



Fund Performance and Economic Outlook

March 2026 Quarter

Quarterly Performance and Fund Growth

The Merx Private Credit Fund maintained above target performance throughout the quarter, continuing to deliver consistent net returns to investors. The Fund has seen good support from investors this month. Total assets under management now exceed \$39.5m. Capital remains well deployed, with over 93% of funds invested at quarter-end. This active positioning was achieved despite several loan repayments being finalised during the period. This demonstrates the Manager's ability to efficiently recycle capital into new opportunities while maintaining a diversified portfolio.

Shift in Economic Sentiment

In our previous update, we noted increased optimism and positive momentum driven by improving confidence and credit conditions. However, developments at the end of the recent quarter have led to us adopting a more cautious outlook for the year ahead. While the team remains proactive, we have shifted from the earlier optimistic sentiment to a more measured stance, acknowledging that the path ahead may be more challenging than previously expected.

Credit Quality and Risk Management

Despite the shift toward a more challenging economic environment, the Fund completed the financial year with no material credit losses and no specific loss provisions required. Our commitment to disciplined portfolio management and active risk oversight is reflected in our stable metrics:

- **First Mortgage Security:** Our concentration in 1st Mortgage Secured lending remains high at approximately 83%.
- **Conservative LVRs:** The portfolio's weighted average loan-to-value ratio on property-secured loans is around 56%. We consider this as a conservative position for a portfolio like this and is the result of careful underwriting and deliberate positioning in our current market.
- **Diversification:** We continue to maintain a granular portfolio of 49 unique loans, with no single loan exceeding 10% of the total portfolio value.



Portfolio Composition & Diversification

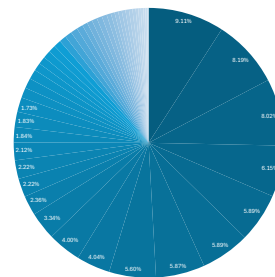
As at 31 March 2026

As CYQ1 closed, the fund held a total of 49 unique loans. The portfolio has an average loan size of ~\$957k. The trend of increasing diversification continued - no single loan exceeded 10% of the total portfolio value at the end of the quarter.

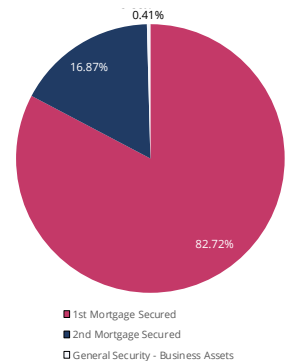
A measured rebalance of the overall composition has increased the 1st Mortgage Secured concentration to 83% from 78% at the close of CYQ4. The delta to facilitate this increase is primarily attributable to a reduction in the concentration of General Security - Business Assets lending.

The portfolio's weighted average loan-to-value ratio on property secured loans remains around 56% reflecting our disciplined and conservative risk management approach.

Loan Portfolio by Loan Concentration



Loan Portfolio by Security Type



Fund Performance | 31 March 2026

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
March 2026	+0.93%	+2.98%	+12.23%	+69.93%
March 2025	+1.53%	+3.86%	+15.50%	Funds Under Management: \$39.57m
March 2024	+1.34%	+3.71%	+17.28%	

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).

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.

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 Schedule 1 of the Financial Markets Conduct Act ("FMCA"). The fund is not suitable for retail investors.

merx.co.nz | 09 215 9364
Level 15, Tower 1, The Shortland Centre,
51 Shortland Street, Auckland



Fund Performance | 31 March 2026

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

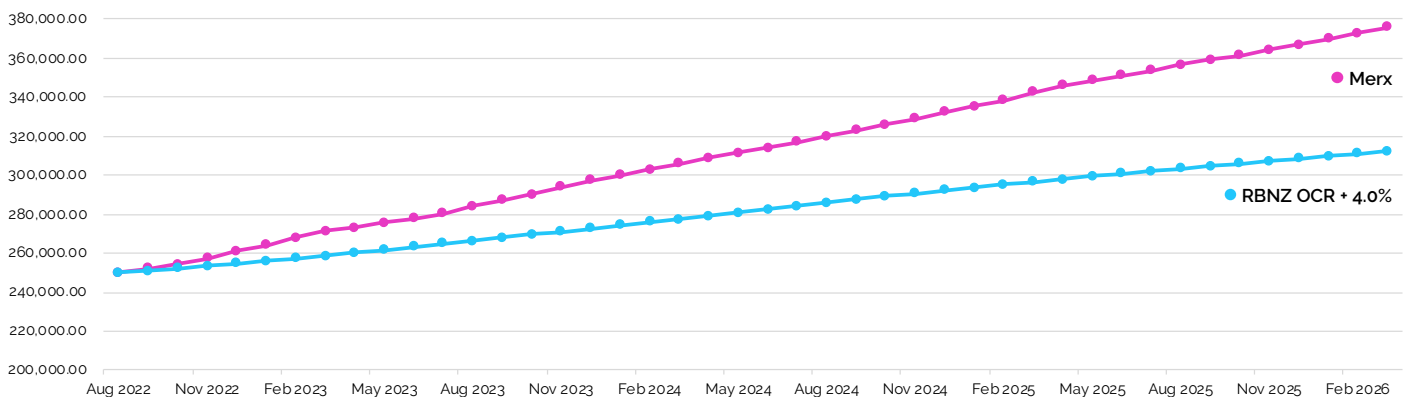
Returns after fees and costs, after tax (PIR = 28%) ("Net")²

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: +69.93%
	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	+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: +46.46%
	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%	
2026	Gross	+0.96%	+1.06%	+0.93%										+2.98%	
	Net	+0.69%	+0.76%	+0.67%										+2.13%	



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. 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



Andrew Dunning
Managing Director



Brett Martelli
Director



Garrick Wynne
Director



Shanell Erceg
Analyst

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.

[Read More](#)





Alignment of interests

Skin in the game

Aligned interests remain a core principle of our investment management philosophy. Your managers have "skin in the game" with **entities related to the Manager holding more than 12% of the total Fund at the end of the period.**



Happy New Financial New Year

Welcome to FY2027

With the close of the financial year, we start the process of preparing investor PIE tax summaries and undertaking the audit for the previous period.

We have appointed William Buck as auditor for the fund for the year and will commence the audit process with them in May.

Being a PIE Tax qualifying fund has provided real benefits to our investors through the period. We expect to have PIE Tax summaries available for our unitholders late May - early June.



Outlook

The managers outlook for FY2027

Our outlook for the remainder of 2026 remains **cautiously optimistic**.

While the Fund continues to outperform targets, we are preparing for an economic environment that may be more complex than earlier forecasts suggested. We remain focused on maintaining strict credit standards and maximizing yield opportunities.



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 CYQ1



Client Scenario #1

Funding to support business growth

Why did this client need our funding: A business owner in a growth phase needed capital to pursue new contracts and scale operations. After a challenging couple of years, the business was gaining momentum again. However, much of the client's equity was tied up in property and banks were unable to assess the situation holistically.

Key Information:

- Amount: \$225,000
- Industry: Construction and investment property
- LVR: 75%
- Type of Security: Second mortgage over investment property and general security over business assets
- Path to Repayment: Business cash flow from new contracts and ongoing operations

Why Merx: We looked at the full picture rather than assessing the business or property in isolation. Our flexible approach allowed the client to unlock equity and pursue growth.



Client Scenario #2

Funding to support business restructuring

Why did this client need our funding: A business owner undertaking a restructure required funding to meet restructuring costs and provide working capital during the transition. The client needed a lender able to act quickly and provide certainty around funding.

Key Information:

- Amount: \$500,000
- Industry: Building materials and trade
- LVR: 56%
- Type of Security: Business assets and second mortgage over residential property
- Path to Repayment: Sale of residential property assets

Why Merx: We provided a swift response and clear commitment to fund in a time-sensitive situation, offering a flexible solution tailored to the client's needs.



Client Scenario #3

Funding to secure a commercial property opportunity

Why did this client need our funding: A property investor identified an attractive commercial investment opportunity and needed certainty of funding to complete the purchase. While the bank had indicated support, approval timelines were uncertain and the client needed to settle quickly.

Key Information:

- Amount: \$450,000
- Industry: Commercial property investment
- LVR: 55%
- Type of Security: First mortgage over investment property
- Path to Repayment: Refurbish the property, re-lease, and refinance

Why Merx: We quickly assessed the opportunity and were able to provide approval within a day, allowing the client to secure the investment.

Helpful reads for investors



[Investor Insights](#)



[Investor FAQ's](#)



[Client Success](#)

