MA Asset Management

3 West Main Street, Suite 301
Irvington, New York 10533
United States

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‘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 Asset Management, a division of 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 for football (soccer) 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 rigor and precision.” The same is true of lending. A gifted credit analyst who can spot a good borrower is necessary, but not sufficient.

[1] The GCS Quarterly Investor Letter webpage is located at https://mafinancial.com/us/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.

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.

This process rigor 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	**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.
	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 $5.2 billion[6] private credit portfolios. But we also recognise we can't eliminate the first quadrant. No credit manager

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

[6] All figures in this document are in USD unless otherwise denoted. Any AUD to USD conversions undertaken are using exchange rate as of June 30, 2026 per Bloomberg.

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.

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 soccer, 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 soccer team wins on a brilliant player alone. You need a defense 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.

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. We also evaluate discrete risks beyond macroeconomic scenarios. 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.

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.

As aligned co-investors, with MA Financial and its staff having invested over $160 million in all our credit strategies with our clients,[7] we endeavor 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 $170 million[8]. In the same horizon, our teams have deployed over 755 million[8] in new financing and reinvestments.[9]

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

[7] MA Financial and its staff have co-invested over US$160 million in all MA Financial credit funds at 31 March 2026.

[8] All figures in this document are in USD unless otherwise denoted. Any AUD to USD conversions undertaken are using exchange rate as of June 30, 2026 per Bloomberg.

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

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