Private Credit Fund

Performance Update: 30 September 2026

Investing involves risk. You could lose some or all of your capital. Returns are not guaranteed. Seek independent financial advice before investing.

Fund Performance and Economic Outlook

September 2026 Quarter

Quarterly Performance and Fund Growth

The Merx Private Credit Fund delivered a pre-tax return of 3.09% for the September quarter, including 1.02% in September, and 11.91% over the past 12 months. Lending activity picked up through the quarter. We wrote new first mortgage loans across July, August and September and deployed the cash held back from the repayments we received in May and June. Funds under management are $47.58m. Our first principle remains simple: don't lose money. We continue to decline deals we consider substandard on risk, even where that means holding cash for a period. Borrower demand from property investors and businesses seeking growth capital continued to improve over winter, and we expect a healthy pipeline into spring.

Shift in Economic Sentiment

The economic picture over the quarter was mixed. Inflation rose to 4.1% in the June quarter, driven largely by fuel prices, and the Reserve Bank lifted the OCR to 2.75% in September. It signalled that further increases may be needed. At the same time, growth has been close to flat, unemployment has risen to 5.6% and real house prices are easing, which is weighing on household spending. The Reserve Bank expects the recovery to strengthen and broaden, supported by export demand. We are keeping the measured stance we adopted last quarter. We stay selective on new lending and pay close attention to borrower serviceability and security values as rates move higher.

Credit Quality and Risk Management

Our quarterly portfolio stress test is complete. No actual credit losses were incurred in FY2026. Whilst conditions remain challenging, our focus is on the early identification of potential credit issues and the active management of recoveries. As part of our move to NZ IFRS 9 staging this quarter, four loans on our watchlist now carry a specific provision of $184,201, and the collective provision of 1.32% applies to the rest of the book. The total loss allowance of 1.49% of the loan book. At 30 September, six loans totalling $5.77m had passed their maturity date and are being worked through to repayment. Key metrics:

- First mortgage security: 93.5% of the portfolio is 1st Mortgage Secured.
- LVRs: weighted average LVR on property-secured loans is ~66%, with project facilities measured on facility limit against value on completion.

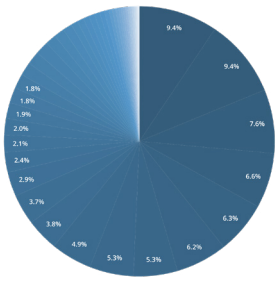
Portfolio Composition & Diversification

As at 30 September 2026

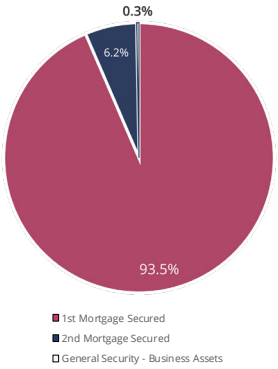
At 30 September, the fund held a total of 45 unique loans. The portfolio has an average loan size of ~$967k. The trend of increasing diversification continued: no single loan exceeded 10% of the total portfolio value at the end of the quarter, with the largest exposure at 9.4%. The 1st Mortgage Secured share rose to 93.5% from 89% at the end of the June quarter. The shift came mainly from less second-mortgage lending (down to 6.2% from 10.8%) and new first-mortgage loans during the quarter. The portfolio's weighted average loan-to-value ratio on property-secured loans is around 66%.

Project facilities are measured on the full facility limit against the value on completion, as we are committed to funding each project through to completion; all other loans are measured on the current balance against current value.

Loan Portfolio
by Loan Concentration



Loan Portfolio
by Security Type



Fund Performance | 30 September 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]
September 2026	+1.02%	+3.09%	+11.91%	+79.83%
September 2025	+0.91%	+2.83%	+14.25%	**Funds Under Management:** $47.58m
September 2024	+1.23%	+3.65%	+16.53%	

[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
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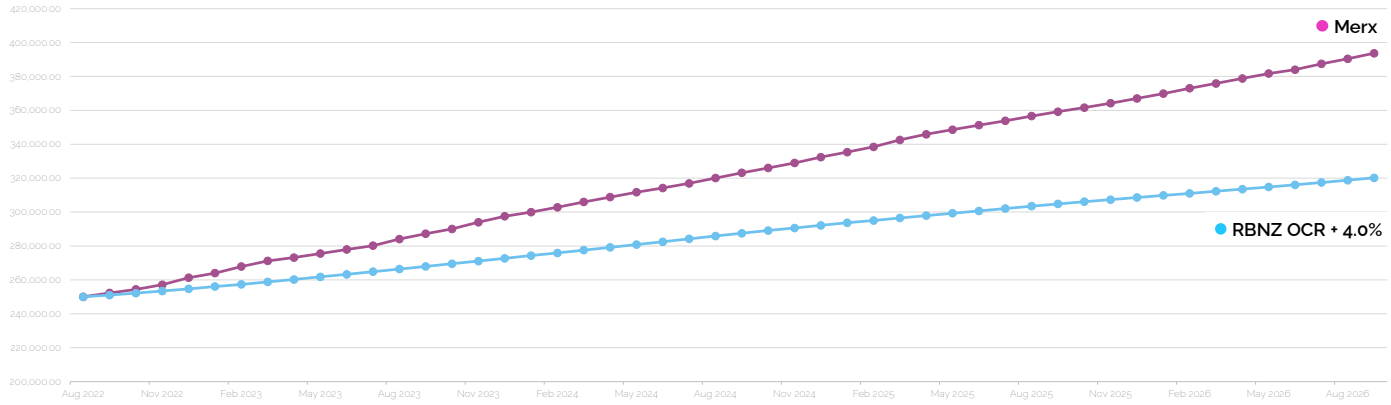
Fund Performance | 30 September 2026

*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: +79.83%
	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: +52.56%
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%	+1.10%	+0.94%	+1.02%				+8.98%	
	Net	+0.69%	+0.76%	+0.67%	+0.69%	+0.67%	+0.52%	+0.79%	+0.68%	+0.74%				+6.38%	

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 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

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Proactive Governance

An eye on regional best practice

Recent comment from ASIC has set a new benchmark for private credit funds in our region, focusing heavily on governance, transparency, and organisational capability. ASIC's 2025 review of Australian private credit funds set out good practice on governance, valuation, liquidity and fees. It doesn't apply in New Zealand, but it is a useful benchmark. At Merx, we keep an eye on developments and guidance like this and work to align our approach to best practice.Following discussions with our major investors, we are confident that our approach aligns well with this guidance.

Valuation Discipline

Current, appropriate and regularly reviewed

A key focus of recent regulatory scrutiny is how funds manage valuations and recognise credit impairment. We maintain a disciplined approach, ensuring that our valuations are appropriate. Our credit decisions rely on formal internal risk grading and consistent definitions of arrears. With 93.5% of our portfolio backed by first mortgages and a weighted average LVR of around 66%, we proactively stress-test our assumptions to manage credit risk and defaults as they occur.

Transparency & Alignment

Clear reporting on fees, margins, and distributions

We believe investors deserve clear information on where their returns come from and how conflicts are managed. We do not engage in related-party lending, and we ensure full disclosure around manager margins and borrower-paid fees. With related entities holding more than 10% of the Fund on identical terms, our capital is aligned with yours.

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

Business acquisition

Why did this client need our funding: The client's bank pulled out at the last minute ahead of a business acquisition, leaving a crucial funding gap despite significant equity contribution.

Key Information:

- Amount: $600,000 (approximately 1/3 of the purchase price)
- Industry: Business acquisition and investment
- Location: Auckland
- LVR: No property security – funded against business cashflow at less than 1x EBIT
- Type of security: Business assets and cashflow
- Path to repayment: Servicing and repayment through the operating cashflow of the client's businesses

Why Merx: We delivered certainty and speed, approving and funding promptly when the client's bank fell short. Our flexible approach, based on understanding the owner's track record and cashflow strength, enabled the acquisition to proceed without delay.

Client Scenario #2

Seasonal working capital

Why did this client need our funding: To build up stock ahead of the Christmas and summer trading period.

Key Information:

- Amount: $100,000
- Industry: Seasonal retail/wholesale
- Location: Auckland
- LVR: < 75%
- Type of security: Second mortgage over residential property
- Path to repayment: Seasonal trading revenue from Christmas and summer sales, repaying through business cashflow

Why Merx: We've supported this client for years with debt restructuring and seasonal working capital. Our quick understanding of their business meant approval was done over the phone – fast, flexible, and tailored funding based on trust and a long-term relationship.

Client Scenario #3

Project finance approach for smaller value projects

Why did this client need our funding: A property trader wanting to complete a renovation project found the approach from their bank too restrictive, as their bank would fund only 60% of the purchase price. They needed fast, flexible finance to get their project moving without tying up all their capital.

Key Information:

- Amount: $1.2m
- Industry: Property development/residential trading
- Location: Auckland
- LVR: 70% on completion value (up to 90% of total project costs including land)
- Type of security: First mortgage over the development site
- Path to repayment: Sale of completed dwelling

Why Merx: The client's bank was not interested in considering the potential of the project. Merx quickly structured funding around the project's completed value and got the project moving. The clear strategy and strong controls in place meant we could back the deal confidently, enabling this client to trade quickly, "bank a profit" and make progress.

Helpful reads for investors

Investor Insights >

Investor FAQ's >

Client Success >

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