Merx | Private Credit Fund

Performance Update: 30 June 2026

Fund Performance and Economic Outlook

June 2026 Quarter

Quarterly Performance and Fund Growth

The Merx Private Credit Fund continued to perform strongly through the June quarter. Returns eased in the final month. We received several loan repayments in May and June and chose to hold that cash rather than deploy it into opportunities that did not meet our risk standards. Protecting investor capital remains our first priority. If a deal is too risky, we would rather hold cash and take a lower return for the month than write a loan we aren't comfortable with. That is what investors saw in June. More encouragingly, borrower sentiment appears to have improved in recent weeks. We have received funding enquiries from businesses pursuing growth and asset purchases, as well as property investors looking to acquire assets and begin new projects. We hope this continues through winter into spring.

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

Our quarterly portfolio stress test is complete. No actual credit losses were incurred in FY2026 and no specific loss provisions are required; the general ECL provision remains at 1.37% of the loan book. Key metrics remain stable and conservative:

- First mortgage security: ~89% of the portfolio is 1st Mortgage Secured.
- Conservative LVRs: weighted average LVR on property-secured loans is ~56%, reflecting careful underwriting.
- Diversification: 47 unique loans, with the largest representing 9.7% of portfolio value.

Portfolio Composition & Diversification

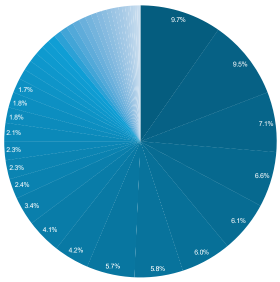
As at 30 June 2026

As CYQ2 closed, the fund held a total of 47 unique loans. The portfolio has an average loan size of ~$794k. The trend of increasing diversification continued - no single loan exceeded 10% of the total portfolio value at the end of the quarter.

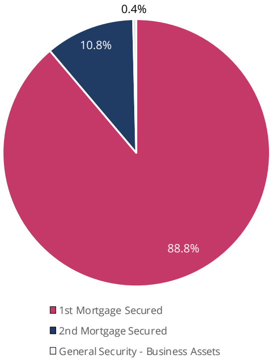
The proportion of first-mortgage-secured lending increased to 89%, from 83% at the end of CYQ4. This increase primarily reflects a reduction in lending secured by general security over business assets.

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

Loan Portfolio
by Loan Concentration



Loan Portfolio
by Security Type



Fund Performance | 30 June 2026

After fees and costs, before tax[1]

Period	1 month	3 months[2]	Total pre-tax return - 12 month rolling[2]	Total cumulative pre-tax return - since inception[3]
June 2026	+0.73%	+2.65%	+11.63%	+74.44%
June 2025	+0.96%	+3.20%	+15.17%	**Funds Under Management:** $43.41m
June 2024	+1.04%	+3.50%	+17.45%	

[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

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

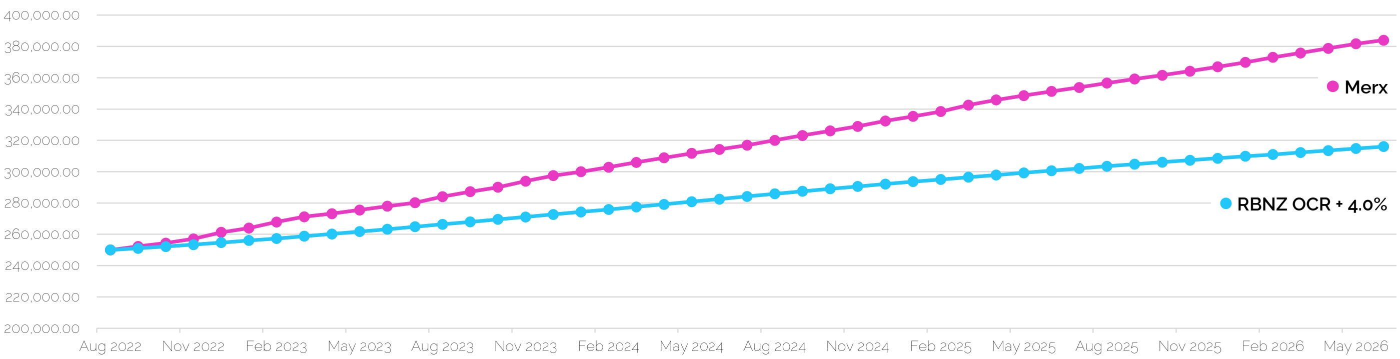
Fund Performance | 30 June 2026

*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: +74.44%
	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%	Net: +49.23%
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%	
2026	Gross	+0.96%	+1.06%	+0.93%	+0.96%	+0.94%	+0.73%							+5.71%	
	Net	+0.69%	+0.76%	+0.67%	+0.69%	+0.67%	+0.52%							+4.07%	

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 at 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 RNBZ OCR +4.0% as a hypothetical benchmark for illustration purposes only.*
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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

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.**

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Private Credit Fund

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Alignment of interests

Skin in the game

Aligned interests is a core premise of the structure. Our own capital is invested in the Fund on the same terms as every other investor, and at risk in the same way — entities related to the Manager held more than 10% at period-end. This isn't a nice-to-have. When our money sits alongside yours on identical terms, our incentives point the same way.

Welcome to FY2027

PIE Tax Certificates & The Annual Fund Audit

Investors will have received their PIE tax certificates for the year. As a PIE-qualifying fund, this continues to deliver real tax benefits, with each certificate setting out your position for the year past.

We are now finalising the annual audit. Our auditor, William Buck, is completing the process, and we expect to circulate the audited accounts, as required, in August.

Outlook

The Manager's outlook

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

The Fund continues to perform ahead of its target return of 10% per annum, after fees and costs and before tax. While we prepare for a more complex environment than earlier forecasts suggested, we remain focused on strict credit standards, protecting capital, and taking good-quality opportunities as they come. The early lift in borrower confidence is encouraging; if it holds through winter into spring, we would expect a broader set of opportunities to deploy into.

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

Client Scenario #1

Funding secured against completed townhouse stock

Why did this client need our funding: A property developer had completed an Auckland townhouse development and was approaching settlement on several sale contracts, with additional conditional contracts in place. Their existing lender required repayment before the Christmas break, creating a short-term funding requirement while the remaining sales progressed.

Key Information:

- Amount: $1,350,000
- Industry: Property development
- Location: Auckland
- LVR: 70%
- Type of Security: Residual townhouse development stock
- Path to Repayment: Settlement of existing sale agreements or resale of the remaining properties

Why Merx: We confirmed that the development was complete and all required certificates and compliance documents were in place. After reviewing the sale agreements and inspecting the property, we were able to act promptly and provide the funding required.

Client Scenario #2

Funding to establish a livestock breeding business

Why did this client need our funding: A business owner needed working capital and equipment funding to progress a livestock breeding operation. The client was ready to move ahead but did not want the project delayed by a lengthy bank approval process.

Key Information:

- Amount: $200,000
- Industry: Livestock breeding
- Location: South Auckland
- LVR: 10%
- Type of Security: First mortgage over farm property
- Path to Repayment: Business cash flow and likely refinancing with the client's main bank once a trading history is established

Why Merx: We provided a quick response and clear commitment, giving the client certainty to proceed with the project.

Client Scenario #3

Funding to complete a commercial development

Why did this client need our funding: A property developer needed additional funding to meet cost overruns on a commercial and industrial development. Although the client held equity across a wider property portfolio, their existing funder was unable to provide the additional capital required to complete the project.

Key Information:

- Amount: $150,000
- Industry: Property development
- Location: Bay of Plenty
- LVR: 50%
- Type of Security: First mortgage over an Auckland apartment
- Path to Repayment: Completion and refinancing or sale of the development, with the secured apartment providing an alternative repayment option

Why Merx: We assessed the client's wider position and the likely value of the apartment without requiring a registered valuation. This allowed us to make a quick decision and provide the funding within one week.

Helpful reads for investors

Investor Insights

Investor FAQs

Client Success

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