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Investors in MA Financial's
Global Credit Solutions funds

'The Beautiful Game: Why process matters more than individual talent'

Quarterly Global Credit Solutions investor letter (Q2 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]

In football, as in lending

The FIFA World Cup was in full swing as the dust settled on the June quarter for 2026. As a passionate fan who followed every match, this year's spectacle got me thinking.

Every tournament produces the same conversation: *who has the best number 10, the most dangerous striker, the most electric individual talent*? *This year – would the legendary Lionel Messi do it again for an Argentinian back-to-back or would the torch be passed to the 19-year-old Lamine Yamal of Spain; could Kylian Mbappe bring France back on top or would Harry Kane finally bring it home for England*.

But what does it really take to lift that trophy?

In the history of the World Cup, the tournament's outright top goal scorer (who wins the coveted *Golden Boot* award) has only played for the championship winner 13% of the time (or 3 tournaments).[2] It has even been relatively unusual for the player of the tournament to come from the winning team. Since the *Golden Ball era*, the World Cup's best player has only come from the champion country five of 12 times.[3]

That over 85% of the time the top striker doesn't play for the winner and in ~60% of cases the best player won't lift the trophy highlights the distinction between individual brilliance and collective success.

It isn't the most talented team that wins. It's the team with the best process.

This is something we think about every day in credit at MA Financial. The greatest player of the modern generation, Leo Messi,[4] has put it well: "In football, as in watchmaking, talent and elegance mean nothing without rigour and precision." The same is true of lending. A gifted credit analyst who can spot a good borrower is necessary, but not sufficient. What matters more is the discipline behind the credit decision – the underwriting process, the structuring, the portfolio construction, the ongoing monitoring, the risk management protocols.

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

[2] There have been 23 World Cups between 1930 and 2026. Only 3 times was the Golden Boot won by a player on the winning team – 1978 (Mario Kempes of Argentina), 1982 (Paolo Rossi of Italy) and 2002 (Ronaldo of Brazil). The 1962 tournament could be included, as Garrincha of Brazil won the award, but it was shared with two others (Albert of Hungary and Ivanov of USSR), meaning it was not an outright win.

[3] The Golden Ball was first awarded in 1982 to Paolo Rossi of Italy (champion). The only other winning players who were awarded the Golden Ball are Maradona (1986, of Argentina); Romario (1994, of Brazil); Messi (2022, of Argentina) and Rodri (this year in 2026, of Spain).

[4] We also reflect extensively on inherent biases and predispositions which could influence our decision making at MA Financial. This statement certainly shows mine, as I have only ever followed two players throughout my entire life: Roberto Baggio of Italy and, after he retired in 2004, Leo Messi. There are a few other players in contention for the greatest footballer in history, such as Pele, Maradona and Cristiano Ronaldo.

This process rigour needs to be repeated, position after position, month after month, cycle after cycle, to deliver for your clients. As in the World Cup, one moment of individual brilliance – to find a standout loan or a single opportunity with unusually asymmetric upside – is not the key to success in lending across an entire portfolio.

What makes a great credit decision

Our clients, like you, have entrusted us with billions of dollars of capital to safeguard and invest in a way that maximises the prospect of two things: **capital preservation** and **consistent income**.

To achieve this objective, we have spent years designing and refining an investment process that leans into our core competencies, harnesses the talent of our people, unearths good ideas and helps us mitigate avoidable mistakes.

This process isn't built around one or two star loan pickers empowered to make high conviction loans. It is built around a collective team effort, underpinned by a philosophy that ***"what makes a decision great is not that it has a great outcome. A great decision is the result of a good process."***[5]

It is worth sitting with that for a moment, because it cuts against how most people judge performance. We are wired to grade decisions by their binary results. But in credit and investing, the financial result on an individual position can be misleading. A single loan or investment can perform brilliantly for the wrong reasons, while a soundly underwritten loan can still default because of a low probability event or something genuinely unforeseeable.

If we fall into the trap of judging every position only on its specific outcome – or teaching our people that this is how we will judge them – then sometimes we will reward luck and other times we will punish discipline. Over the long term, that will lead to poor aggregate outcomes at the portfolio level. Yet despite this, much of the investment world is still built on the fallacy that success is all about the financial payoff.

We see it differently. There are four combinations:

Process to outcome matrix		Outcome: Bad	Outcome: Good
Process quality	Good	**Good process, bad outcome** **Inevitably occurs.** Manageable if low incidence in a well-constructed portfolio.	**Good process, good outcome** **The holy grail.** Portfolio should be weighted to these outcomes if process right.
Process quality	Bad	**Bad process, bad outcome** **Entirely predictable.** Process discipline is what avoids this never-acceptable situation.	**Bad process, good outcome** **Nothing but luck.** Dangerous if rewarded as it will be punished when the cycle turns.

We strive to deliver top right quadrant results – a ***good process with a good outcome*** – in everything we do across our $7.5 billion private credit portfolios. But we also recognise we can't eliminate the first quadrant. No credit manager honestly can totally avoid a loss across hundreds of positions and multiple cycles. More importantly, you don't have to, to deliver strong results for your clients.

As shown below, using our flagship MA Credit Income and Priority Income strategies to illustrate, not every one of our credit positions (237 and 137 by strategy, respectively) is currently valued at 100 cents-in-the-dollar.

[5] This quote is from Annie Duke, the World Series poker champion turned behavioural scientist, in her insightful book, *Thinking in Bets*.

Carry values as a percentage of recognised loan balance[6]

Credit Income suite (237 positions)

Range (c/$)	% of Asset Backed Lending	% of Direct Asset Lending	% of Direct Corporate Lending	% of Portfolio
Not less than 100	91.1%	88.5%	68.1%	87.4%
between 99 and 100	8.0%	-	31.9%	9.7%
between 97.5 and 99	-	-	-	-
between 95 and 97.5	-	6.0%	-	1.2%
between 90 and 95	0.4%	3.5%	-	1.0%
between 80 and 90	-	1.2%	-	0.2%
between 70 and 80	-	-	-	-
between 0 and 70	0.4%	0.8%	-	0.4%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Weighted average (c/$)	**99.82**	**99.06**	**99.92**	**99.66**

Priority Income suite (137 positions)

Range (c/$)	% of Asset Backed Lending	% of Direct Corporate Lending	% of Portfolio
Not less than 100	100.0%	91.0%	98.6%
between 99 and 100	-	9.0%	1.4%
between 97.5 and 99	-	-	-
between 95 and 97.5	-	-	-
between 90 and 95	-	-	-
between 80 and 90	-	-	-
between 70 and 80	-	-	-
between 0 and 70	-	-	-
Total	**100.0%**	**100.0%**	**100.0%**
Weighted average (c/$)	**100.00**	**99.92**	**99.99**

In the real world, low probability events happen. We can't avoid this. But we can have robust processes designed to minimise the incidence of problems, prepare ourselves to protect capital in the small minority of cases where things do not go our way, and allow our funds to deliver compelling returns as a fixed income alternative for clients.

What we don't tolerate are the bottom two categories – **bad process, bad outcome** and **bad process, good outcome**. A good loan outcome that was derived by a flawed process should never be celebrated. That's merely a fluke, against the run-of-the-play goal, which might be good for one game but cannot underpin long term success.

In football, the teams that go all the way aren't the ones with the flashiest individual talent. They're the ones with the structure, depth and consistency, so that no single mistake sinks the entire campaign.

Argentina, led by a 39-year-old Messi with a squad written off by many critics as past their prime, defied the odds to reach the 2026 World Cup final through a cohesive team dynamic, smart tactical plays and the fight to come back from the brink more than once. Their remarkable run was only bettered by Spain, who won the World Cup with the most disciplined and consistent performances throughout – conceding only one goal during the entire tournament!

Structure, depth and consistency. It's the same in credit.

Many players, one team

No football team wins on a brilliant player alone. You need a defence that doesn't panic, a midfield that controls tempo, and a coaching structure that gets the best out of your entire squad by playing people in the right positions.

We build our credit process the same way, around **three equally important sources of alpha**:

- Our Investment Team making great decisions, by focusing on avoiding losers rather than picking winners;
- Our Portfolio Management Team constructing a well-diversified book across sectors that strategically evolves through a cycle; and
- A culture of risk management being everyone's responsibility, where debate is welcomed, respectful challenge is embraced and the willingness to change your mind is celebrated.

A foundational feature of our credit process is our **What You Have To Believe (WYHTB)** analysis.

The idea is that we need to ascertain, for every single loan or investment we make, where it breaks. What are the circumstances where that credit loses money. In our model, you will never see an investment paper that says:

- Here's a base case, where things look good;
- Here's an upside case, where things go really good (why you'd have an upside case in credit, where you're only entitled to contractual income and the security of the collateral as your downside protection, is beyond me); and
- Here's a downside case, but – great news! – we still don't lose money in that case.

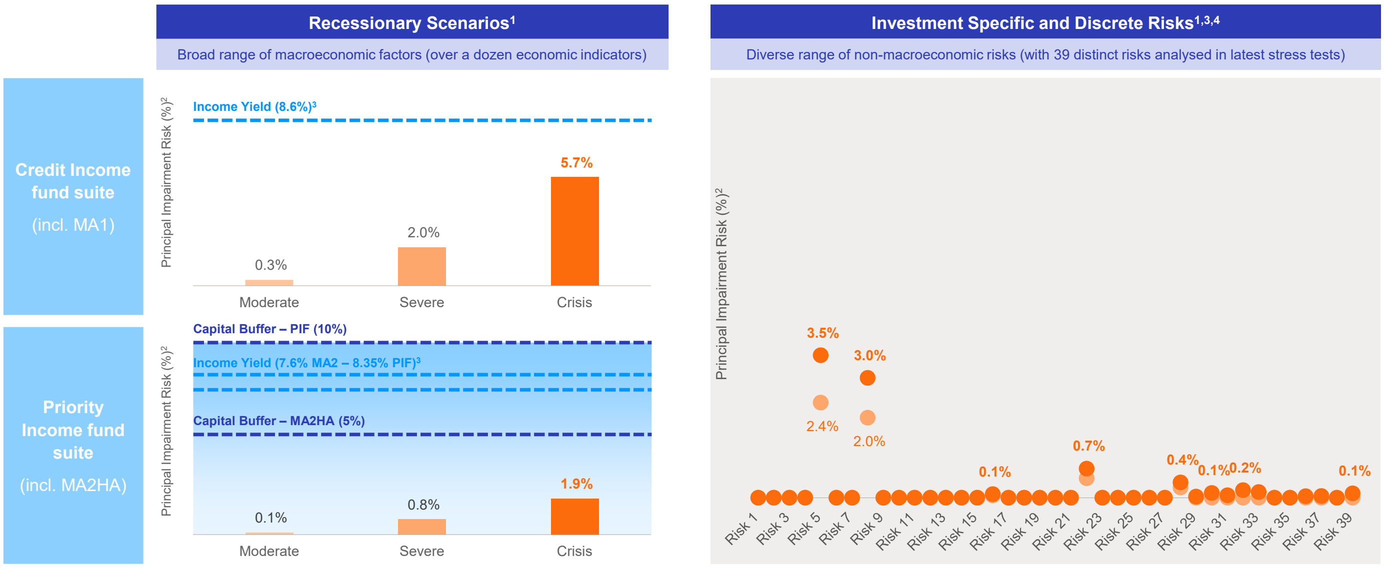
[6] Carrying value represents the Fund's assessed recoverable value of the investment, adjusted to exclude the amortisation of upfront fees and any purchase premiums or discounts where applicable. Investments are carried at cost where accounted for under AASB, and at fair value where accounted for under US GAAP. Recognised loan balance represents face value of principal loan amount at origination adjusted for drawdowns and repayments to date.

That would be a totally meaningless piece of analysis, in my view. I am always shocked when I hear managers insinuate that their portfolios can *never* lose money *in any conditions*. We never do this in our process.

Instead, we articulate the real world circumstances – both qualitative and quantitative – in which every one of our investments would lose money. We try to ensure that those circumstances are remote, relative to the world today, and that across the portfolio the 'low probability bad things' that could happen are different to each other.

We test these assumptions regularly, through weekly credit reviews to our more comprehensive quarterly *War Games* stress testing analysis. Our latest *War Games* analysis (extracted below) indicates that our portfolio risk in severe recessionary scenarios is between 2.0% - 5.7% points in our Credit Income suite and 0.8% - 1.9% in our Priority Income suite (the latter benefiting from a first-loss 'capital buffer'). We also evaluate discrete risks beyond macroeconomic scenarios, which range up to 2.4% to 3.5% points in our stress testing analytics. While recognising risks exist, given the significant diversification and return profile of these strategies, we feel pretty comfortable that these strategies are delivering on their objective for clients of consistent income with capital preservation features.

War Games – Illustrative stress testing outcomes (Q2 2026)



1. Macroeconomic recessionary scenario stress testing as at Q2 2026 War Games. Investment specific and discrete risks span Q4 2025 to Q2 2026 War Games. Analysis performed by MA Financial is indicative only and may not arise.
2. Principal impairment risk (% NAV) reflects the estimated proportion of net asset value at risk of principal capital loss under the applicable stress scenario, based on MA Financial modelling. A principal capital loss arises where the total value of a credit investment, comprising all realised earnings and principal returned, is less than the cumulative principal deployed in that investment. Total value reflects all projected cash flows over each asset's modelled life, inclusive of recovery costs and is calculated pre fees.
3. Based on MA Credit Income Fund and MA Credit Income Trust (MA1) for Q2 2026 as at 30 June 2026.
4. Based on Priority Income Fund and MA Credit Portfolio Notes (MA2HA) as at 30 June 2026.

Optimistically pessimistic: A final reflection on the second quarter of 2026

One of our founders, Andrew Pridham, once described our credit team as needing to be **optimistically pessimistic.**

Although many of us come from restructuring backgrounds, obsessed with learning from lending-gone-wrong, we can't do nothing. Our job is to make credit investments to earn income for our clients while safeguarding their capital.

We might focus on the negative – what can go wrong and how to avoid it – but the rigour of our process gives us the optimism that we will deliver on our promises to clients.

It's that process which has delivered the continued strong run of performance for our GCS funds through the June quarter. The MA Credit Income fund suite, which provides exposure to a now $7.5 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 ~8.6% annualised return[7,8] for Q2 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 June by delivering its target return of the RBA Cash Rate + 4.00% p.a. (currently 8.35% p.a.) for the 90th consecutive month.[8] Our ASX traded note program,

[7] 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 MA Credit Income Fund, but is reflective of the performance of the different access points within the strategy. The listed MA1's return for the quarter was ~8.4% p.a. (with the delta due to the costs of listing).

[8] Past performance is not a reliable indicator of future performance.

MA2HA or the MA Credit Portfolio Notes, targets BBSW + 3.25% p.a. and provides a daily-tradeable access point for our capital buffered private credit strategies. The note has also delivered its target income every month since inception.

Across our GCS portfolios, performance and credit health remain robust, reflecting good underwriting standards. At June, 97.6% of positions in our Credit Income strategy and 100% in our Priority Income strategy were classified as 'Performing'[9]. Across 237 positions, not everything can always go perfectly. We are proactive in working through positions that become challenged to protect capital. During the quarter, we made the decision to effect an orderly wind-up of a legacy high yield strategy, the MA Credit Opportunities Fund (which represented ~1% of our AUM, or ~$81m). This is because we believe the optimal strategy in private credit is to provide broadly diversified, fixed income replacement strategies (such as our Credit Income or Priority Income fund suites), rather than opportunistic credit offerings. Less than 3% of our AUM is represented by high yield or opportunistic credit strategies and it is something we are transitioning away from. We will seek to return ~70% of that strategy's capital to investors in short order, with the remaining 30% (being a collection of real estate credit loans) being returned as and when those loans repay.

This legacy fund has a challenging position in workout – a subordinated loan to a real estate development project in Sydney's Eastern Suburbs – that has impacted its current returns (with a negative June month resulting in its annual return to June 2026 being -0.07% and dragging the since inception return to 8.44% p.a.). Our team are rolling up their sleeves and actively working through that position, although it is important to recognise that it represents only ~0.2% exposure for our flagship Credit Income strategy while there is no exposure in the Priority Income strategy, which does not have any allocation to property development financing.

On that note, pleasingly, the proportion of positions in an active workout or enforcement phase[10] across our Credit Income suite was 2.2% by value in June (represented by only seven 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.

As aligned co-investors, with MA Financial and its staff having invested over $240 million in all our credit strategies with our clients,[11] we endeavour to provide clients with high quality and transparent disclosure. The sort of information that we would expect as investors ourselves.

Finally, we are proud to update that the GCS fund suite has continued to resonate with clients through Q2 2026. As a result, our fund suite was in a *net inflow position* (new investor applications less redemptions) for the year-to-date that exceeded $250 million. In the same horizon, our teams have deployed over $1.1 billion in new financing and reinvestments.[12]

Managing your capital responsibly is our guiding light. 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

[9] 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.

[10] Where the Manager is taking action to stabilise, protect and recover value.

[11] MA Financial and its staff have co-invested over $240 million in all MA Financial credit funds at 31 March 2026.

[12] Reinvestments includes redeployment of repaid facilities and capital.