



Merx Private Credit Fund

Information Memorandum - Wholesale Offer

8 January 2026

Interests in the Fund are only available to investors in New Zealand that are “wholesale investors” as defined by, or otherwise not required to receive disclosure under Part 3 of the Financial Markets Conduct Act 2013 (the “Recipients”).

Important Information

This document provides information relating to an offer of units to Wholesale Investors only in the Merx Private Credit Fund “the Fund.”

This document is not a product disclosure statement (PDS) for the purposes of the Financial Markets Conduct Act 2013 (FMCA) and does not contain all the information typically included in a PDS. Merx intends to provide this document to wholesale investors only and it is not a regulated offer for the purposes of the FMCA.

New Zealand law normally requires people who offer financial products to persons who are retail investors under the FMCA to give information prescribed by the FMCA and its regulations to these investors before they are able to invest. This information is designed to help investors make an informed decision. If you are a wholesale investor, as defined by the FMCA, the usual rules do not apply to offers of financial products made to you. As a result, you may not receive a complete and balanced set of information. You will also have fewer other legal protections for these investments. Ask questions, read all documents carefully, and seek independent financial advice before committing yourself.

This document contains important information about the Fund to help you decide whether you want to invest.

You should seek professional advice to help you decide whether to invest.

Merx provides this memorandum to prospective wholesale investors subject to the conditions outlined on this page and in the ‘Limitations, Disclaimer and Other Information’ section of this document.

Interests in the Fund are only available to investors in New Zealand that are “wholesale investors” as defined by, or otherwise not required to receive disclosure under Part 3 of, the Financial Markets Conduct Act 2013 (the “Recipients”).

Merx reserves the right to accept or reject any application at its discretion.

Outside New Zealand, Merx intends for this memorandum to be distributed only to selected people to whom, under relevant law, it may be lawfully distributed. It may not be distributed in any other jurisdiction or to any other person. It does not constitute an offer or solicitation in any jurisdiction in which such an offer or solicitation is not authorised, or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such an offer or solicitation.

No action has been taken that would permit a public offering in any jurisdiction where action for that purpose would be required. This includes, but is not in any way limited to, Australia and the United States. It is the investor’s responsibility to ensure compliance with all laws of any country outside New Zealand relevant to their subscription, and any such investor should consult their professional advisers as to whether any governmental or other consents are required, or other formalities need to be observed to enable them to apply for securities pursuant to the information memorandum. The failure to comply with any applicable restrictions may breach the securities law in those jurisdictions.

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Limitations, Disclaimer and Other Information

This document (the “Information Memorandum”), along with other documents and information provided (together the “Documents”), is provided to the Recipients to enable them to investigate a potential investment in the Merx Private Credit Fund (defined as the “Fund”). The information contained in the Documents is commercially sensitive. Any reproduction of the whole or part of this document is strictly prohibited. The Documents may not be used without the express consent of Merx Funds Management Limited (the “Manager” or “Merx”) for any purpose other than deciding whether to proceed with an investment in the Funds.

The Documents have been prepared by the Manager for general information purposes only and do not purport to contain all the information that a prospective investor in the Fund may require.

Nothing in the Documents is intended to constitute legal, tax or financial advice. Recipients should:

- seek their own professional advice on the consequences of investing in the Fund.
- conduct their own investigation and analysis of the opportunity and the background and other information contained within the Documents; and
- make their own appraisal of the Fund and satisfy themselves as to the accuracy, reliability, completeness, correctness or currency of the information in the Documents and such other information as they consider relevant.

Neither the Manager, nor their respective related companies and affiliates including their shareholders, directors, officers, employees, manager and advisers or other representatives (“Representatives”):

- accept responsibility for any costs incurred by the Recipients in connection with the evaluation of the investment opportunity described in the Documents; or
- guarantee the performance of the Fund or the return of your investment.

Statements made in the Documents are made at the date of this Information Memorandum. The Documents may contain forward-looking statements including forecasts or projections are based on current assumptions, expectations and beliefs. These statements involve risks, uncertainties, and other factors beyond Merx’s control and actual outcomes may differ materially.

There are risks associated with investing in the Fund, including the potential loss of investment and delays in receiving repayments or redemptions. There is no secondary market for units in the Fund and no such market is expected to develop.

To the maximum extent permitted by law, the Manager, and their Representatives disclaim and exclude all liability whatsoever for any loss, damage or other consequence (whether foreseeable or not) suffered by any person from the use of the Documents or their contents, from refraining from acting because of anything contained in or omitted from the Documents, from participating in the Fund or otherwise arising in connection therewith (including for negligence, default, misrepresentation or by omission and whether arising under statute, in contract or equity or from any other cause).

The issue of the Documents shall not be taken as any form of commitment on the part of any person to discuss or negotiate with any person in connection with, or to proceed with, an investment in the Fund.

The Manager may, at any time, provide additional information to, or negotiate with, one or more persons or organisations in connection with the Fund. The Manager reserves the right to terminate, at any time, further participation by any Recipient in the process described in the Documents and to vary procedures or modify the process, to terminate all or any part of the process altogether, or to do anything else that it, in its absolute discretion, sees fit and is legally entitled to do in relation to the process. None of the Manager, and their Representatives is under any obligation to provide Recipients with access to any additional information.

Limitations, Disclaimer and Other Information (Continued)

Confidentiality

The Documents are confidential and commercially sensitive, and they must not be disclosed or reproduced in any form without Merx's prior written consent. By accepting the Document, you agree to comply with these confidentiality restrictions.

This Information Memorandum will be reviewed annually or as required by the Manager with any revision or amendment approved and communicated as required under the Trust Deeds.

1. Key information summary

What is this?

The Fund is a collective investment vehicle that enables aggregation of investment capital with the goal of providing wholesale investors with tax-effective returns. Investors' capital is pooled with that of other wholesale investors and investors are issued with units in the Fund. The units issued represent the investors' share in the Fund. Investors do not have a direct legal interest in any of the individual underlying assets of the Fund but do have an indirect economic interest in the performance of those assets.

The Fund has elected to be a Portfolio Investment Entity ("PIE") to achieve tax efficiency.

The Fund is governed by a Master Trust Deed dated 30 June 2022 and an Establishment Deed dated 30 June 2022, amended and restated 12 December 2023, and further amended and restated 8 January 2026 ("the Trust Deeds"). When you invest in the Fund, you agree to be bound by the provisions of the Trust Deeds. Any capitalised terms not separately defined in this Information Memorandum and unless context otherwise requires shall have the meaning as defined in the Trust Deeds. In the event of any inconsistency, the Trust Deeds will supersede and prevail over this Information Memorandum.

What will your money be invested in?

The Merx Private Credit Fund invests in loans to business and property owners, secured by mortgages over New Zealand property and/or security over business assets. These loans are non-CCCFA loans and are not subject to the Credit Contracts and Consumer Finance Act 2003, as they are provided for business or investment purposes.

The loans in the fund are spread across a range of unrelated entities with varying risk profiles. This diversification reduces concentration risk and the impact of any single underperforming loan on the overall portfolio.

The Fund may invest in other funds that provide exposure to these types of investments.

The Fund may allocate capital not deployed in loans to New Zealand dollar-denominated cash and cash equivalents, money market instruments and other short-term debt securities.

All investments are maintained in New Zealand dollars and there is no direct foreign exchange risk.

Who is the manager of the Fund?

The Fund is managed by Merx Funds Management Limited. The Manager is an independent fund management company, purely focused on private credit investments. Merx Funds Management Limited is a registered Financial Services Provider - FSP#1003544.

The principals of the Manager established Merx Funds Management Limited in 2022 to accept external capital from wholesale investors. Before this date, the principals of the Manager managed loan portfolios on a private basis.

Merx Funds Management Limited is owned by its directors. The directors have substantial experience in loan origination, management, and recovery, as well as investment management and financial market regulation. Refer to the section "Investment Committee Governance" for further information on directors' background and experience.

The Manager is not affiliated with any other financial services provider in the sector. Similarly, the Manager does not have any shareholding relationships with any borrowing clients.

Wholesale Investors and the principals themselves provide the investment capital for the Fund.

1. Key information summary (Continued)

Who else is involved with the Merx Private Credit Fund?

Baker Tilly Staples Rodway provides accounting and fund administration services to the Fund.

Baker Meech and MinterEllisonRuddWatts are the Fund's legal advisors.

The Fund's Trustee is Public Trust, who was appointed on 8 January 2026.

Public Trust has appointed nominees to hold the loan assets of the Fund. For loans made up to and including 8 January 2026, the appointed nominee is Merx Funds Management Limited. For loans made after 8 January 2026, the appointed nominee is Merx Nominee Limited. Both nominees are entities within the broader Merx group of companies.

William Buck is the Independent Auditor of the Fund.

None of the above guarantees investments in the Fund or any level of return.

What are the potential returns?

The Fund's objective is to maximise the net yield to investors on a risk adjusted basis. The Target Investment Return is 10.00% per annum after fees and before tax. Returns are dependent on economic conditions (particularly prevailing market interest rates) and the Manager's success in deploying investors' capital effectively.

Historically, the Manager has achieved the following rates of return:

Fund Performance | 30 September 2025

Financial Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Return (Calendar Year) ²	Cumulative Return Since Inception ³
2022	-	-	-	-	-	-	-	-	+1.27%	+1.15%	+1.50%	+2.20%	+6.26%	+60.69%
2023	+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%	
2024	+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%	
2025	+1.12%	+1.16%	+1.53%	+1.22%	+0.99%	+0.96%	+0.90%	+0.99%	+0.91%				+10.21%	

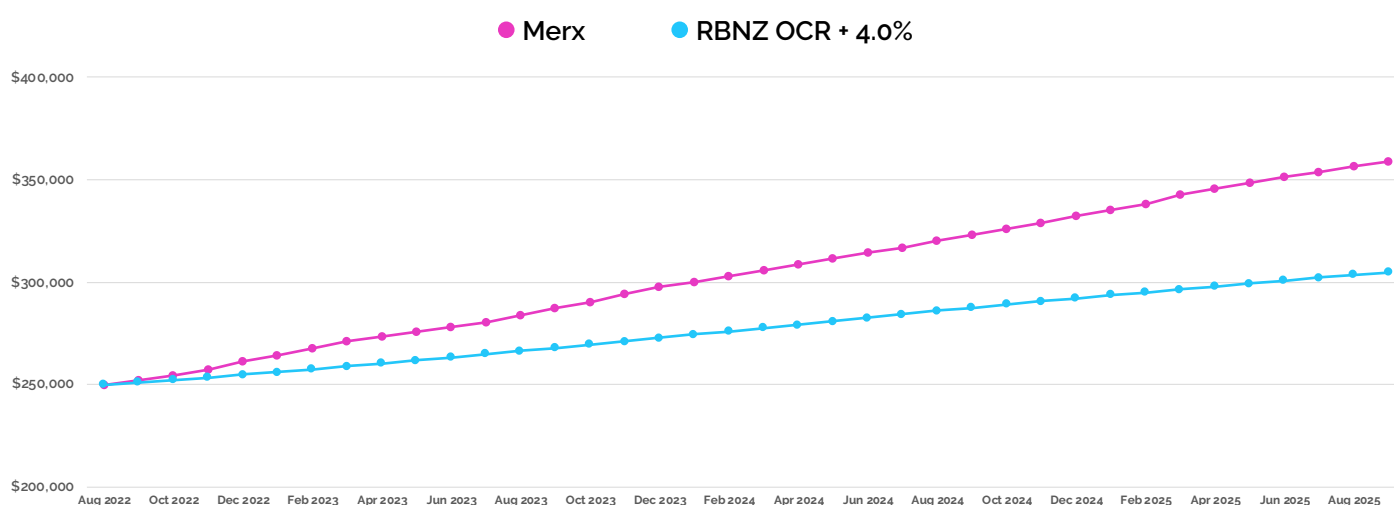
Past performance is not necessarily a guide to future performance. Actual returns are not guaranteed and may be higher or lower than prior periods.

- Rounding Policy - For the purposes of this table, the Manager rounds 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.
- Total Return (Calendar Year) is the compounded monthly, distributions after deductions for all charges before tax (Investor PIR = 0%) for the Calendar Year (row). Returns are re-invested in this scenario (time-weighted return).
- Total Cumulative Return Since Inception is the compounded monthly, distributions after deductions for all charges before tax (Investor PIR = 0%) since the establishment of the Fund. Returns are re-invested in this scenario (time-weighted return).

1. Key information summary (Continued)

There are no appropriate comparative market indices and no suitable comparable index or benchmark for this Fund against which to assess either movements in the market in relation to the returns from the assets in which the Fund invests or the performance of the Fund as a whole. The chart below illustrates the Fund's performance compared to a hypothetical benchmark of the OCR plus 4.0%, with returns compounded monthly and adjusted for tax at a rate of 28%.

Comparison of compounded returns after tax (PIR = 28%) of an investment with Merx against an investment returning RBNZ OCR + 4.0%



The Fund's Net Asset Value is evaluated monthly, and the number of units is adjusted as appropriate. Distributions are made monthly in the form of new units in the fund.

Given the short-term nature of the Fund's loan investments, assets are maintained at nominal values unless there is a clear case for impairing the value of a loan. There is no mark-to-market within the portfolio in response to interest rate movements.

How can you get your money out?

The principals of the Manager designed the Fund with the intention that investors will retain capital and income from their investment within the Fund, reinvesting and benefitting from compound returns.

However, if investors require regular income from their investment, they can make a standing order to withdraw reinvested returns. No exit fee applies to this standing order for withdrawals of reinvested returns.

Otherwise, net investment returns distributed to investors as new units in the Fund will be reinvested. The Manager may decide to pay out investment returns to investors in cash instead of issuing new units.

An investor may withdraw investment capital from the Fund on 6 months' notice without penalty. An investor seeking access to their investment capital on a shorter time frame may redeem units but may incur a 2.5% Redemption Fee on the amount withdrawn. Redemption Fees are payable to the Fund for the benefit of unitholders in the Fund. These fees are not paid to the Manager. A request to redeem units may be made on any business day with units redeemed with effect from the Valuation Day after the date of the relevant Redemption Request.

1. Key information summary (Continued)

Unitholders may not transfer their units without the prior consent of the Manager. Consent will generally not be withheld unless the transfer would prejudice the interests of other unitholders in the fund e.g. endangering the PIE status of the Fund.

How will your investment be taxed?

The Fund is a Portfolio Investment Entity ("PIE"). The amount of tax you pay in respect of a PIE is based on your prescribed investor rate ("PIR"). This effectively "caps" tax payable by each investor to a maximum of 28%. Tax is deducted by the Manager at the investor's nominated rate (i.e., their PIR) on the investor's behalf. See section 5 for more information.

Where can you find more key information?

Investors can find more information on the Manager's website (www.merx.co.nz) or by contacting the Manager.

2. How does this investment work?

Structure of the Fund

The Merx Private Credit Fund is a Portfolio Investment Entity (“PIE”) qualifying Unit Trust. The Fund is open-ended so that it may continually accept new capital from investors and, subject to the Trust Deeds, return capital to investors through actual distributions or reinvestment in new units.

Merx Funds Management Limited is the Manager of the Fund. The Manager originates loans for the Fund to make. It also monitors the performance of the loans, takes recovery action where needed, and manages the return of investor capital.

Public Trust acts as the Trustee of the Fund, overseeing compliance with the Fund’s governance protocols. Public Trust also acts as Custodian through its nominees, holding investor funds, loan assets and security documents on behalf of unitholders.

Significant features of the Fund

Alignment of interests is a core principle of the Fund. The directors of the Manager are required to be personally invested in the Fund. The Fund’s management is incentivised to maximise investment returns but at the same time guard against capital loss. Preservation of capital is a core tenet of the Fund’s management.

Although the Trust Deed allows related party transactions where approved by the Trustee and conducted on arm’s length terms, the Merx Private Credit Fund has a strict policy against making loans to related parties of the Manager.

As detailed above, the Fund is structured as a Portfolio Investment Entity (“PIE”) qualifying unit trust. The PIE structure can enhance the after-tax rate of return for New Zealand tax resident investors who have a marginal tax rate in excess of 28%.

There is no minimum investment holding amount. The Fund has a minimum acceptable transaction value of \$5,000.

Investors must qualify as wholesale investors. Guidance relating to wholesale investor requirements is available from the Financial Markets Authority (FMA) website: www.fma.govt.nz/consumer/investing/types-of-investments/wholesale-investors/

The Manager’s investment approach

The Manager’s objective is to build and maintain a portfolio of loans that provides investors with superior risk-adjusted returns. The Fund’s loans are usually committed for no more than 24 months. The short duration of the loan portfolio limits the interest rate or market risk associated with the loan portfolio.

As the Fund grows, it is reasonable to expect that the loan portfolio becomes increasingly diversified. This diversification further mitigates risk. The Manager limits the amount it advances to any one borrower (a limit of 15% of total loan portfolio) to avoid an overreliance on a single borrower (called a “concentration risk”).

The Fund will take a range of security from borrowers so that, in the event of default, investment capital can be recovered. The Manager accepts first and second mortgage security (mortgage agreement – caveat backing) and / or security over business assets with appropriate loan-to-value ratios adopted. Although the Manager may accept second mortgages, the Manager structures and controls the loans to ensure that the Fund is protected if the security is enforced.

To date, the Manager’s investment approach has delivered returns comparable to equity investments with minimal recorded loan losses. However, past performance does not guarantee future results.

2. How does this investment work? (Continued)

Returns are reflected in units on issue

Merx Unitholders' returns are reflected in the number of units held. The Unitholder's share of Fund's net earnings is attributed to the Unitholder pro-rata in the form of units issued at a price of \$1.00. If the Fund makes a loss for the period, the Unitholder's holding is reduced accordingly (the Fund is yet to experience a diminution in Net Asset Value as at the date of this Information Memorandum). The nominal value of the Fund's units is held constant over time.

Merx Unitholders generally retain their investment within the Fund - compounding returns. However, if the unitholder requires regular income from their investment, cash distributions can be made monthly in lieu of receiving additional units.

Fees and Transaction Costs

The Fund incurs a management fee of 1.95% per annum of the Fund's Net Asset Value, calculated monthly and payable out of the Fund within 14 days of the end of each month. In addition, a performance fee of 20% is payable on the Fund's net income return (after all fees and costs and before tax) to the extent that it exceeds a hurdle rate equal to the Reserve Bank of New Zealand's Official Cash Rate (RBNZ OCR) plus 4% per annum.

There is currently no Application Fee (entry fee).

Unitholders will not incur a Redemption Fee (exit fee) if notice of a withdrawal is provided more than 6 months ahead of the requested Exit Date. A Redemption Fee of 2.5% of the withdrawal amount is payable to the Fund if less than 6 months' notice is provided. No Redemption Fee is payable for a withdrawal of reinvested returns.

The following expenses, costs and liabilities are payable out of the Fund (this list is not exhaustive. Other fees and costs relating to the administration of the Fund may be payable in accordance with the Trust Deeds):

- Establishment and Fund operating expenses (including legal, regulatory, accounting, tax, audit, administration and registry costs);
- Costs of maintaining the Fund structure, such as custody and trustee fees;
- Transaction-related costs (commissions, due diligence, valuation, research and professional advice, including credit recovery where required);
- Fund financing expenses (interest, bank charges and borrowing facility costs);
- Taxes, duties and regulatory charges payable in connection with the Fund or its investments;
- Investor reporting and governance costs (meetings, statements and other communications);
- Reasonable travel, communication and other out-of-pocket costs incurred in managing the Fund; and,
- Any applicable GST or similar taxes on these expenses.

The following costs are not paid by the Fund:

- Costs of advertising and promoting the Fund to potential investors; and,
- The Manager's operating expenses.

Making investments

To invest in the Fund, you must first qualify as a wholesale investor.

Guidance relating to wholesale investor requirements is available from the Financial Markets Authority (FMA) website: www.fma.govt.nz/consumer/investing/types-of-investments/wholesale-investors/

2. How does this investment work? (Continued)

A prospective investor in the Fund should read this Information Memorandum in conjunction with the Trust Deed and Establishment Deed to satisfy themselves as to the suitability of the Fund for their investment objectives and risk profile.

Having done so, a prospective investor then must:

- Complete an application form;
- Provide a wholesale investor certificate;
- Submit Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) disclosure requirements; and,
- Once the Manager has accepted the application for investment, deposit funds into the application account managed by the Fund's Custodian

Merx personnel can guide a prospective investor through the investment process if additional assistance is required. However, Merx personnel are unable to provide financial advice.

A prospective wholesale investor can start their investor application with the following link:

www.merx.co.nz/investor-application

The Fund is an open-ended investment vehicle with continuous unit issuance and redemption. The efficient matching of investment capital flows with investment assets is a key factor in generating investment returns. The Manager reserves the right to decline an investor's application, including if accepting new investment capital would dilute the returns to existing unitholders.

Applications can be made at any time. Investments can be made as a lump sum or as a series of regular payments. Units will usually be issued on the last business day each month, and generally within 20 business days after a unitholder's investment funds have been received. Merx can change the frequency at which the Fund issues units or the cut-off time for receipt of completed applications at any time and at its discretion.

Please note that no interest is payable to you on any investment amount held on trust in the Fund's application bank account until units are allotted to you.

Withdrawing your investments

You may request redemption of some or all of your investment at any time by giving notice to the Manager in writing. The Manager aims to redeem units on the last business day each month, subject to the Fund having sufficient available cash liquidity. Redemption of units without incurring the Redemption Fee is subject to 6 months' notice or a scheduled redemption frequency. As at the date of this information memorandum, the cut-off time for receipt of a completed redemption request is 12.00 pm (NZ Time) on the business day before the last business day of each month ("Exit Date").

A redemption request not fully paid on a redemption date will be carried over to the next Exit Date for processing on the same basis as other redemptions at the next Exit Date. It may take several Exit Dates for a redemption request to be paid in full.

The Manager may defer or suspend withdrawals or redemptions in certain circumstances. For example, a withdrawal may threaten the Fund's eligibility to be a PIE, or a withdrawal may not be practicable or could be materially prejudicial to the interests of Unitholders. As a general principle, any deferral or suspension would be implemented to maintain PIE status or to preserve Unitholder capital to the greatest extent possible and to ensure equitable treatment among all Unitholders.

To date, the Manager has not declined or deferred any redemption request.

2. How does this investment work? (Continued)

How to make a withdrawal?

A unitholder must submit a redemption request to the Manager in the approved form, available on request.

The minimum withdrawal amount is \$5,000. There is no minimum balance required to be maintained; however, the minimum transaction in the Fund's units is \$5,000.

How to transfer units?

Unitholders may not transfer their units without the prior consent of the Manager.

In the event of a unitholder dying and an estate requiring transfer of ownership to the estate, Merx and Public Trust will facilitate a transfer on the furnishing of satisfactory documentation.

Other circumstances requiring transfer of units between family members, e.g. division of matrimonial property, will be considered on a case-by-case basis and actioned if sufficient authority is provided and subject to investor eligibility requirements.

Compulsory redemption

Although there is no minimum holding balance, the Manager, at its discretion, may impose compulsory redemption if a unitholder's holding falls below a specified minimum level, or if the Manager believes it is necessary to do so to maintain the Fund's status as a PIE.

Summary of the Fund's investment strategy and objectives

Investment objectives

The Fund's objective is to maximise the net yield returns to investors on a risk adjusted basis. The target investment return is 10% per annum after fees and before tax. The target rate of return depends on economic conditions (particularly prevailing interest rates) and the extent of competition within the target market.

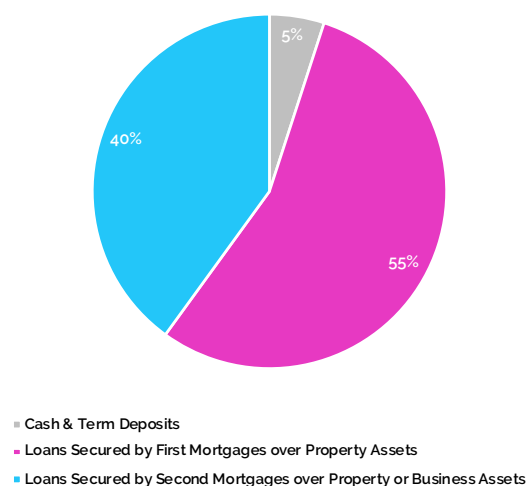
Investment strategy

The tightening of capital adequacy requirements for registered banks has led to a retreat from lending segments that require a higher capital allocation than traditional residential lending. This has created a sustained opportunity for non-bank lenders to expand their market share. In turn, this segment offers enhanced return potential, reflecting the increased risk profile of the underlying borrowers.

Merx's investment strategy is to deploy capital into credit opportunities that fall outside the lending parameters of mainstream financial institutions. The Fund targets borrowers with non-standard profiles — including those experiencing temporary financial disruption or requiring expedited access to funding that may not be available through conventional channels.

The Fund's borrower clients typically include business owners, property developers or property investors, with lending secured by either business or property assets.

Merx Target Asset Allocation



2. How does this investment work? (Continued)

Actual allocation of Fund assets may vary from the target levels.

The Fund does not intend to utilise leverage as a core part of its investment strategy.

The Manager may not borrow in respect of this Fund as outlined in the terms of the Establishment Deed.

The Manager may use derivatives for risk management purposes only. The Manager may not use financial derivatives for speculative purposes.

Alignment and track record

Merx's performance track record is detailed on page 7. Since inception in June 2022, the Fund has achieved a cumulative return to investors after expenses and before tax of +60.69% (+16.63% per annum) through to 30 September 2025. If tax is provided for at Personal Investor Rate of 28% (i.e. the max PIE tax rate), then the cumulative return since inception to 30 September 2025 is +40.68% (+11.71% per annum). The aforementioned returns assume monthly compounding and no withdrawals during the investment period.

It is important to note that past performance is not indicative of future results.

Merx Directors and associates provided the initial seed capital that enabled the formation of the Fund. The founding Directors continue to maintain investments in the Fund, ensuring alignment with external investors. This means they share the same risks and potential rewards as investors in the Fund, fostering a true sense of partnership, transparency and accountability. Director holdings rank equally with all other investor funds and incur the same fees.

Investment process and governance

Merx has developed an extensive suite of policy documents which govern the operation of the Fund and the manner in which Merx is administered and directed.

The policy library non-exhaustively encompasses matters such as:

- Board Charter;
- Ethics, Culture, Conduct and Compliance;
- Fit and Proper Qualification;
- Conflicts of Interest;
- Credit Assessment / Lending;
- Liquidity;
- Business Continuity;
- Cyber Risk;
- Risk Management;
- Disclosure, Advertising and Communications; and,
- Health and Safety.

2. How does this investment work? (Continued)

Investment committee governance

The Manager's Investment Committee has responsibility for approving the issuance of loans to external parties.

The Investment Committee is comprised of the directors of the Manager.

Investment Committee decisions require a quorum of three members. Investment Committee members must be in unanimous agreement before a loan is issued.

The background of the Investment Committee members is detailed below:



Andrew Dunning

Is the founding shareholder of Merx. He is an experienced business and property lender who specialises in helping business owners and property developers realise goals, overcome challenges and reach their potential.

Andrew has over 22-years' experience in the finance sector, commencing with a 10-year career at ANZ where he held roles including Regional Director Property Finance, and Senior Manager Commercial and Agri Banking and 12 years as a private investor in Private Credit.

Andrew holds bachelor's degrees in arts and commerce from the University of Auckland together with a post graduate diploma in Business (Finance).



Brett Martelli

Is a Director and Shareholder of Merx. As an experienced lawyer, Brett knows it is important for businesses to get the detail right – whether for business contracts or finance.

Over the past 21 years, Brett has worked as a solicitor for large firms in Sydney, London and Auckland. For a ten-year period, at Heaney & Partners, Brett specialised in dispute resolution, helping borrowers, lenders and building companies to resolve disputes about breaches of contract, security priorities, payment defaults and helping to negotiate settlements acceptable for all parties. He now acts as a principal for Martelli Yaquib Lawyers Ltd covering a range of civil and commercial dispute litigation.

Having obtained considerable knowledge regarding business finance through his work with lenders and borrowers, Brett sought an opportunity in the business finance sector, and in 2015, began working with Andrew Dunning (Merx Director).

Brett holds an LLB and BCom from the University of Otago.



Garrick Wynne

Is a Director and shareholder of Merx. He brings over 20 years of experience in finance, business development, and investment to Merx. Alongside his Directorship at Merx, he serves as a Business Development Manager for New Zealand Mortgages & Securities (NZMS), the property finance arm of the Manson Group.

Garrick has been active in the private credit market since 2009, originating and managing non-bank loans across a wide range of property and commercial transactions. He is known for his ability to identify funding opportunities that fall outside the scope of traditional lenders, and for structuring responsive, fit-for-purpose solutions.

His deep market knowledge, hands-on approach, and strong network of brokers, developers, and professionals have made him a trusted figure in the industry.

Garrick holds a BA from the University of Auckland.

2. How does this investment work? (Continued)



Chris Swasbrook

Chris Swasbrook is the Chairman and a shareholder of Merx. He is an experienced investor, company director, and financial markets professional. He is currently a board member of the Financial Markets Authority (FMA) and has previously served on the NZX Listing Subcommittee and the New Zealand Markets Disciplinary Tribunal for over a decade. Chris has held a range of governance roles across NZX-listed companies, and community organisations.

He is the founder and a director of Elevation Capital and currently a director of the NZX-listed New Zealand Rural Land Company and NZX-listed Rakon Limited. He also serves as Chair of the Auckland Future Fund, Executive Chair of McCashin's Brewery Limited, Chair of the Auckland Art Gallery - Toi o Tamaki Advisory Board and Chair of The Museum of New Zealand Te Papa Tongarewa.

Earlier in his career, Chris became a foundation broker of the New Zealand Exchange (NZX) and a Full Member of the former NZSE. In 2003, he was appointed partner and Co-Head of Institutional Equities at Goldman Sachs JBWere (NZ).

Chris holds a BCom (Economics) from the University of Auckland.

Sourcing and origination

The Directors of the Manager have participated in the private credit market for many years. Consequently, they have extensive networks in the lending, finance, property investment and development sectors. These networks enable the Manager to originate a flow of investment proposals from which to qualify assets for the Fund. As an established participant in the lending market, deal flow has been maintained to date at a level sufficient to utilise the capital of the Fund.

Investment proposals are sourced through various channels, including:

- Direct approach by borrowers
- Director relationships
- Finance advisors
- Repeat applications from past borrowers
- Referrals from past borrowers and investors

Fluctuation occurs in the availability of capital and demand from suitable borrowers. Merx management maintain a proactive and disciplined approach in originating lending proposals and managing periods of hiatus between capital flow and deployment.

Investment strategy, investment policy and Authorised Investments

Authorised Investments refer to the asset classes and instruments the Fund is permitted to invest in. These are:

- private loans to New Zealand business and property owners, secured against real estate or business assets and made in accordance with Merx's credit assessment and lending policy; and
- cash, term deposits, other debt securities, and cash funds. The Fund may also invest in other funds that provide exposure to similar private credit investments.

Merx's credit assessment policy provides for the evaluation of creditworthiness, risk, and suitability of each investment opportunity. All investments must be denominated in New Zealand dollars.

Generally, where the Fund is the first mortgage holder, the Fund will be the sole lender to a borrower. In some circumstances, for example, where return and security are particularly attractive, but the size of the loan would represent unacceptable concentration risk, the Fund may co-invest in loans alongside other lenders.

The Fund is not permitted to invest in loans that are consumer credit contracts (as that term is defined in the Credit Contracts and Consumer Finance Act 2003).

2. How does this investment work? (Continued)

Investment Characteristics

The Fund is an income product. The income nature of the Fund is reflected in the Fund's capital structure with the Manager distributing further units, or consolidating or cancelling units in response to changes in the Fund's Net Asset Value to maintain a constant unit price of \$1.00. This approach implies that there is no, or negligible, change in the net asset backing per unit and nil capital appreciation per unit. Income generated from the loan portfolio is converted into additional units in the Fund.

As an income-oriented product, the Fund is exposed to a higher-risk borrower market. The heightened risk profile enables the Fund to achieve a level of return greater than that available from mass-market conventional lending. Although increasingly diversified by the number of loans issued, there is potential for some erosion of investor capital if an individual borrower defaults. The Manager believes that it has sufficient controls and processes to minimise this possibility.

The tenor of Merx's loans is generally 24 months or less. As a result, the portfolio duration is relatively short and there is less prospect of interest rate fluctuation in the short-term.

Investor income over a 12-month period is relatively stable, although broader market moves will impact returns.

The Fund has been structured as a PIE qualifying Unit Trust, and the Manager will seek to maintain this PIE status. As a result of the PIE status, New Zealand tax resident Investors on a marginal tax rate greater than 28% are likely to be tax advantaged relative to making direct lending investments under the same assumptions.

Investment Process - Loan Origination and Management Process

All loan investments are managed through a consistent process by the Manager.

This is summarised below:

1. Initial screening – assessment of borrower background and proposed loan opportunity.
2. Negotiation – agreement of key terms (interest, repayment schedule, security and special conditions).
3. Approval and documentation – loan terms formally agreed and approved by the Investment Committee, legal documentation prepared and executed.
4. Onboarding – borrower registered in internal systems for administration and monitoring.
5. Ongoing management – repayments monitored, compliance checked, and any issues addressed throughout the loan's life.

Lending Criteria

Merx seeks borrowers that have demonstrated capacity to service and repay loans.

Borrowers are assessed on their financial position, security offered, credit history, management capability and viable exit strategies.

Each loan proposition is evaluated on its own merits and the ability to assess each loan on flexible criteria is a competitive advantage.

The available security and lending conditions should provide a sufficient margin of safety. The value of the security should be of such nature that it can be realized if required. The Manager uses multiple platforms and draws on their internal expertise to determine security valuations.

Depending on the nature of the security and market conditions, Merx will adjust the level of security required.

2. How does this investment work? (Continued)

Risk Management

Risk management is fundamental to Merx operations.

Credit risk is mitigated through the initial credit assessment process, ongoing monitoring and, if required, credit recovery.

Once a loan has been made, the performance of the loan is monitored regularly, with any non-performance promptly assessed and remedial action considered.

If a borrower fails to meet their obligations under the terms of the loan, then a recovery process is instigated. Merx seeks to ensure that an appropriate level of security exists at the commencement of the loan and that over the term of the loan, security cover is maintained. Merx's position in the borrower's security stack is calibrated with the security buffer available to provide adequate coverage. Where a borrower is experiencing difficulties in servicing a loan, Merx will work with the borrower to optimise the outcome for both parties.

In addition to operational credit risk management, Merx adopts a portfolio approach. The loan portfolio is constructed to diversify the risk across multiple borrowers and across the underlying market sectors reflected in the local economy. Merx policy is to avoid excessive concentration risk and the maximum share that an individual loan or borrower exposure can represent of the loan book is 15%. Actual individual loan concentration as of the date of this information memorandum is below the 15% threshold. As the portfolio grows in value it is likely that the average loan exposure will continue to diminish as a proportion of the portfolio.

The effectiveness of Merx's risk management strategy is demonstrated by the absence of any loan losses since the inception of the Fund. As a prudential measure, Merx has instituted a loss provisioning policy to appropriately provision for potential future losses.

Investment Guidelines

Minimum time frame for holding units

There is no minimum timeframe imposed. Applications and redemptions are processed on a monthly basis. The Manager prefers Investors to maintain their investment in the Fund long term, providing greater certainty as to the availability of capital and enabling investors to benefit from compound returns.

Given that the underlying nature of the portfolio is a relatively illiquid portfolio of loans, the default position is that investors provide six months' advance notice of the intention to withdraw capital from the Fund. Where a withdrawal is requested within a shorter timeframe, a Redemption Fee may be levied from the redemption proceeds to compensate other investors in the Fund for any potential impact of an early withdrawal.

Suitability

The Fund is a wholesale fund and is only available for investors who meet the requirements of clauses 3(2)(a)-(c) or 3(3)(a), Schedule 1, Financial Markets Conduct Act 2013.

The Fund is not suitable for retail investors.

The Fund is also not suitable for investors:

- who are seeking a term deposit investment which you would find at a Registered Bank;
- who are looking for a highly liquid investment;
- who are looking for a low-risk investment;
- expect returns similar to traditional indices or bonds;
- expect to make significant short-term gains; and,
- cannot tolerate the possibility of a loss in the value of their investment.

3. What are the risks of investing?

General investment risks

Making investments involves taking risks. The following types of investment risk are some of the factors that may cause the Fund's value to fluctuate, which affect the degree of risk associated with the Fund:

Market Risk	Returns from the Fund may be indirectly affected by the overall performance of financial markets, including as a result of economic and regulatory conditions, political events, inflation, interest rates and climate-related events. Fluctuations in these factors will be reflected in Fund returns and the ability of the Fund to maintain capital.
Manager execution and operational risk	The skill of the Manager is central. Returns of the Fund will be impacted by the quality of the Manager's operations, performance and reputation.
Credit Risk	Counterparties to a contract with the Fund may be unable to meet their payment or other obligations to the Fund. Nonpayment by a borrower may adversely impact on the Fund's ability to make distributions to investors. Non-payment by a borrower could result in a loss of investor capital. Security and third-party guarantees may not fully mitigate this risk.
Climate Risk	Climate change affects a wide range of investments. The Fund may provide capital to entities and projects which are impacted by climate change. Additional climate related costs or destruction of property from climate events may adversely impact the payment of interest or capital repayment.
Regulatory and Compliance Risk	The regulatory environment is continuously evolving. Changes may impact on fund operations, investor protections or disclosure requirements. In addition to regulatory risk, there is a compliance risk that the Fund or its Manager may inadvertently fail to meet applicable legal, regulatory, or reporting requirements. Such failures could result in penalties, reputational damage, or restrictions on the Fund's activities.
Concentration Risk	Being over exposed to one credit facility, sector/industry, and one region/country can result in risk to the Fund's returns should that exposure fail or produce less than expected returns.
Liquidity Risk	Returns may be impacted by an inability to realise loan investments in a timely manner. There is not a transparent, liquid market for the underlying assets of the Fund. The Fund may not have sufficient cash to fulfil all redemption requests on a particular redemption date. As the underlying assets are not liquid it may take the Fund an extended period of time to generate sufficient cash to meet redemption requests.
Conflicts of interest	The Manager, along with other relevant third-party service providers to the Fund, may, in the ordinary course of business, be exposed to potential conflicts of interest. These may not always be managed effectively and could have an adverse impact on the Fund or its investors. While the Manager has implemented policies and procedures to identify, manage, or avoid such conflicts in a fair and equitable manner, there can be no assurance that all conflicts will be resolved without adverse effect on the Fund.
Related Party Risk	Related party transactions involve risks of conflict of interest because related parties are often able to influence the decision of whether the benefit is provided to them, and the terms of its provision. A transaction where a conflict of interest is present also involves risk, as parties may act in favour of another interest other than the interest of the Fund. Related party transactions are restricted under the Establishment Trust Deeds except in situations permitted by the Trustee and can only occur in accordance with the provisions set out in those deeds, such as (e.g. where transactions that are conducted on normal commercial terms and on an arm's length basis).

4. What are the fees?

You will be charged fees for investing in the Fund. Fees are deducted from your investment and will reduce your returns. The fees you pay will be charged in two ways:

- Regular charges (for example, annual fund charges). Small differences in these fees can have a large impact on your investment over the long term.
- one-off fees (for example, redemption fees).

All fees and costs payable by the Fund are stated on a GST exclusive basis unless otherwise disclosed. To the extent that GST is payable on the fees and costs charged by the Trustee, Custodian or other person/s, an additional amount equal to the GST payable may also be borne by the Fund.

The financial services provided to the Fund by the Manager are exempt supplies and not subject to GST. No additional amount for GST is payable by the Fund in respect of the Management Fee or Performance Fees charged by the Manager.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Explanation of categories of fees

Annual fund charges are currently made up of:

- **Management fees:** The Manager charges a management fee as a percentage of net assets.
- **Performance fee:** A performance-based fee may be charged where the Fund's returns exceed a defined hurdle rate. This aligns the Manager's incentives with investor outcomes. The performance fee is calculated and accrued periodically and is subject to a benchmark return hurdle. Details of the hurdle rate, accrual method, and performance calculation are set out in the table below and examples on the following page. The performance fee is only payable when the Fund delivers positive returns above the hurdle, after management fees and expenses.
- **Administration charges:** these charges cover the general management and operation of the Fund detailed in the following table.

Management Fee	1.95% p.a. of the Net Asset Value (NAV) of the Fund	Payable to the Manager from the assets of the Fund monthly in arrears.
Performance Fee	20% of the net income achieved by the Fund in a distribution period (including both realised and unrealised gains) over and above the Fund's hurdle rate	A Performance Fee applies only when the Fund achieves a net income return exceeding the hurdle rate of OCR +4.0% per annum. The Performance Fee for the Fund is calculated and payable only where the Fund meets its performance hurdle. The Performance Fee is equal to 20% of the net income achieved by the Fund in any distribution period over and above the hurdle rate. The Performance Fee, if payable, is accrued and paid monthly in arrears to the Manager from the assets of the Fund. Net Income is the total income of the Fund available to be distributed to Unitholders after all fees, costs and expenses and before tax.

4. What are the fees? (Continued)

Administration Charges	These include: Trustee, Custodian or Fund Administration Fees and charges. • Establishment and Fund operating expenses (including legal, accounting, tax, audit, administration and registry costs). • Costs of maintaining the Fund structure, such as custody and trustee fees. • Transaction-related costs (commissions, due diligence, valuation, research and professional advice, including credit recovery where required). • Fund financing expenses (interest, bank charges and borrowing facility costs). • Taxes, duties and regulatory charges payable in connection with the Fund or its investments. • Investor reporting and governance costs (meetings, statements and other communications). • Reasonable travel, communication and other out-of-pocket costs incurred in managing the Fund. • Any applicable GST or similar taxes on these expenses. This list is not exhaustive and may include other fees and charges relating to administration of the fund not listed above.	These fees are charged to the Fund as they are levied by the relevant provider.
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The above table may not capture all the fees and costs that the Trustee, Custodian or Manager may charge in relation to a Unitholder's investment in the Fund.

Noting:

- the other direct or indirect costs associated with the operation or administration of the Fund, or transaction costs associated with assessing or making investments;
- the differential fees that may apply to Unitholders on a negotiated basis; and
- payment of commissions, brokerage or incentives in relation to the acquisition of Approved Investments made by the Fund. This may include unitholders under the approved unit holder loan referral program.

4. What are the fees? (Continued)

Example of Performance Fee calculation

The Performance Fee is calculated (by the Manager) and paid monthly.

The hurdle rate is calculated as at the last Business Day of each month as an annualised return on the average balance of Unitholders funds for the period of OCR +4.0% (the month then ending).

By way of example - Month ending 31 January 2025

	1 - 31 January 2025
Average Unit Holders Funds	\$20,000,000
Hurdle Rate (OCR + 4%)	$(4.25\% \text{ (OCR)} + 4.00\%) = 8.25\%$
Hurdle Rate Return Required	\$140,137
Fund Income for the Month (Net)	\$224,000
Income Above Hurdle Rate (Net)	\$83,863
Performance Fee Payable	\$16,773

GST

GST is payable on all Administration, Registry, Trustee and Custodian Fees.

The fees can be changed

The Manager has the right to alter, waive or introduce new fees in the future as provided under the Establishment Deeds. No increase to the Manager's fees can be implemented unless the Establishment Deed is amended in accordance with the Master Trust Deed. Notice will be given to investors of any change to the Manager's fees.

5. What taxes will you pay?

The Fund is a Portfolio Investment Entity (“PIE”) for taxation purposes.

NZ resident investors

The amount of tax you pay is based on your prescribed investor rate (“PIR”).

To determine your PIR, go to <https://www.ird.govt.nz/income-tax/income-tax-for-individuals/types-of-individual-income/portfolio-investment-entity-income-for-individuals/prescribed-investor-rates/find-my-prescribed-investor-rate>

If you are unsure of your PIR, the Manager recommends you seek professional advice or contact Inland Revenue. It is your responsibility to tell the Manager your PIR when you invest or if your PIR changes.

If you do not tell the Manager, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR, you may be required to pay any tax shortfall to Inland Revenue as part of the income tax year-end process.

If the rate applied to your PIE income is higher than your PIR, any tax over-withheld may be used by Inland Revenue to reduce any income tax liability you may have for the tax year, and any remaining amount will be refunded to you.

Non-resident investors

Where eligible, the Fund may elect to be a variable rate foreign investment PIE, which can allow non-resident investors to have tax rates applied to their attributed PIR income like those that would apply if they invested directly in the relevant New Zealand assets.

Otherwise, non-residents will be taxed at a flat rate of 28%.

6. Who is involved?

About Merx Funds Management Limited

Merx Funds Management Limited is a boutique New Zealand private credit funds management company. Merx provides investment fund offerings to wholesale investors. The Fund operates in the non-bank lending market, providing loans to business owners, property owners, property investors and developers. The Merx Private Credit Fund was formally established in June 2022. It represents a formalisation within a fund structure of the principal's prior lending activities. The Fund has grown rapidly, and as of the date of this Information Memorandum, it has funds under management exceeding NZ\$34 million.

Management Team

Merx is led by founder and Managing Director, Andrew Dunning. Andrew is a highly experienced lender previously holding senior lending roles with ANZ Bank. In addition to his finance expertise, Andrew has operated as an entrepreneur and investor on his own account for over a decade. In this regard, he has developed skills in marketing and the application of technology to business.

Andrew is supported by Shanell Erceg, Merx analyst. Shanell has a background in real estate and, therefore, is a natural fit with Merx lending activities. Shanell has been with Merx since 2022. Shanell supports the full spectrum of Merx operations, evaluating loan opportunities and liaising with investors.

Andrew and Shanell are remunerated by way of salary and performance bonus paid from the management fees paid to the Manager.

Non-Executive Directors

Non-Executive Directors are Brett Martelli, Garrick Wynne and Chris Swasbrook.

The Non-Executive Directors are remunerated from management fees paid to the Manager. Non-Executive Directors are remunerated by the Manager as Directors and for investor fund/s introduction. Non-Executive Directors may participate in the approved unitholder loan referral program and will receive payments from the Fund under that program.

All Directors are shareholders in the Manager and accordingly will be entitled to any dividends paid by the Manager based on its underlying profitability.

6. Who is involved? (Continued)

Third Parties

Trustee	Public Trust	Public Trust is responsible for overseeing the Fund's compliance with its governing documents and applicable laws, acting in the best interests of investors. Public Trust also acts as custodian, holding the Fund's assets (either directly or through its appointed nominees) and bank accounts on trust for investors.
Accountant	Baker Tilly Staples Rodway	Baker Tilly Staples Rodway provides the Fund with day-to-day accounting and fund administration services.
Auditor	WilliamBuck	WilliamBuck undertakes an annual audit of the Fund's financial performance and position.
Legal	MinterEllisonRuddWatts	MinterEllisonRuddWatts provides legal advice in respect to the Trust Deeds and the Fund's structure.
	Baker Meech	Baker Meech acts as legal counsel in relation to the documentation of the Fund's assets and other operational activities.

7. How to complain?

Complaints about the investment can be made to the Manager or the Trustee, as follows:

The Manager	Managing Director	Merx Funds Management Limited Level 15, Tower 1 The Shortland Centre 51 Shortland Street Auckland CBD Phone: +64 9 215 9364 or Email: fundgrowth@merx.co.nz
The Trustee	General Manager	Corporate Trustee Services - Public Trust Private Bag 5902 Wellington 6140 Phone: 0800 371 471 or Email: CTS.Enquiry@PublicTrust.co.nz

8. Where can you find more information?

You can obtain the following information, free of charge:

Units on issue	The number of units on issue can be requested from the manager.
Fund information relevant to you	You can inspect documents the Manager holds that are relevant to you (such as the part of the unit register that relates to you) at Merx offices during normal business hours, or request an extract of those documents, by written request to the Manager.
Fund updates	Fund updates for the Funds can be requested from the Manager and are periodically posted on the fund's website www.merx.co.nz .
Annual report	Each annual report will be available on request from the Manager.

9. How to apply

Note that the Fund is only available to wholesale investors. Before your application is accepted, you must provide all information the Manager may require. This includes Merx verifying your identity, address, and the Manager being satisfied that you qualify as a wholesale investor.

You can only invest in the Fund with the approval of the Manager.

If you wish to invest and need any assistance with the application process, please contact the Manager at Email: fundgrowth@merx.co.nz or Phone: 09 215 9364

10. Contact

Merx Funds Management Limited

Level 15, Tower 1
The Shortland Centre
51 Shortland Street
Auckland CBD

Website: www.merx.co.nz
Phone: +64 9 215 9364
Email: fundgrowth@merx.co.nz

