

ASX Announcement

22 April 2026

MA Credit Portfolio Notes – March 2026 Quarterly Manager Letter

MA Credit Portfolio Holdings Limited ACN 691 943 638 (the **Issuer**) as issuer of the MA Credit Portfolio Notes (ASX:MA2HA) is pleased to provide investors with a copy of its quarterly investor letter to clients of its Global Credit Solutions products, for the quarter ending March 2026. The Issuer also intends to provide the same letter to investors of funds managed by the MA Global Credit Solutions team.

The monthly investor report for March 2026 for the MA Credit Portfolio Notes was separately released to the ASX on 20 April 2026.

More information

If you have any queries, please contact MA Credit Portfolio Notes on 1300 135 167 (within Australia) or +61 2 8023 5415 (outside Australia) or at MAclientservices@boardroomlimited.com.au

This document has been authorised for release to the ASX by Frank Danieli.

22 April 2026

Investors in MA Financial's
Global Credit Solutions funds

'What do you mean *private credit*'?

Quarterly Global Credit Solutions investor letter (Q1 2026)

Dear Fellow Investors,

On behalf of the Global Credit Solutions (GCS) team at MA Financial, I'd like to thank you for your continued investment in our private credit funds. This letter continues our initiative to provide you – our clients – with regular and general updates on our GCS fund suite, as well as thematic considerations about what matters in private credit. Our past letters and the associated podcast episodes are available [on our website](#).¹

Not so boring after all

Regular readers of these letters will have heard me say that the *most interesting thing* about credit is that, when done properly, it *shouldn't be very interesting* at all.

Credit is the business of lending. It's about earning income while preserving capital, in the defensive part of your portfolio. The only conceptual difference in private credit is that investors should capture a premium compared to traditional fixed income, earned due to proprietary origination of opportunities and trading off some liquidity. As my colleague and mentor Chris Wyke (Joint CEO and Co-Founder of MA Financial) often says, "The best credit is boring credit."

And yet, during the first quarter of 2026, private credit is *everywhere*.

Headlines abound questioning whether the sector is over-exposed to software and technology borrowers at risk of disruption from AI, or whether defaults will escalate because of the economic disruption of the US/Iran War or sticky inflation, or waning consumer and business confidence, or because private equity firms won't be able to exit portfolio companies or execute refinances as the tide turns, or whether a potential *liquidity crunch* for some types of US funds facing elevated redemptions will cause a *credit crunch*, or... the list goes on!

Tide out, swimming naked?

I've been travelling a bit lately, meeting with investors throughout Australia, Asia, Europe and North America. I do this regularly to have a good pulse on how our clients are seeing the world, while gathering distinctive insights into how borrowers, banks, institutional peers and credit market participants are behaving. Amid this quarter's discourse on private credit, it has been particularly thought-provoking.

One client, whose perceptive questions I always enjoy, paraphrased the timeless Warren Buffett quote to ask me: "Last year it was ASIC's regulatory review. This year it's AI and war in the Middle East. Now it's redemptions in US BDCs. Are we finally going to see who's been swimming naked in private credit?"

My response to his question was: **What do you mean, 'private credit'?** and our discussion inspired this letter.

¹ The GCS Quarterly Investor Letter webpage is located at <https://mafinancial.com/insights/quarterly-global-credit-solutions-investor-letter>

Fishing in a small pond

Globally, the term 'private credit' has come to be synonymous with something called 'sponsor-backed direct lending,' which means providing loans to help finance private equity buyouts of companies.

This is a perfectly legitimate activity. Good private equity firms are experts at identifying favourable industry dynamics, selecting target companies with genuine growth and/or business improvement opportunities, uplifting management and operational processes, and profitably exiting those companies (enabling debt to be refinanced). We participate in this asset class selectively (it's a 14% allocation in our Credit Income fund suite, for example).

The opportunity for private credit emerged because it became less efficient for global banks to hold these loans on their balance sheets, while the publicly traded market for these loans (called the broadly syndicated leveraged loan market) could not always provide borrowers with the customisation or certainty of execution they needed.

So, what's the problem?

Leveraged finance – the broad term for corporate debt that funds private equity buyouts – represents ~15% of the total private lending market.² Yet it represents 100% of many private credit managers' focus.

This creates problematic incentives. If you are a monoline manager doing only sponsor-backed direct lending, what happens when the risk adjusted returns in that sector deteriorate due to natural market cycles?

There is not much incentive for a fund manager to call clients and return their capital. Managers are in the business of earning fees on assets under management.

Fishing in a small pond, the natural response is to compete harder to win deals. Particularly in very large deals, which present an opportunity for managers growing their capital base rapidly to deploy that capital – as some say colloquially, *feed the beast* – at gigantic scale.

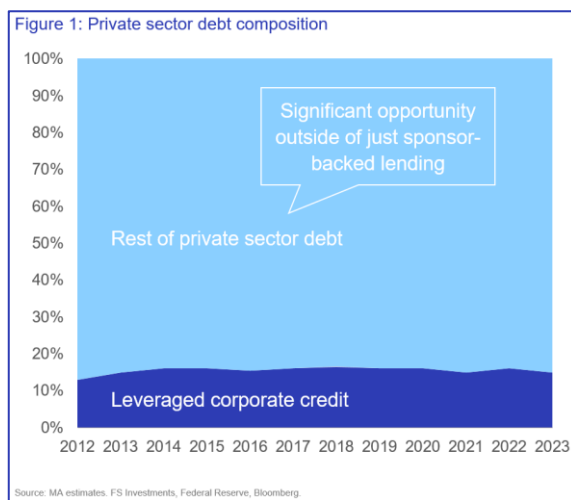
This occurs in stages:

- **First, the manager trades off pricing** – so credit spreads compress. I wrote about this in my Q4 2025 investor letter, [The return on my money](#):

"What we are increasingly observing is not a disregard for downside, but weaker pricing discipline. In some parts of the market, too much capital is chasing too few genuinely attractive lending opportunities. Yield compression is being justified by the comfort that loans are [...] unlikely to result in principal loss.

[... We're concerned about] the prevalence of loans that quietly deliver inadequate compensation for the risks embedded within them, while tying up capital that could have been better deployed elsewhere."

- **Second, the manager trades off terms** – so the quality of loan documents falls. This is why you see figures such as 85% covenant-lite portfolios (meaning, *no financial covenants!*) among some managers. In comparison, our flagship portfolios are ~90% financially covenanted loans.³
- **Thirdly**, once pricing and terms have been competed away, **the only trade-off to give is structural protections**. That means creditors give up the sacred rights of lending, such as the idea that for debt to lose, equity must first lose all its money. This is behind the rise of quirky behaviours such as Liability Management Exercises, or LMEs (meaning, equity can upend the capital structure in a downside scenario and strip assets away, at the expense of lenders).



² Based on MA Financial estimates, as well as FS Investments, Federal Reserve, Bloomberg data.

³ Based on underlying portfolio of MA Credit Income fund suite as at 31 March 2026.

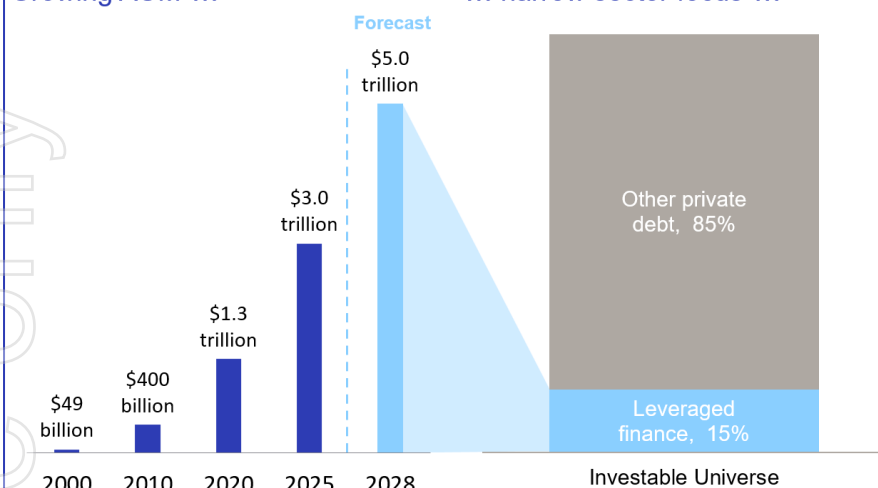
As Charlie Munger put it, **“Show me the incentives, I’ll show you the outcome.”**

Figure 2: Investable universe matters

Growing AUM¹...

... narrow sector focus²...

... trade-offs happen!



1. MA Financial analysis. Preqin, Jan 2026. Pitchbook, May 2025. Morgan Stanley, October 2025.
 2. MA Financial estimates & analysis. FS Investments, Federal Reserve, Bloomberg.

Private Debt Investor Pricing
Premium 'still there' as spreads decline
The private debt market does not want spreads of less than 500bps to become standard, delegates at the FDI DACH Forum in Munich heard.
 Andy Thomson | 14 October 2025

Terms 85% Cov-Lite
Bloomberg Private Credit Drops Safeguard to Win Deals on Wall Street Terms
 By Francesca Veronesi and Kat Hidalgo
 January 15, 2026 at 6:15 AM EST

Structural Protections
Liability Management Exercises (LMEs): The “quiet default” that is reshaping credit markets
 wtw
 By Austin Haymes | October 21, 2025 LMEs!

Would you invest with an equities manager that can only buy large-cap software or large-cap healthcare stocks? Of course not. Ironically, in equities, where the focus is growth through compound returns, concentration is less of a risk than in credit. In equities, an outsized compounding return in a few positions can offset dramatic downside in a handful of others. That is not the case in credit. There is no upside in each loan. As lenders, we are only entitled to our contractual income and return of our principal.

Perhaps the better question, then, is: would you put your cash deposits with a bank that only lent to one type of borrower in a few select industries? Absent a government guarantee, I’m sure the answer is a resounding, *No!* And so it is with private credit. We need broad, diversified portfolios of loans across different sectors that (ideally) have low correlation with each other. This is the key to resilient income and capital preservation.

The ‘we only lend to quality’ fallacy

What do you do as a monoline manager with a single strategy, if you only have a limited investable universe in which (a) pricing is tight, (b) terms have loosened, and (c) structural protections have weakened?

The answer is usually: you lend only to quality. You look for borrowers where the risk of default is perceived to be low, because that can compensate for lower pricing, and you can justify not needing strong terms and robust structural protections.

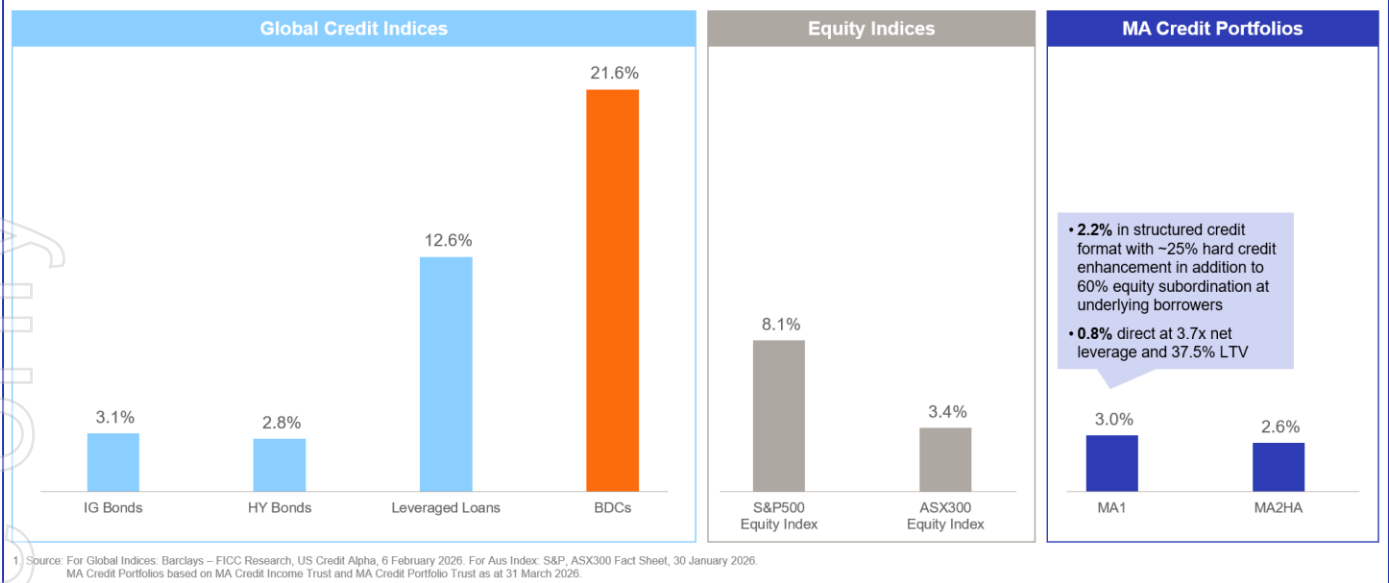
It is this moral hazard dynamic which caused the over-allocation of some funds to software and technology sponsor-backed corporate borrowers. Think about the characteristics of a good software company:

- Provision of system of record, mission critical systems or services to customers;
- Recurring subscription-based revenues with historically high switching costs;
- Capital-light business models;
- High margins and organic cash flow generation;
- High valuations, meaning lenders at a sensible LTV have a good equity margin of safety below them.

This is what led some “BDCs” (a certain type of US private credit fund) to have on average ~22% exposure to software and technology borrowers – a figure way in excess of other credit indices such as investment grade and high yield bonds, or the publicly traded leveraged loan market.⁴

⁴ Barclays research.

Figure 3: Software and Technology exposure by asset class (% of index or portfolio)¹



While gravitating to quality sounds prudent, it actually isn't if it results in over-concentration in your funds. As I wrote in [The only certainty is uncertainty](#) (Q2 2025):

This is more than superficial diversification. If we write a good loan, that doesn't mean we should fill our portfolio with dozens or even hundreds of the same loan. In portfolio management, you can have too much of a good thing. We need to shape our portfolio so no one thing can create a catastrophic issue. We mitigate concentration not only to individual positions, but by insisting on broad exposure to different lending segments, borrower types, industry sectors, end markets, geographies and key performance drivers across our portfolio. We want a balanced portfolio with things that are correlated differently to each other and have different causal factors (positive or negative).

Too much of a good thing did happen to the BDC managers. AI-driven disruption fears triggered a repricing of SaaS credit risk (the so-called 'SaaS-pocalypse'), with investors questioning whether 'mission critical, system of record' software businesses could be displaced by customer-built AI alternatives. Whatever the truth, it highlights that in credit you need a combination of (1) rigorous investment selection, (2) empowered portfolio management, and (3) disciplined risk management, to successfully operate through different market structures and cycles.

The reason at MA we have ~3% exposure to software and technology borrowers, rather than 22% like the BDCs (or some other global managers as high as 40%!), is not that we had crystal-ball gazed the future of AI. It is because we have the ability to invest across the full spectrum of private credit. We can then empower our investment and portfolio management teams to adjust exposure to different lending segments depending upon the relative value dynamics of sub-sectors and individual loans.

With our now \$240 million co-invested by the firm and its staff in our private credit strategies along with our clients, maintaining this discipline is a core focus for us.

Redefining private credit

Private credit is a broad church. It is any lending that occurs outside a bank balance sheet or the public bond markets. It is a spectrum – from investment grade alternatives to sub-investment grade alternatives, each providing a fixed-income replacement product for clients (with the trade-off of different liquidity profiles); to opportunistic and higher risk strategies, which seek to deliver equity-like returns through debt.

It's the open sea, not a single fishing spot.

The problem is most investors don't know which part of the sea their manager is fishing in – or with what equipment.

Two funds can both call themselves 'private credit,' target similar headline returns, and have almost nothing else in common.

One might be an unlevered, highly diversified portfolio of asset-backed facilities secured against real-world loans. It might include a broad cross section of global asset-backed lending across traditional and specialty verticals, corporate loans to a diversified cohort of borrowers spanning numerous industries at sensible leverage, with direct asset loans secured by physical assets of enduring value. The other might be a concentrated, levered book of sponsor-backed loans to software companies trading at 6x debt-to-EBITDA.

Same label. Completely different dynamics.

Not all private credit carries the same risk, the same liquidity profile, or the same role in a portfolio.

This is precisely why transparency and disclosure matter. Not as a compliance exercise, but as the mechanism by which investors can answer the most important question in allocating to private markets: what do I own, does it fit in my portfolio and am I being paid appropriately for it?

I would highly encourage investors to consider the quarterly disclosures in our publicly traded funds, [MA1](#) and [MA2HA](#), as well as similar disclosure for our unlisted managed funds, which demonstrate our commitment to transparency in an objective, informative and comprehensive manner.

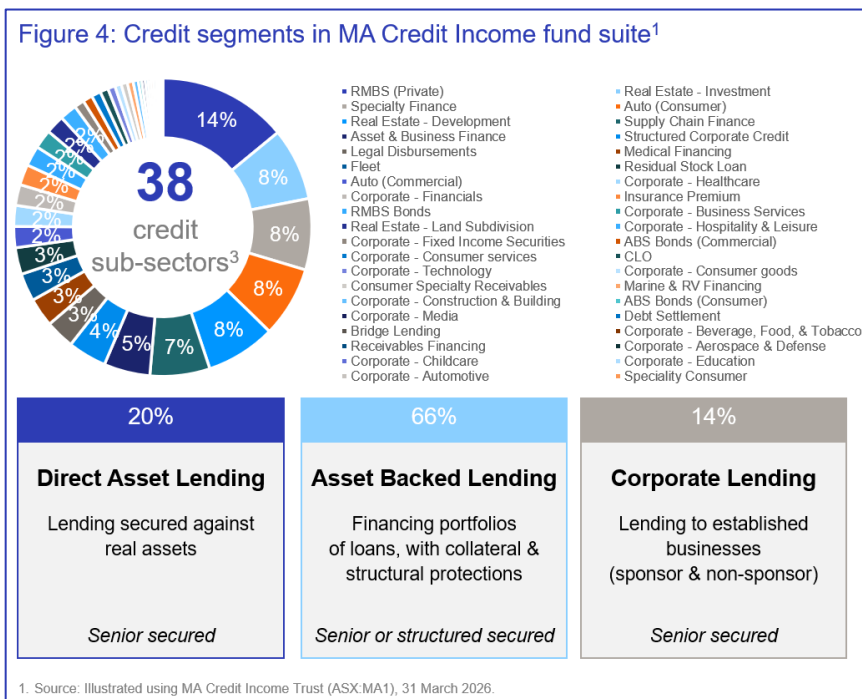
A final reflection on the first quarter of 2026

The March quarter continued a strong run of performance across our GCS funds. The MA Credit Income fund suite, which provides exposure to a now \$7.1 billion underlying portfolio across MA Financial's flagship private credit and is therefore a good barometer of the overall performance of our strategies, delivered an ~8.3% annualised return^{5,6} for Q1 2026.

Meanwhile, we now have two flagship capital buffered products. Our MA Priority Income Fund – with its defining Capital Buffer and Income Priority features – achieved a further milestone in March by delivering its target return of the RBA Cash Rate + 4.00% p.a. (currently 8.10% p.a.) for the 87th consecutive month.⁶ Our ASX traded note program, MA2HA or the Credit Portfolio Notes, which listed in December 2025, targets BBSW + 3.25% p.a. and provides a daily-tradeable access point for our capital buffered private credit strategies.

The GCS fund suite has continued to resonate with clients through Q1 2026. As a result, our fund suite was in a *net inflow position* (new investor applications less redemptions) for the quarter that exceeded \$160 million. In the same horizon, our teams have deployed over \$450 million new financing and reinvestments.⁷

Across our GCS portfolios, performance and credit health remain robust, reflecting good underwriting standards. Over 98% of positions in our Credit Income strategy and 100% in our Priority Income strategy are classified as



⁵ The Credit Income fund suite is available in both listed (ticker ASX:MA1, being the MA Credit Income Trust) and unlisted formats (the MA Credit Income Fund and the MA Credit Income Fund (Wholesale) – Class A and Class B). The stated return reflects the quarterly annualised return for MA1, but is reflective of the performance of the different access points within the strategy.

⁶ Past performance is not a reliable indicator of future performance.

⁷ Reinvestments includes redeployment of repaid facilities and capital.

'Performing'⁸. Across 246 positions, not everything can always go perfectly. We are proactive in working through positions that become challenged to protect capital. Pleasingly, the proportion of positions in an active workout or enforcement phase⁹ across our Credit Income suite was 1.8% in March (represented by only 6 positions) and remains nil in our Capital Buffered (or Priority Income) suite. Such loans are generally well collateralised overall. We include a range of additional disclosure on workout and arrears positions in our quarterly fund disclosures, including loan-by-loan discussion on workout and arrears positions, which I'd encourage investors to read.

What we mean by private credit is simple: a defensive, fixed income replacement product that generates a premium income return while preserving capital for our clients. That is what we have always meant by it – pursued across the breadth of private lending, not a single corner of it – and what we intend to keep delivering for you. Thank you again for your continued investment and trust in us.

Best regards



Frank Danieli
Managing Director & Group Executive
Head of Global Credit Solutions
MA Financial Group

⁸ Defined as performing as expected with risk factors neutral or favourable since origination or where the borrower or collateral is performing however moderate risks have emerged since origination.

⁹ Where the Manager is taking action to stabilise, protect and recover value.

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