



Fund Commentary

December 2025 Quarter

Continued robust performance and stable positioning

The Merx Private Credit Fund (formerly the Merx Wholesale 1 PIE Trust) maintained robust performance while further diversifying the portfolio through the end of 2025. Net returns to investors for the quarter were in line with targets. Market activity showed positive momentum and increased optimism toward the end of 2025.

Fund Renamed, Governance and Structural Enhancements

A special resolution process was completed in December 2025 with **77% of unit holders by value approving changes** to fund structure, governance and renaming of the Fund to the Merx Private Credit Fund. Documentation and collateral updates were finalised to support these changes. You will see updates flowing through our website and investor communications over the course of the next few weeks.

As part of this process, the fund Information Memorandum (IM) has been enhanced and updated. The updated IM and fund documents are available for viewing on our [website](#).

Outlook and Strategy for 2026

The Team at Merx are feeling optimistic about continued business and consumer confidence driving momentum into 2026. This is supported by the latest QSBO survey results with general credit conditions improving as are the nature of new funding applications we are receiving from business owners and investors. Alongside this, our strategy remains consistent – we will maintain credit standards and focus on disciplined portfolio management, active risk oversight, and maximising yield opportunities to continue building on a strong track-record.



Portfolio Composition & Diversification

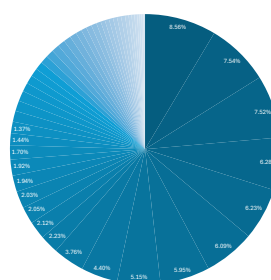
As at 31 December 2025

As CYQ4 closed, the fund held a total of 51 unique loans. The portfolio has an average loan size of ~\$657k. The trend of increasing diversification continued – no single loan exceeded 9% of the total portfolio value at the end of the quarter.

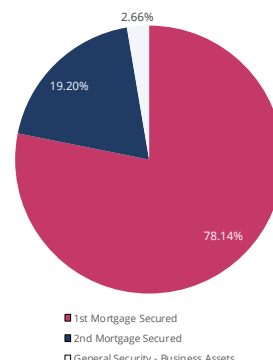
A measured rebalance of the overall composition has increased the 1st Mortgage Secured concentration to 78% from 75% at the close of CYQ3. The delta to facilitate this increase is primarily attributable to a reduction in the concentration of General Security – Business Assets lending.

The portfolio's weighted average loan-to-value ratio on property secured loans remains around 61% reflecting our disciplined and conservative risk management approach.

Portfolio
by Loan Concentration



Portfolio
by Security Type



Fund Performance | 31 December 2025

After fees and costs, before tax¹

Period	1 month	3 months ²	Total pre-tax return - 12 month rolling ²	Total cumulative pre-tax return - since inception ³
December 2025	+0.95%	+2.69%	+13.18%	+65.01%
December 2024	+1.34%	+3.66%	+15.34%	Funds Under Management: \$33.9m
December 2023	+1.57%	+4.73%	+18.96%	

¹ Rounding Policy - For the purposes of this table, we round all return data down to the nearest 2 decimal points. Actual returns distributed to investors may be higher than illustrated above given the effect of this rounding policy.

² Total Return – 3 Months and 12 Month Rolling are the compounded monthly returns, with distributions re-invested, after deductions for all charges before tax (Investor PIR = 0%), over the respective periods. Returns are re-invested in this scenario (time-weighted return).

³ Total Cumulative Return Since Inception is the compounded monthly, distributions after deductions for all charges before tax (Investor PIR = 0%) since the establishment of this fund. Returns are re-invested in this scenario (time-weighted return).

Post performance is not a guarantee of future performance. The fund was established on 30 June 2022 and made its first investments in September 2022.

Like to learn more?

The Merx Private Credit Fund is designed for investors by investors. [Learn more.](#)

[Invest With Us](#)



Investors must qualify as Wholesale Investors as that term is defined in sections 3(211a) – (c) or 313(a) of Schedule 1 of the Financial Markets Conduct Act ("FMCA"). The fund is not suitable for retail investors.

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Fund Performance | 31 December 2025

Returns after fees and costs, before tax at PIR = 0% ("Gross")²

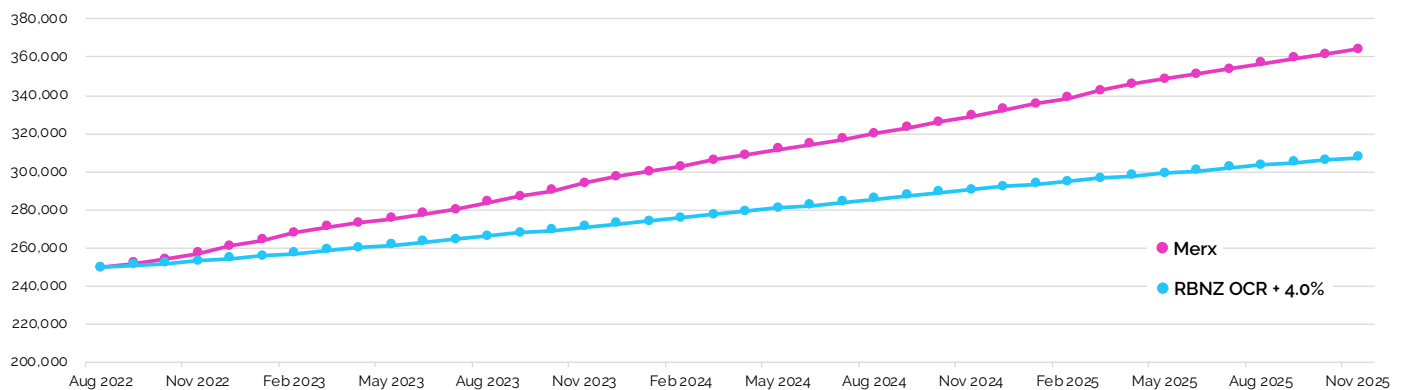
Returns after fees and costs, after tax (PIR = 28%) ("Net")²

Year	Return	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Return (Calendar Year) ³	Cumulative Return Since Inception ⁴
2022	Gross	-	-	-	-	-	-	-	-	+1.27%	+1.15%	+1.50%	+2.20%	+6.26%	Gross: +65.01%
	Net	-	-	-	-	-	-	-	-	+0.91%	+0.83%	+1.08%	+1.58%	+4.47%	
2023	Gross	+1.42%	+2.01%	+1.68%	+0.98%	+1.16%	+1.17%	+1.08%	+1.86%	+1.47%	+1.30%	+1.79%	+1.57%	+18.96%	
	Net	+1.02%	+1.44%	+1.21%	+0.70%	+0.84%	+0.84%	+0.78%	+1.33%	+1.06%	+0.93%	+1.29%	+1.13%	+13.32%	
2024	Gross	+1.08%	+1.25%	+1.34%	+1.22%	+1.20%	+1.04%	+1.11%	+1.27%	+1.23%	+1.14%	+1.14%	+1.34%	+15.34%	Net: +43.40%
	Net	+0.78%	+0.90%	+0.96%	+0.88%	+0.87%	+0.74%	+0.80%	+0.91%	+0.88%	+0.82%	+0.82%	+0.96%	+10.82%	
2025	Gross	+1.12%	+1.16%	+1.53%	+1.22%	+0.99%	+0.96%	+0.90%	+0.99%	+0.91%	+0.82%	+0.90%	+0.95%	+13.18%	
	Net	+0.80%	+0.83%	+1.10%	+0.88%	+0.71%	+0.69%	+0.64%	+0.71%	+0.65%	+0.59%	+0.64%	+0.69%	+9.30%	



Comparison: An investment in the Merx Private Credit Fund (Reinvested, Net of Tax & Fees) vs. an investment returning RBNZ OCR +4.0%

Comparing the performance of a \$250,000 investment into the Merx Private Credit Fund (compounded returns after tax (PIR = 28%) against the performance of a \$250,000 investment returning RBNZ OCR +4%¹



¹ There is no appropriate comparative market index and no suitable comparable index or benchmark for this unit trust against which to assess either movements in the market in relation to the returns from the assets in which the unit trust invests or the performance of the unit trust as a whole. We have adopted RBNZ OCR +4.0% as a hypothetical benchmark for illustration purposes only.

² Rounding Policy - For the purposes of this table, we round all return data down to the nearest 2 decimal points. Actual returns distributed to investors may be higher than illustrated above given the effect of this rounding policy.

³ Total Return - Calendar Year is the compounded monthly, distributions after deductions for all charges before tax (Investor PIR=0% & 28%) for the Calendar Year (row). Returns are re-invested in this scenario (time-weighted return). The fund was operating for only part of the 2022 calendar year and the current calendar year is not yet complete.

⁴ Total Cumulative Return Since Inception is the compounded monthly, distributions after deductions for all charges before tax (Investor PIR = 0% & 28%) since the establishment of this fund. Returns are re-invested in this scenario (time-weighted return).

Past performance is not a guarantee of future performance. The fund was established on 30 June 2022 and made its first investments in September 2022.

Merx Management

Aligned interests is a core principle of the fund. As Manager of the Merx Private Credit Fund, we have skin in the game as we personally invest alongside our investor partners. Learn more about the Merx Team.



Andrew Dunning
Managing Director



Brett Martelli
Director



Garrick Wynne
Director



Chris Swasbrook
Chair



Shanell Erceg
Analyst

[Read More](#)



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Special Resolution Update

New name, structural & governance enhancements

Unitholders passed a Special Resolution in December (77% by value) to rename the Fund, enable structural enhancements and strengthen governance and oversight. This aligns the fund with best-practice standards for investor protection.



Merx is now in the process of transitioning from a combined manager-trustee structure to appointing Public Trust as an independent trustee and custodian.

Alongside this, several updates were made to the fund's establishment documents, including:

- A full restatement of the Master Trust and Establishment Deeds to enable the transition and provide clarity on administrative aspects of the updated Fund.
- A reduction of the base management fee from 2.00% to 1.95%.
- An adjustment to the performance fee hurdle rate to OCR +4%, to better reflect market conditions and maintain alignment with investor outcomes.
- Alignment of the performance fee calculation and payment with the monthly distribution cycle, improving transparency and smoothing investor reporting.

Updated documents are available to view on our [website](#).



Looking Ahead

Optimism for 2026

A handful of developments that have the team at Merx feeling positive about the economic prospects in 2026:

1. "NZIER's QSBO shows a strong rebound in confidence as recovery starts to gain traction" - [Read more](#).
2. RBNZ credit growth stats have been positive for 2025 and appear to be trending up - [Read more](#).
3. The volume and nature of new lending applications coming across the Merx team's desk - certainly a more positive tone in what borrowers are looking for funds to support - new investments / buying a business / funding new property projects.

This leaves us feeling optimistic about the year ahead.



We don't do related party lending

Another way we keep our interests aligned

The team at Merx have been around for a couple of cycles now. Without naming names, some may recall past incidents in the New Zealand finance sector where finance company directors' personal projects or lifestyles were funded with investors' money. This should never have happened. We have taken specific steps within our establishment documents and processes to reassure investors of our distance from these practices.

[Read more here - Why we don't do related party lending.](#)

Recent Client Scenarios

During CYQ4



Client Scenario #1

Support for a new business opportunity - fast.

Why did this client need our funding: A high net worth individual needed to quickly release equity from their property investment portfolio to support a new business opportunity.

Key Information:

- Amount: \$400,000
- Industry: Property Investment
- LVR: 55%
- Type of Security: Second mortgages on residential investment properties
- Path to Repayment: Planned sale proceeds from the exit of an investment

Why Merx: We provided certainty and speed - efficiently unlocking equity from the client's property portfolio when they needed to move quickly on a new business opportunity.



Client Scenario #2

Funding to complete Property Development Project.

Why did this client need our funding: A small property developer north of Auckland required funding to complete their development project.

Key Information:

- Amount: \$2,000,000
- Industry: Property development
- Location: North of Auckland
- LVR: 60%
- Type of Security: First mortgage over the development site
- Path to Repayment: Completion and sale of the development

Why Merx: The Merx team have more than 20+ years of experience in property development project finance. This allowed us to quickly assess the risk and provide a funding commitment - giving the borrower certainty when they needed it.



Client Scenario #3

Working Capital

Why did this client need our funding: A business owner providing custom joinery was referred to us by their accountant to support business restructure and working capital requirements.

Key Information:

- Amount: \$600,000
- Industry: Residential and Commercial Custom Joinery
- LVR: 57%
- Type of Security: Second mortgage on investment property and personal residence
- Path to Repayment: Business cash flow and likely sale of investment assets

Why Merx: We quickly structured flexible funding that avoided lengthy bank credit processes - providing the working capital and restructure funding this business owner needed in a timely manner.

Helpful reads for investors



[Investor Insights](#)



[Investor FAQ's](#)



[Client Success](#)



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