit faces tougher regulation after damning report

Sep 22, 2025

FINANCIAL TIMES

The red flags investors should look for in private lending

Recent credit blow-ups underline the need to pay attention to practical warning signs

J.P.Morgan PRIVATE BANK

The good news behind the bad private credit headlines

Now is an opportune time to consider adding asset-backed finance to a well-diversified private credit portfolio.

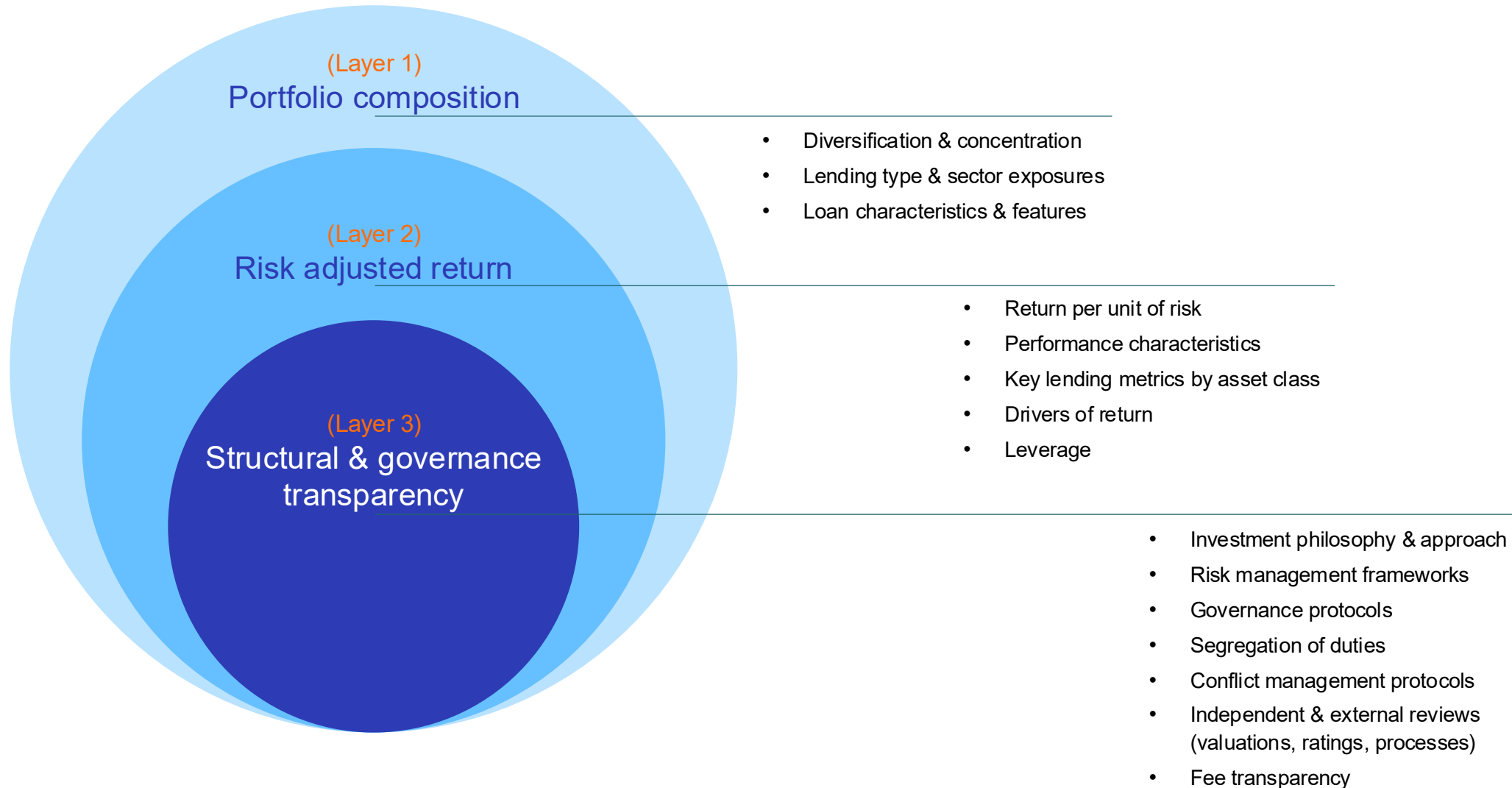
What's under the hood?

The question is how do you know

MA

Disclosure & transparency is essential for investors to know what they are investing in

Three layers of transparency



Layer 1

MA

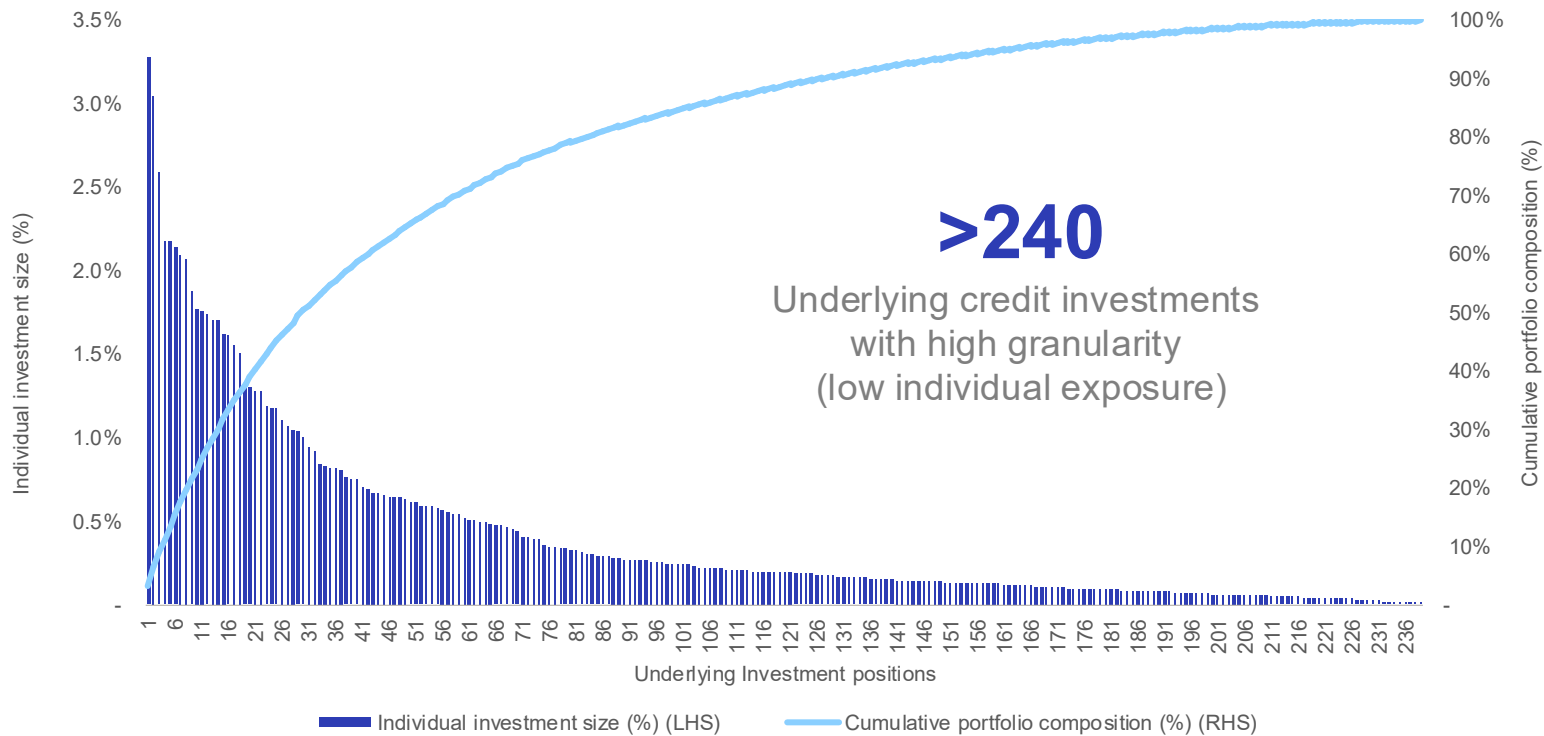
Portfolio composition

Granularity is important, but not enough



Disclosure enabling investors to understand the level of granularity, typical position sizes and tail risk is a hygiene factor

Illustrative portfolio diversification^{1,2}



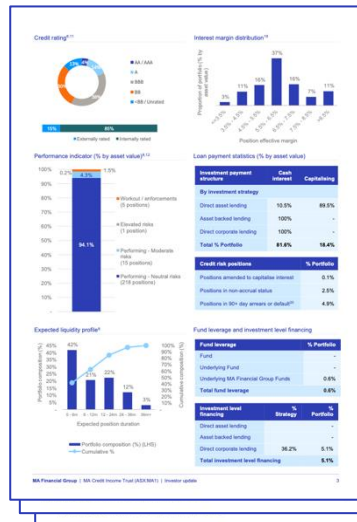
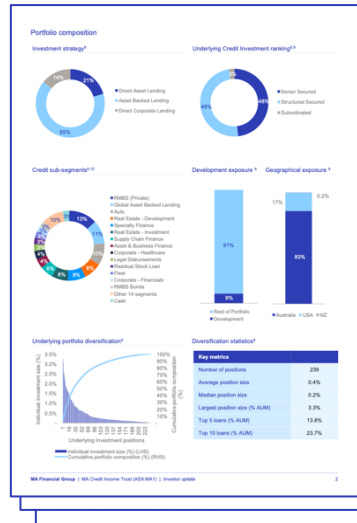
Key diversification statistics ^{1,2}	
No. positions	241
Average position size	0.4%
Median position size	0.2%
Largest position size (% AUM)	3.3%
Top 5 loans (% AUM)	13.2%
Top 10 loans (% AUM)	23.2%

1. Data illustrated using MA Credit Income Trust (ASX:MA1) as at 31 January 2026, excluding cash.
2. Based on the Underlying Fund's proportionate interest in Underlying Credit Investments on a look-through basis.

Robust portfolio disclosure



Clear reporting beyond headline performance with informative data about composition of the underlying portfolio is essential today



Appendix - Additional portfolio detail

Strategy	Sub-Sector	% Portfolio
Asset Backed Lending - Real Estate	RMBS (Private)	13.5%
Asset Backed Lending - Commercial	Other Asset Backed Lending	11.5%
Direct Asset Lending - Development	Real Estate - Development	8.5%
Asset Backed Lending - Consumer	Specialty Finance	8.0%
Asset Backed Lending - Consumer	Auto (Consumer)	6.0%
Direct Asset Lending - Non-Development	Real Estate - Investment	7.5%
Asset Backed Lending - Commercial	Specialty Finance	6.5%
Asset Backed Lending - Commercial	Asset & Business Finance	4.0%
Direct Corporate Lending	Corporate - Healthcare	4.0%
Asset Backed Lending - Commercial	Legal Documents	3.5%
Direct Asset Lending - Non-Development	Real Estate - Development	3.5%
Asset Backed Lending - Commercial	Real Estate - Investment	3.1%
Direct Corporate Lending	Corporate - Financials	2.7%
Asset Backed Lending - Real Estate	RMBS Bonds	2.5%
Asset Backed Lending - Commercial	Auto (Commercial)	2.5%
Direct Corporate Lending	Corporate - Hospitality & Leisure	1.7%
Direct Corporate Lending	Corporate - Consumer services	1.6%
Asset Backed Lending - Commercial	ABS Bonds (Commercial)	1.5%
Direct Corporate Lending	Corporate - Real Estate Services	1.5%
Direct Corporate Lending	Corporate - Business services	1.0%
Direct Asset Lending - Non-Development	Real Estate - Land Subdivision	0.9%
Direct Corporate Lending	Corporate - Technology	0.7%
Direct Corporate Lending	Corporate - Construction & Building	0.6%
Asset Backed Lending - Commercial	ABS Bonds (Consumer)	0.6%
Direct Corporate Lending	Corporate - Beverage, Food & Tobacco	0.6%
Direct Corporate Lending	Corporate - Children	0.3%
Direct Corporate Lending	Corporate - Telecommunications	0.2%
Direct Corporate Lending	Corporate - Media	0.2%
Direct Corporate Lending	Corporate - Consumer goods	0.2%
Direct Corporate Lending	Corporate - Real estate	0.2%
Total Portfolio		100.0%

Illustrative examples

- Position sizes – average, median, largest, tails (top 5, top 10, etc)
- Borrower concentrations
- Sponsor / channel partner concentrations

Diversification & concentration

- Investment strategy: Asset backed lending, direct asset lending, direct corporate lending, etc

Lending type & sector exposures

- Credit asset classes
- Credit sub-segments
- Geographical exposures
- Loan purpose disclosures (e.g. development vs term lending)

Loan characteristics & features

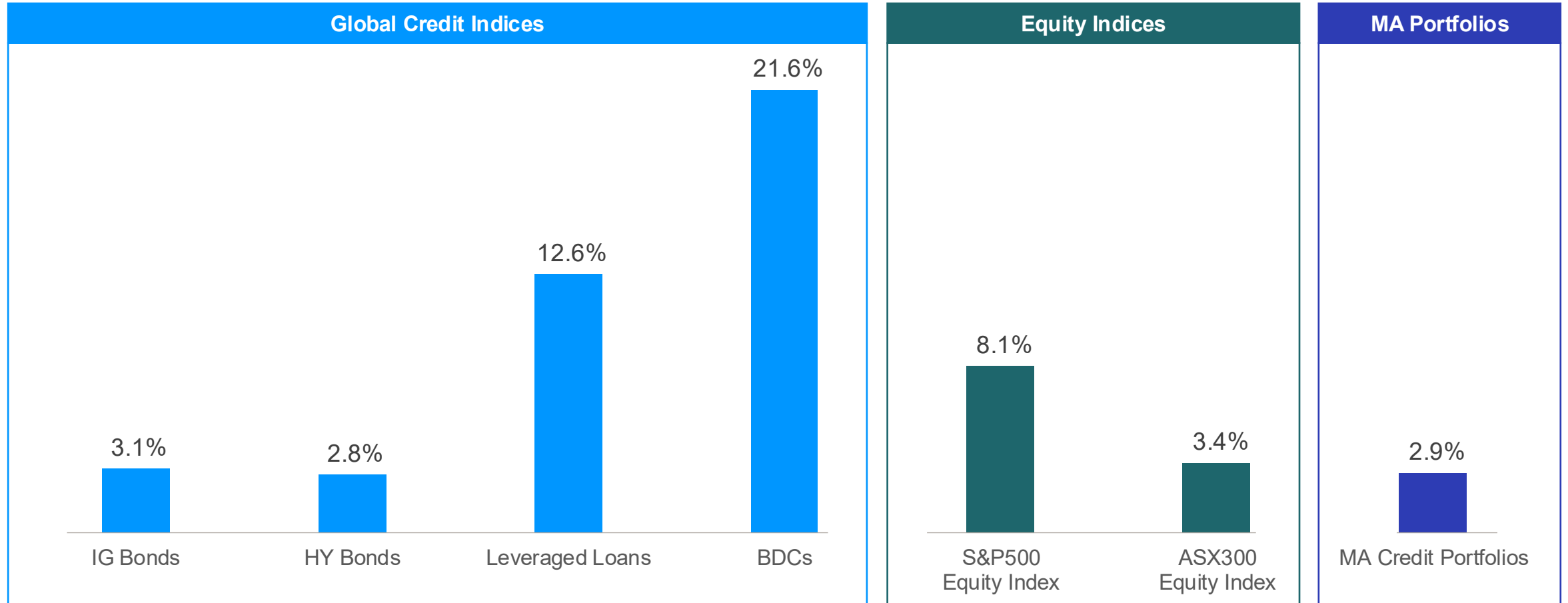
- Credit rating and quality
- Interest payment features
- Security and collateral characteristics
- Loan structures and terms (e.g. covenants)
- Liquidity and realisation horizons
- Loan level disclosure with meaningful descriptive features

Monthly (summary) & quarterly (detailed) reporting

Contemporary example: Software & Technology borrower exposure



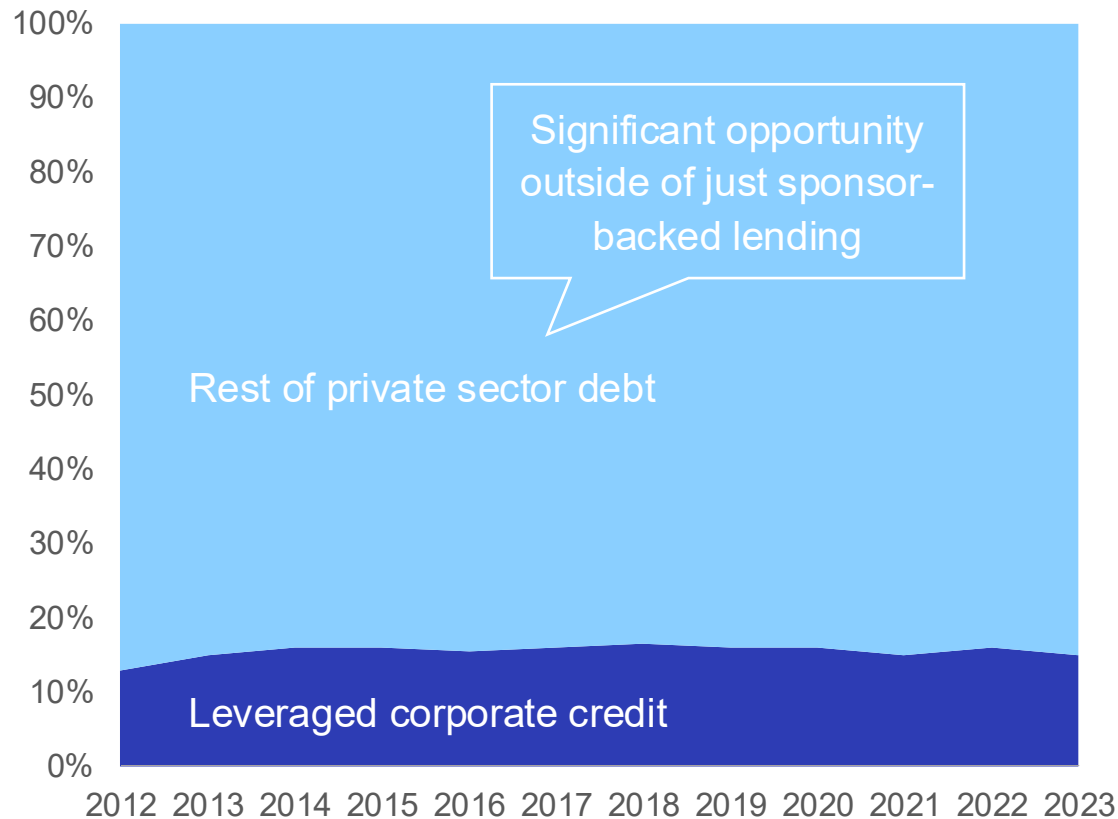
Software & Technology Exposure by Asset Class (% of Index or Portfolio)



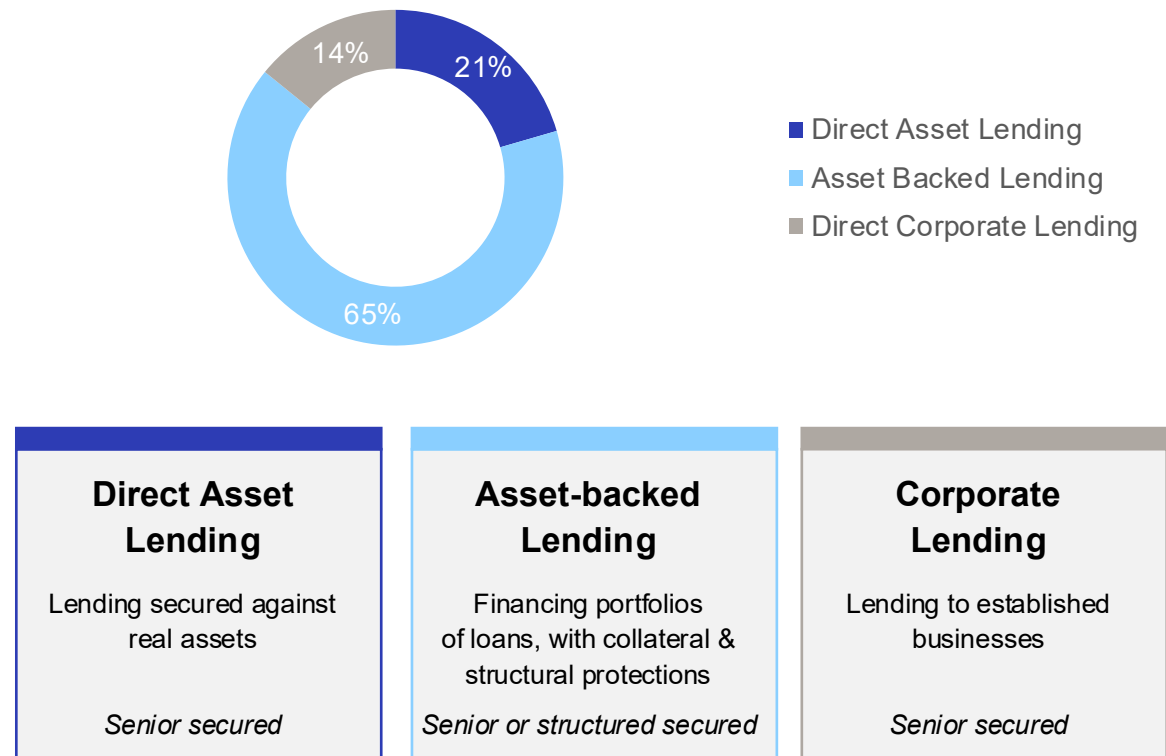
Private credit is much more than sponsor-backed lending to software

Broad based strategies where managers can adjust allocation to different sectors depending on risk adjusted return dynamics is critical to delivering consistent income with capital preservation through the cycle

Private sector debt composition



Australian private credit spectrum (illustrative)²



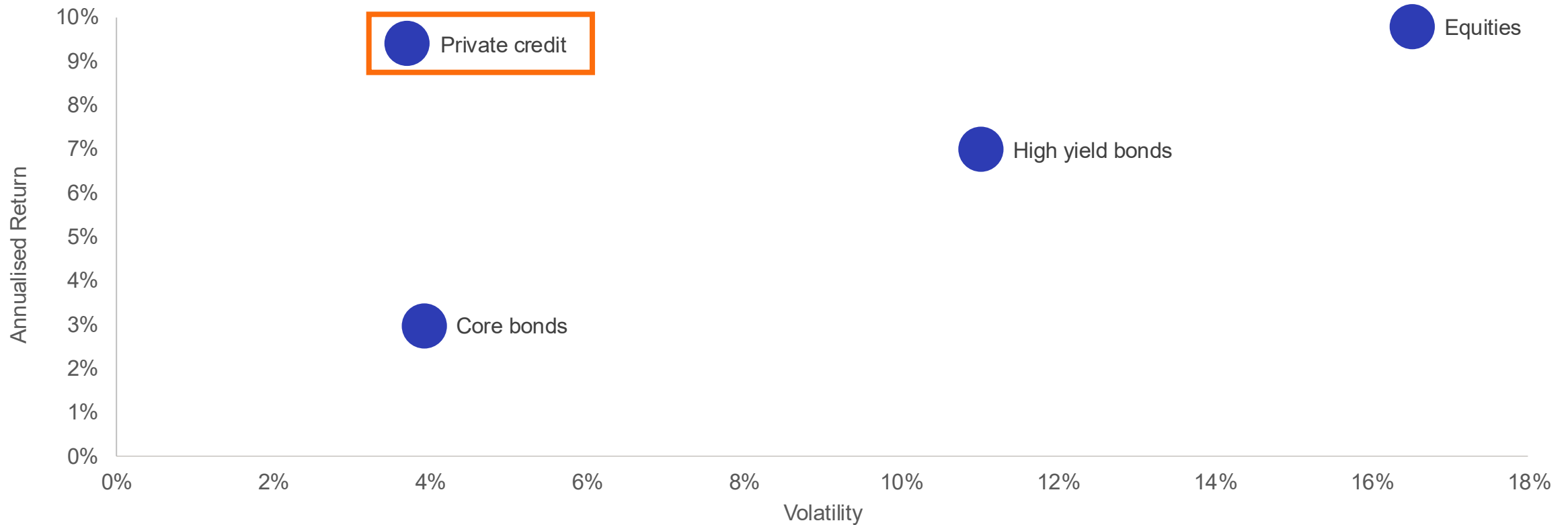
1. Source: FS Investments, Federal Reserve, Bloomberg
 2. Illustrated using MA Credit Income Trust (ASX:MA1) at December 2025.

Risk-adjusted return

Ranking return & volatility doesn't tell the full picture

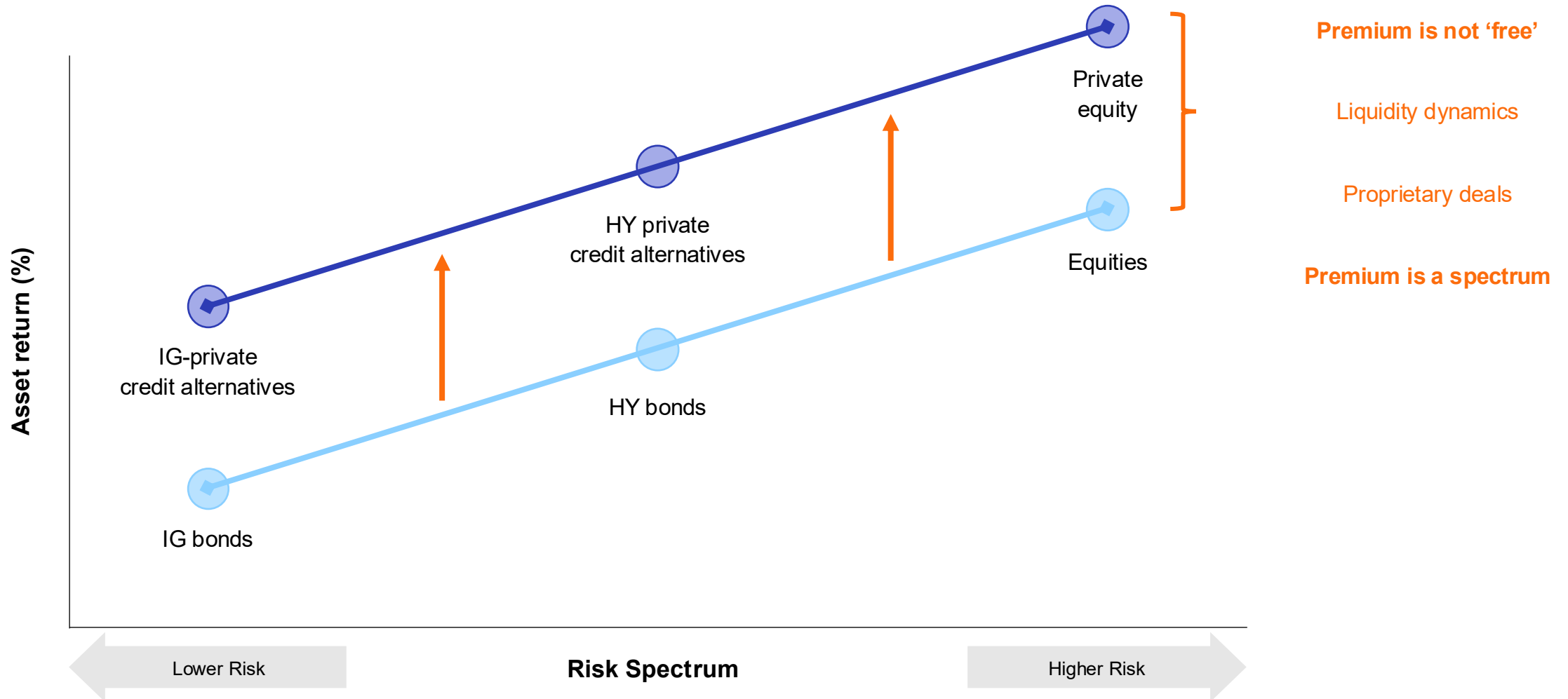
There is a spectrum of options within private asset classes

Risk-adjusted return (2004-2023)



Risk and return curves exist in public & private assets

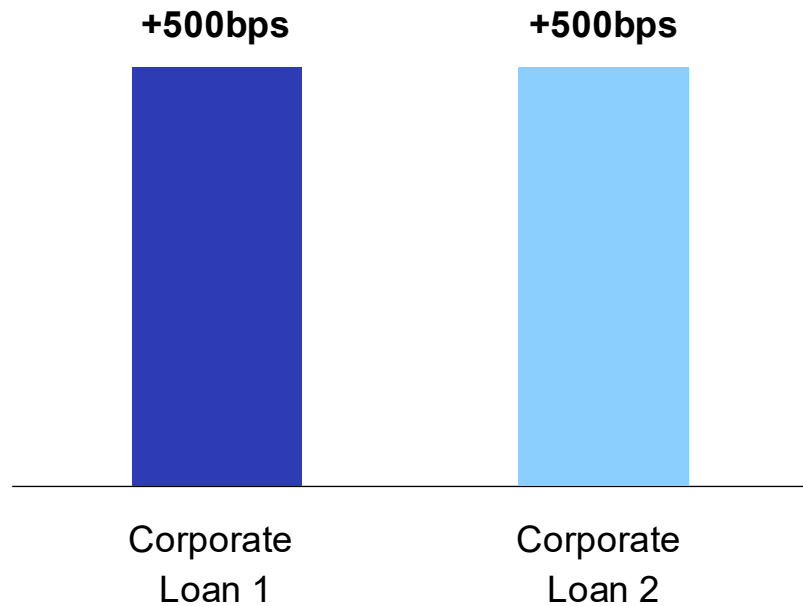
In private alternatives, the curve should be shifted up to capture the liquidity and proprietary deal premiums



Illustrative example: The +500bps loan

Two loans that look the same may have quite different as shown in this simple illustrative example

Loan margin over cash (bps)



Risk and return lens

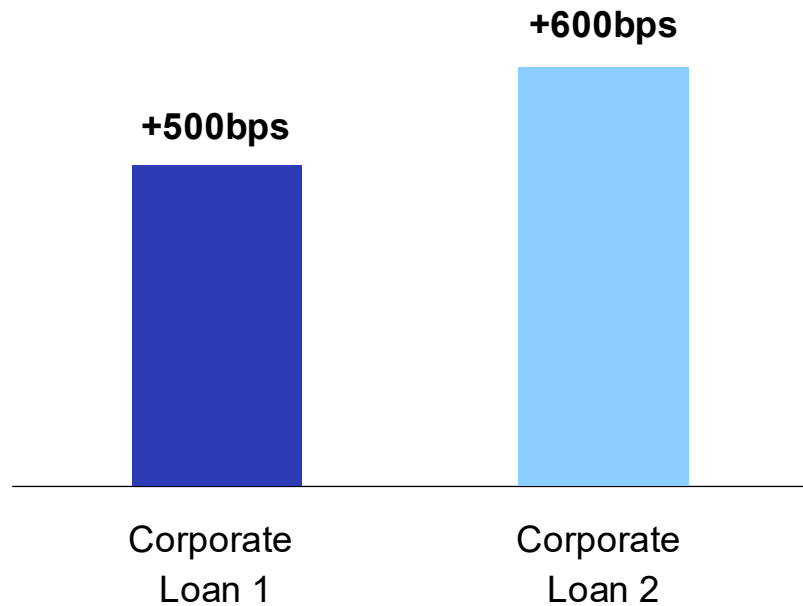
	Corporate Loan 1	Corporate Loan 2
Loan Margin (bps)	+500bps	+500bps
Debt to EBITDA (x)	4.50x	6.00x
Margin per Unit of Gearing	~111bps	~83bps

1.3x

Illustrative example 2: Higher or lower headline margin?

A higher headline rate does not always mean a 'better' return when adjusted for risk

Loan margin over cash (bps)



Risk and return lens

	Corporate Loan 1	Corporate Loan 2
Loan Margin (bps)	+500bps	+600bps
Debt to EBITDA (x)	4.50x	6.00x
Margin per Unit of Gearing	~111bps	~100bps

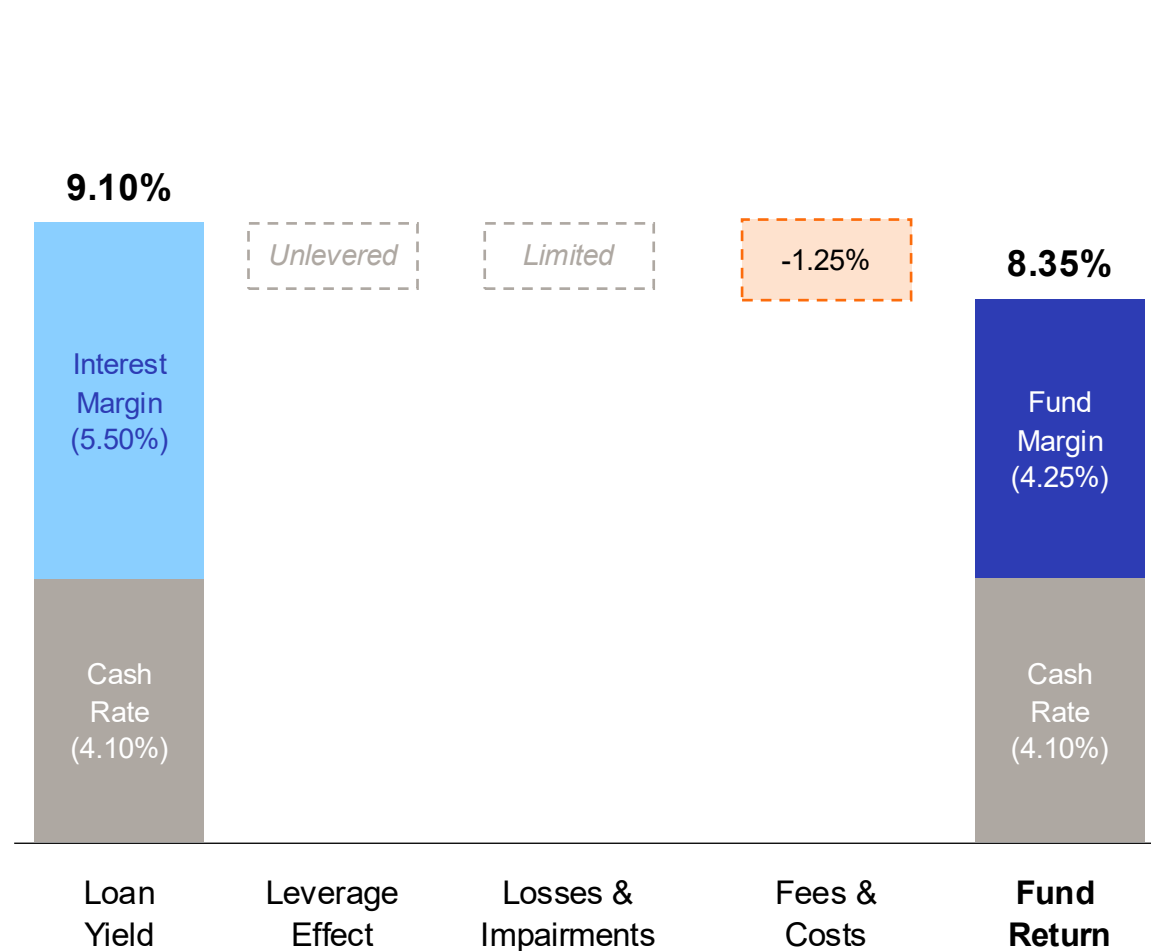
An orange oval with arrows points to the 'Margin per Unit of Gearing' row, highlighting a 1.1x difference between the two loans.

Similar lens can be applied looking at a range of loan characteristics, such as Loan to Value ratios, Risk Units, Credit Quality Ratings, etc

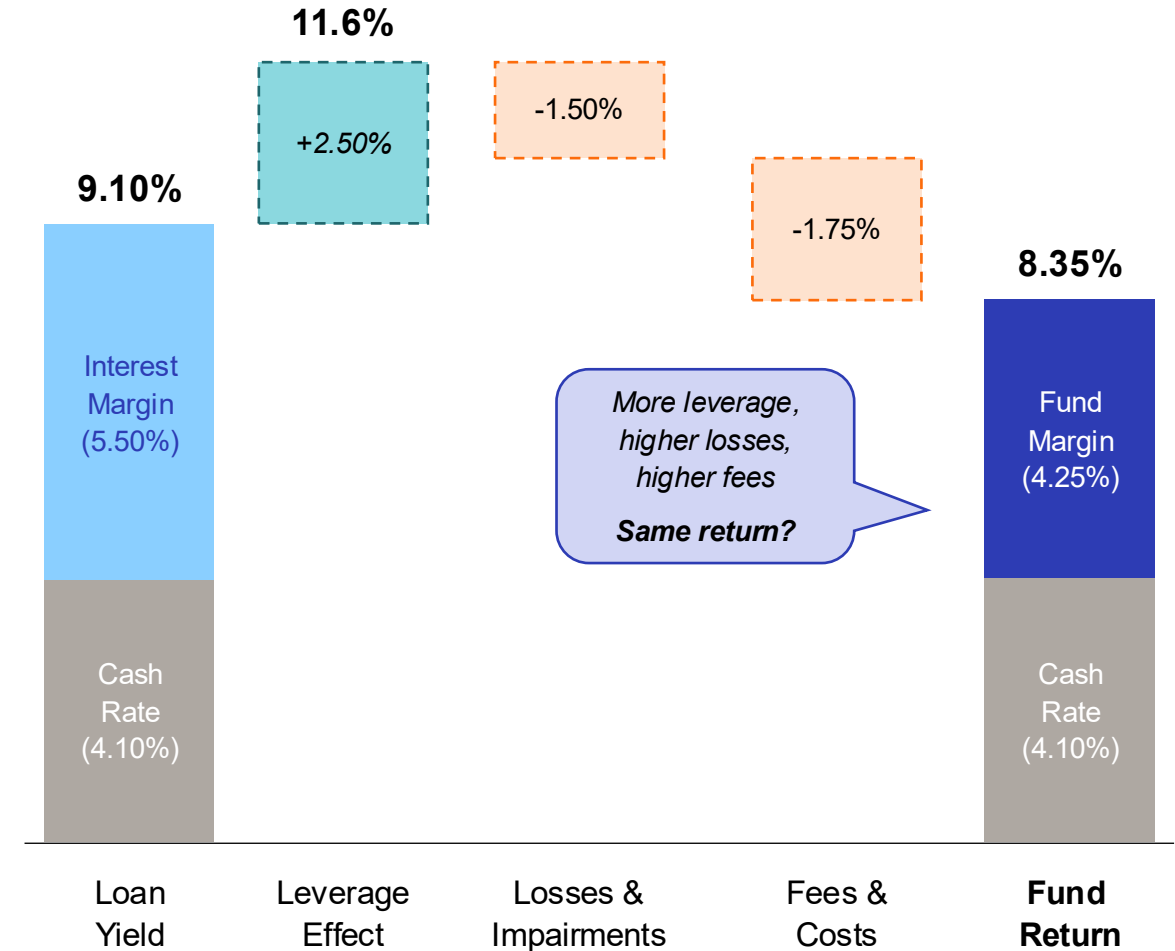
The source of returns matters

Two funds with similar target returns could generate those returns in quite different ways

Fund 1 (illustrative)



Fund 2 (illustrative)



Structural and governance transparency

Structural & governance transparency

Transparency extends beyond the composition of portfolios and returns. It includes



Governance



Valuation



Risk Management



Fee & Structure Disclosures

Defined Process & Team Structure	Valuation Policy	Credit Risk Scoring Framework	Direct Fees
Clearly articulated investment philosophy, credit approach and team structures to deliver investment objectives as a fiduciary of capital	Established valuation policy applying relevant accounting standards	Established risk scoring framework based on quantitative and qualitative factors	Clearly articulated fees attributable to the fund by type (e.g. management, performance)
Robust Protocols	Segregation of Duties	Regular Credit & Portfolio Reviews	Other Fees & Earnings
Robust operational standards and governance protocols. Independent operational due diligence and periodic governance reviews	Carefully designed teams: separate investment, portfolio management, fund finance and group finance functions	Regular credit reviews and early identification of issues embedded in workflows	Disclosure of other fees & remuneration indirectly earned by manager from underlying loans, plus any third party cost
Decision Frameworks	Valuation Committee	Stress Testing	Structural Features
Multiple investment committees, including non-executive investment committee members	Valuation Committee separate to investment & portfolio management teams	Regular stress testing to consider portfolio resiliency, risks & performance dynamics	Comprehensive disclosure of fund structural features, terms, conditions and risks, including how inhere risks are managed
Conflict & Related Party Management ¹	Valuation Review	Credit Rating	Manager Alignment
Implemented policies for identifying and managing potential conflicts of interest. Segregated decision making where appropriate	Independent review of carrying values by external firm at an appropriate cadence	Framework based on public rating agency methodologies and public comparables where not actually rated. Rating review established ²	Disclosure of the investment by firm and staff in the fund's credit strategies for alignment

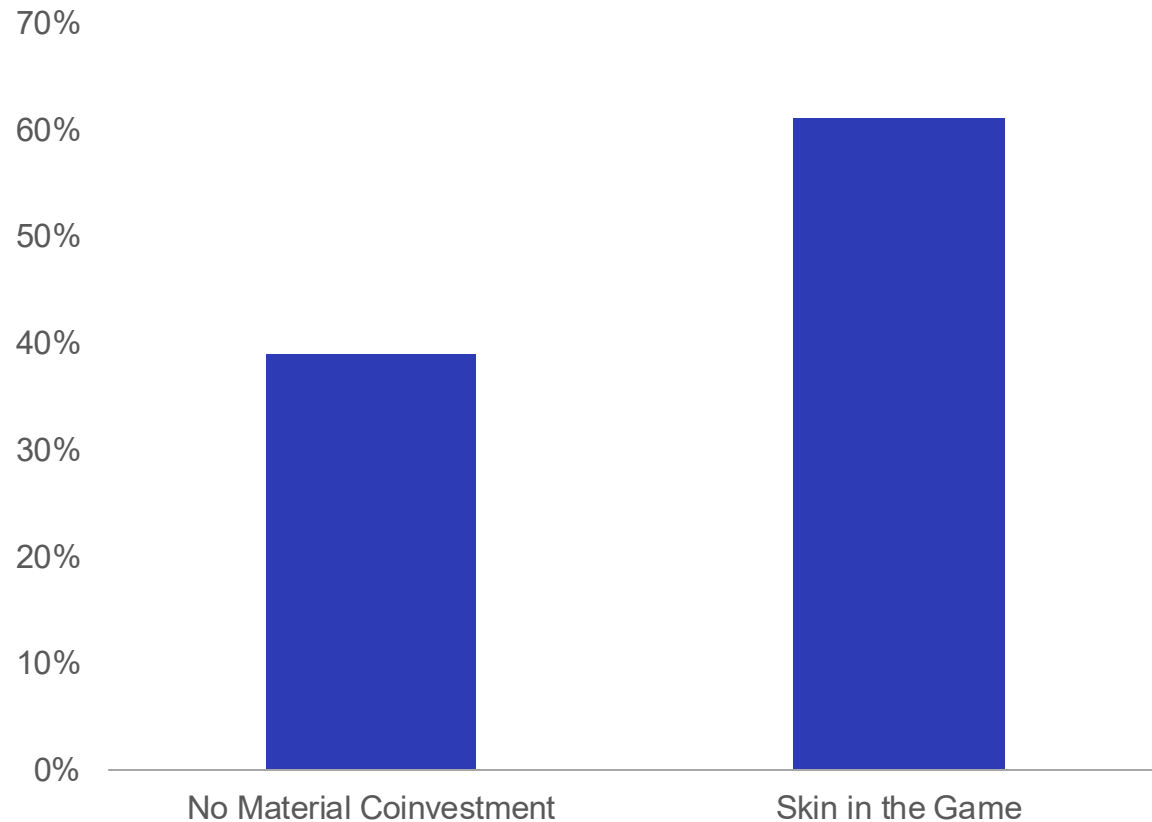
1. This includes any transactions between managed funds and any multiple capital stack structures.

2. Independent review of credit rating methodology, from a governance / process perspective as to specific ratings. All assets would be reviewed annually on a quarterly cycle. Any changes reviewed in quarter of change.

Skin in the game

Credit is about 'avoiding losers, not picking winners'. Aligned managers are incentivised to achieve this objective

Private Credit manager co-investment



“While fund managers often invest their own capital in the vehicle (“skin in the game”), signalling the compatibility of managers’ incentives with investors’ interests, **as many as 40% of the [private credit] funds do not feature skin in the game...** This suggests scope for incentive misalignment in a substantial segment of the sector.”

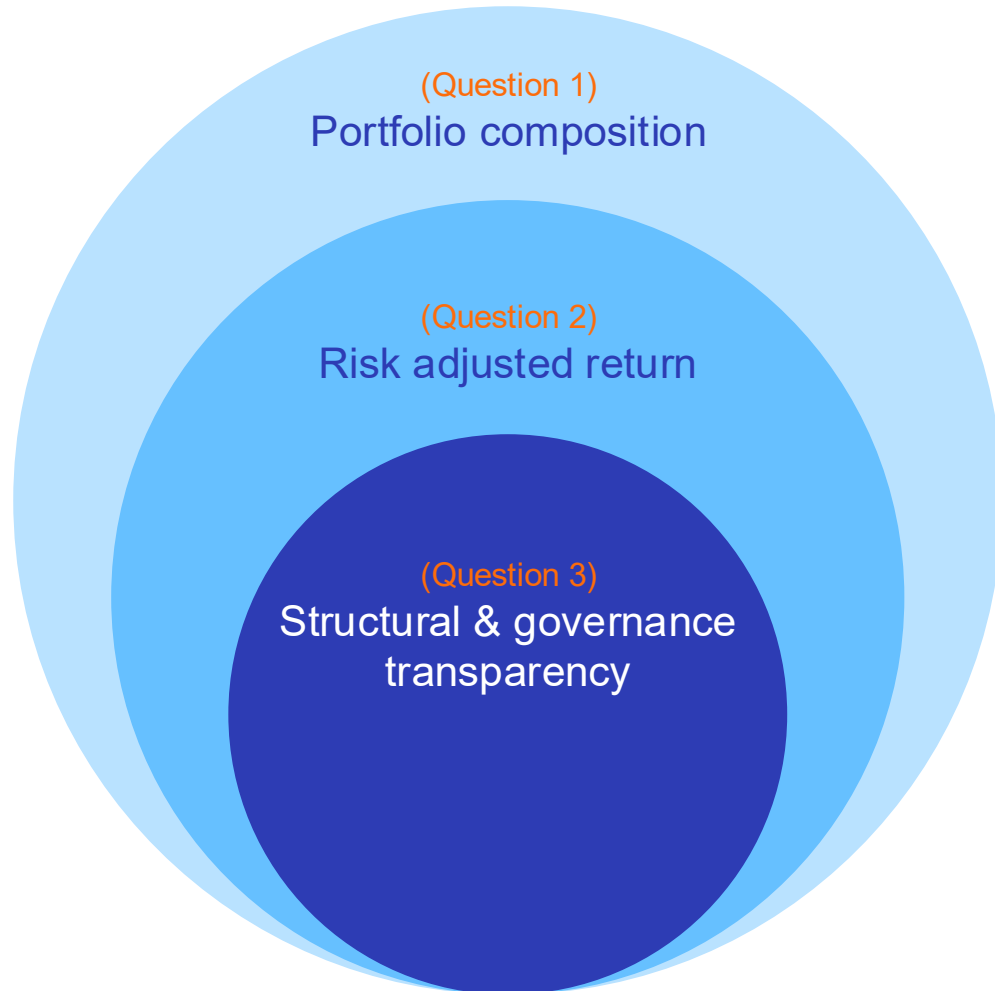


Annual Economic Report,
June 2024

A practical checklist

Three simple questions

For allocators into private market alternatives



Do I have sufficient visibility into the portfolio to make an independent assessment of my exposure?



Am I earning a genuine private markets premium, sufficiently above what liquid markets would offer for equivalent risk?



Can I trust the manager to act as an empowered fiduciary aligned with investors in making decisions, generating returns and protecting capital?

Q&A – What's on your mind?

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The slogan 'We invest. We lend. We advise.' in a white sans-serif font, positioned in the bottom right corner of the page.

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