

**PENGANA INTERNATIONAL
EQUITIES LIMITED (ASX: PIA)**

PROPOSED PORTFOLIO ENHANCEMENTS

Through an investment in Global Private Credit
Targeting a significant increase in dividends

SEPTEMBER 2025

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AGENDA

1

GLOBAL PRIVATE CREDIT:
Structure, Benefits & Approach

2

PROPOSAL OVERVIEW:
Mechanics, Benefits & Shareholder Value

3

Q&A

WHAT IS GLOBAL PRIVATE CREDIT?

Individually customised non-bank loans to US and European mid-market companies, with seniority and security, that are held to maturity or refinanced



INCOME GENERATING, DIVERSIFYING, DEFENSIVE

Attractive characteristics of Global Private Credit



Resilience When It Matters

- ✓ Performs when others don't



Income Stability

- ✓ Reliable spread through cycles



Effective Diversification

- ✓ Lower correlation

A strategic tool to reshape portfolio resilience

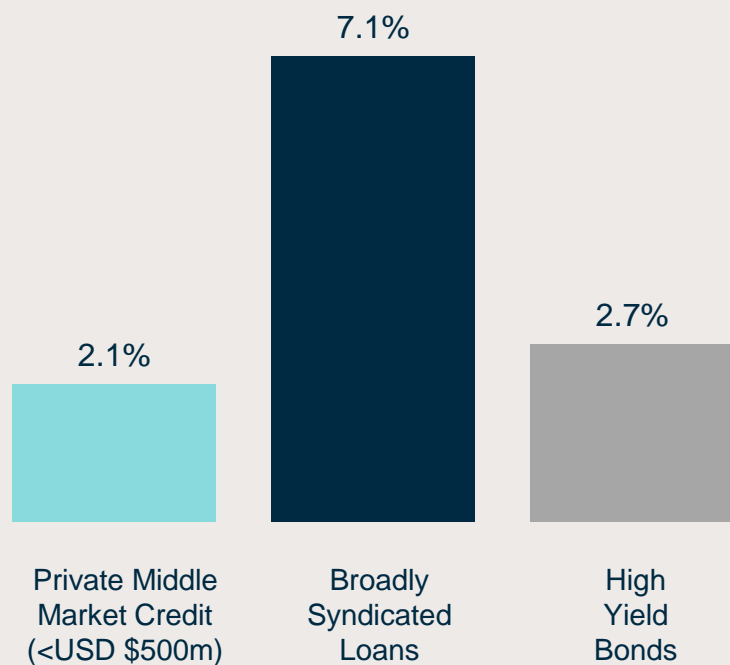
RESILIENCE AND RECOVERY ADVANTAGES

Structural safeguards are in place across multiple dimensions

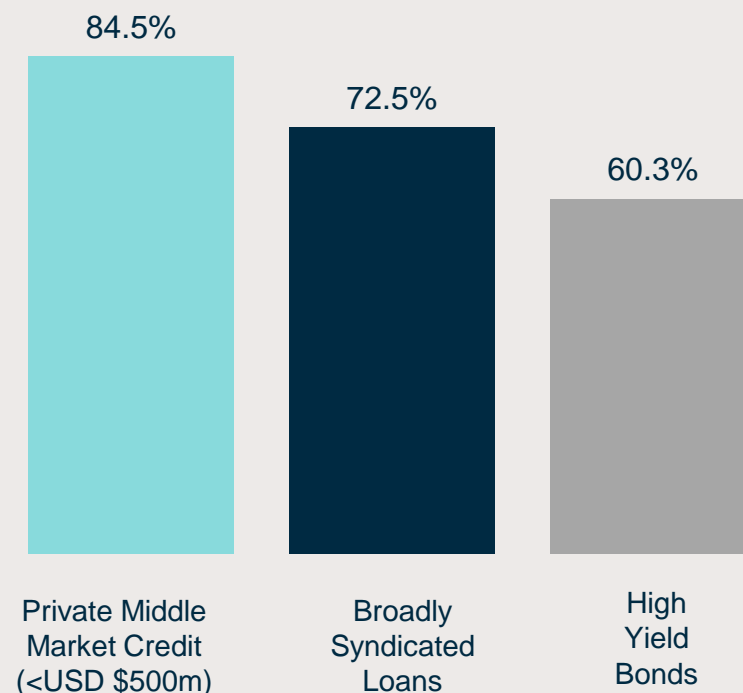
Global Private Credit Asset Class

Embedded Risk Controls and Recovery Advantages

USD\$ Cumulative Default Rate



USD\$ Average Annual Recovery Rate



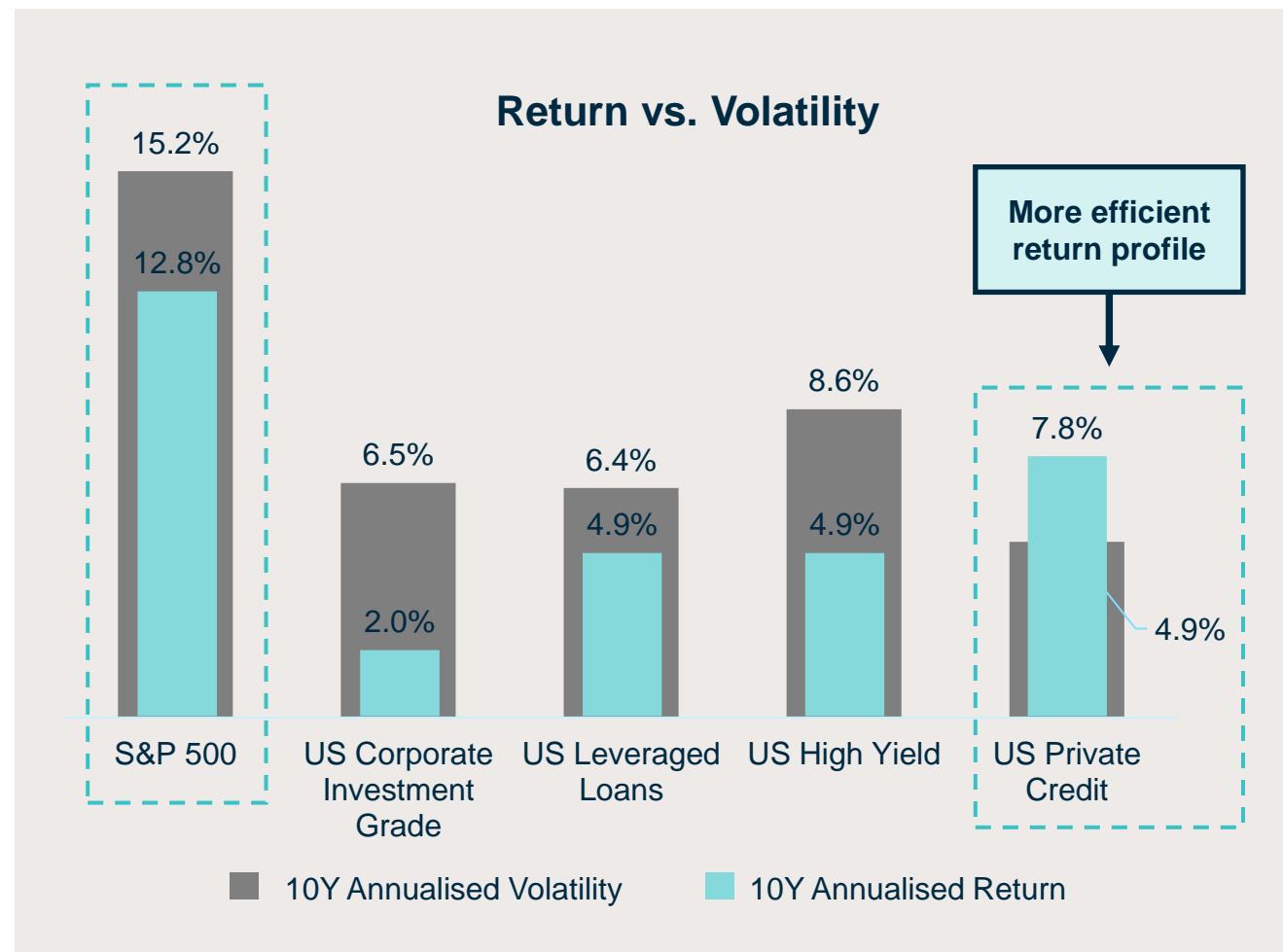
1) KBRA DLD, trailing 12-month period up until 17th December 2024.

2) KBRA DLD, implied recoveries average, 1 year prior to default for the trailing 12-month period up until 17th December 2024.

LOW CORRELATION, HIGH STABILITY

Global Private Credit adds uncorrelated returns and resilience to diversified investment portfolios

- Historically **superior risk-adjusted returns combined with low correlations** can make private credit an effective diversifier for investment portfolios.
- Historical **track record of resilience** versus equities and other fixed income asset classes across economic environments.
- Together with global equities, private credit helps power a more balanced portfolio** – blending growth with consistent, reliable income.



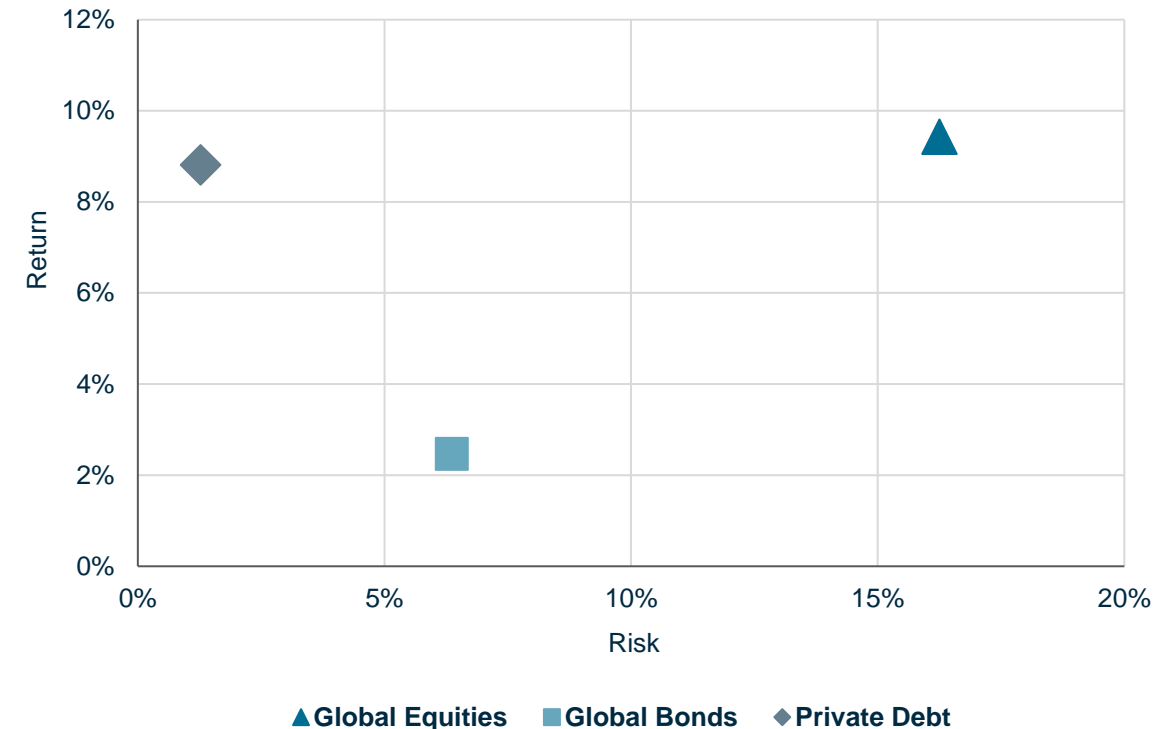
Returns in USD for the 10-year period ending 30 September 2024. Sources: S&P (S&P 500 Total Return Index), Bloomberg (Bloomberg US Corporate Total Return Value Unhedged USD), Burgiss (Burgiss - Private Debt (North America)), and Thomson Reuters Datastream (ICE BofAML US High Yield Master II, S&P Leveraged Loan). S&P, Bloomberg, Burgiss and Thomson Reuters have not provided consent to the inclusion of statements utilising their data. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**

Volatility refers to "Annualised Standard Deviation", a measure of how much the price of an asset or the return of a portfolio of assets has fluctuated (both up and down) over a certain period. If an asset or portfolio of assets has a high Annualised Standard Deviation, the price of the asset or return of the portfolio of assets has historically fluctuated vigorously. If an asset or portfolio of assets has a low Annualised Standard Deviation, the price of the asset or return of the portfolio of assets has historically moved at a steady pace over a period of time.

WHY PRIVATE CREDIT OUTPERFORMS

Adding global private credit improves portfolio efficiency

- Global private credit has historically **enhanced the Sharpe ratio** of diversified portfolios.
- It has held up well during equity drawdowns, offering **downside protection**.
- Modest allocations to global private credit can lift returns without increasing volatility.
- Helps income-focused investors build more resilient portfolios.



Drivers of global private credit outperformance

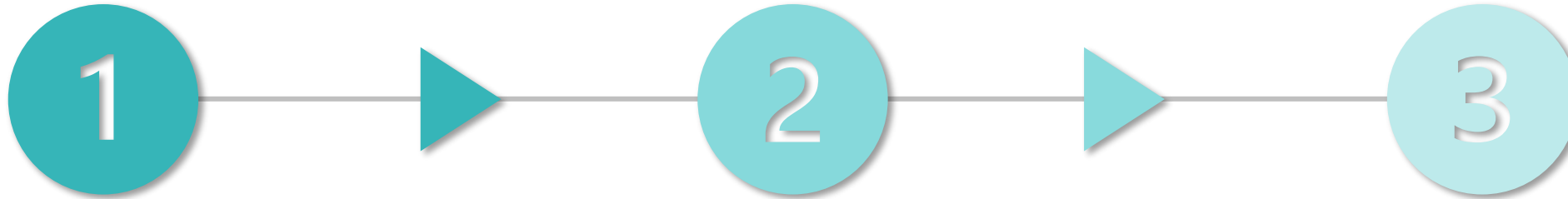


Attracts a yield premium
for illiquidity

Typically floating rate, which
allows yields to adjust with
base rates

Risk adjusted returns highly
attractive relative to public fixed
income

CONSTRUCTING MULTI-MANAGER PORTFOLIOS



Construct Diverse and Resilient Portfolios

- **Contractual Yield** – target durable yield and a persistent spread premium
- **Complementary Strategies** – invest across the credit spectrum for through-the-cycle resilience
- **Minimise Concentration** – reduce idiosyncratic risk

Best In Class Managers

- **Manager Selection** – proven managers with competitive advantages
- **Fees** – leverage Mercer's scale
- **Structure** - prioritise capital efficient structures

Flexibility to Manage Through Cycles

- **Dynamic Allocation** – select strategies that adjust with market cycles – “all-weather”
- **Macro Aware** – focus on structural capital mismatch
- **Robust Toolkit** – partner with managers with broad capabilities

GUIDING PRINCIPLES

1 Capital Preservation Comes First	Focus on bilateral senior-secured lending, downside protection, and disciplined risk controls.
2 Active Management is Essential	Markets evolve, and we actively adjust allocations to manage risk and capture opportunity.
3 Manager Quality Matters	Partnering with proven, institutional-grade managers with strong track records and alignment.
4 Diversification is Key	Across geographies, strategies, and managers to enhance resilience and reduce risk.
5 Long-term Resilience	Targeting durable income streams across market cycles through thoughtful portfolio construction.

AGENDA

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GLOBAL PRIVATE CREDIT:
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PROPOSAL OVERVIEW:
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UNDERSTANDING THE BASICS

A. PIA takes a loan from a global bank – at low interest rate; pays interest expense.

B. PIA invests bank loan proceeds into a diversified Global Private Credit Portfolio earning a high rate of return.

 **B-A = PROFIT FOR PIA SHAREHOLDERS**

SIMPLISTIC ILLUSTRATION

- NAV of \$200
- Debt raised of \$100 at interest rate of 5%

A. Interest expense = \$5 p.a.

- Return on Credit Portfolio
(@ 4.5% above the cost of debt) = 9.5%

B. Return on the GPC Portfolio = \$9.5

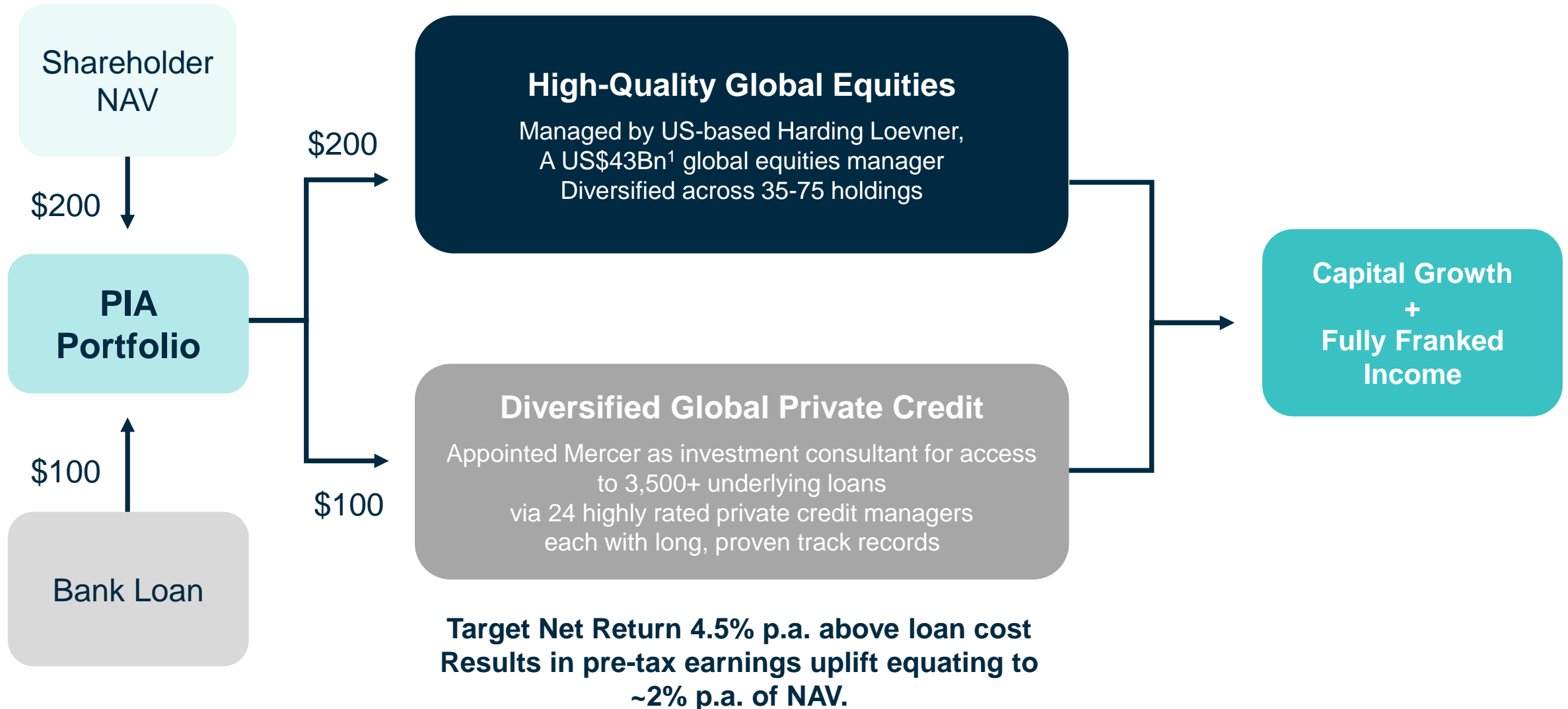
- Profit for PIA Shareholders = \$4.5
- Profit as % of NAV = $\$4.5/\$200 = 2.25\%$

Returns in USD for the 10-year period ending 30 September 2024. Sources: S&P (S&P 500 Total Return Index), Bloomberg (Bloomberg US Corporate Total Return Value Unhedged USD), Burgiss (Burgiss - Private Debt (North America)), and Thomson Reuters Datastream (ICE BofAML US High Yield Master II, S&P Leveraged Loan). S&P, Bloomberg, Burgiss and Thomson Reuters have not provided consent to the inclusion of statements utilising their data. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**

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PIA AFTER ADOPTION OF THE PROPOSAL

A dual-income portfolio blending capital growth and consistent yield



WHY IT MAKES SENSE TO BLEND

- New income stream from **Global Private Credit**
- Low volatility and low risk
- Consistent and reliable income
- Global private credit **behaves differently to** equities, offering low correlation and improved diversification
- Strengthens the portfolio's **risk-adjusted return profile** while maintaining equity growth potential



TAKING ADVANTAGE OF STRUCTURAL BENEFITS

Structure, scale, and alignment that other vehicles can't match

PERMANENT CAPITAL

Enables long-term allocations to illiquid, high-yielding credit without liquidity mismatch; and use of debt.

PROFIT & FRANKING RESERVE

Smooths distributions and supports consistency through market cycles.

FAVOURABLE CORPORATE STRUCTURE

Distributes credit and equity portfolio income as fully franked dividends.

INSTITUTIONAL ACCESS

Invests in high-quality global private credit funds typically unavailable to retail investors.

GLOBAL LISTED EQUITIES

Large and mega-cap global equities portfolio enables sourcing of cheap debt

ALIGNMENT AND STRUCTURAL DISCIPLINE

Designed to maximise shareholder value with high Target Returns

Feature	Detail
Maximising Shareholder Value	Target Return of 4.5% p.a. above cost of debt
Risk Sharing with PCG	PCG covers cost of debt, receives returns above Target Return
No Base Fees charged by PCG on Private Credit	Increases return efficiency – rare among comparable listed vehicles
Credit Return Net of Fees	Target return is after all costs and underlying manager fees
Strategic Use of Leverage	Structured conservatively and secured against high-quality equities

Alignment

Zero base fees charged by PCG
on credit sleeve

Discipline

High hurdle

Transparency

Only paid if genuine alpha is
delivered

AN ALTERNATIVE SOURCE OF DIVIDENDS & YIELD

Offering Australian Investors Diversification Beyond a Narrow Range of Opportunities

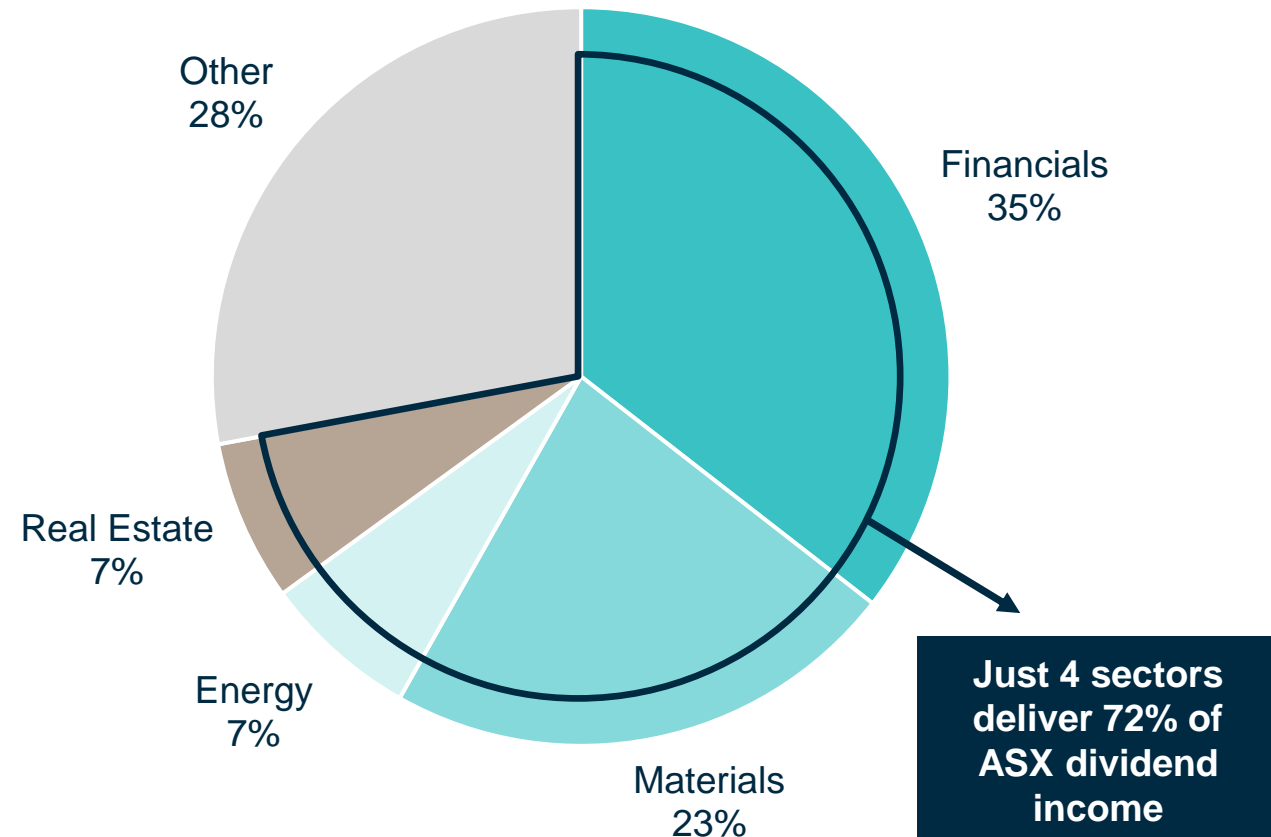
Fully Franked Dividends:

- Diversification away from the highly concentrated local dividend market
- Generates differentiated source of fully franked dividends

Other Yielding Assets:

- Many investors generate yield from assets whose returns are correlated with movements in base interest rates, e.g. property, bonds and hybrids
- PIA's yield is uncorrelated with base rate changes; attractive in reducing rate environment

ASX Weighted Dividend Yield¹



1. ASX weighted dividend yield as at 30 June 2025

SHAREHOLDER BENEFITS OF THE PROPOSAL

- 1 Diversification into high quality GPC portfolio
- 2 Ability to take advantage of gearing at cheap rate
- 3 Uplift in pre-tax returns equating to >2% of NAV
- 4 A 56% increase in dividends to 8.4 cps; dividend yield of 8.9%¹
- 5 Diversified source of fully franked dividends uncorrelated with the ASX
- 6 Yield that is uncorrelated with interest rates
- 7 Dividends to be paid monthly commencing November 2025

¹ Based upon July month end share price

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

FOR MORE INFORMATION

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