Challenger IM LiFTS 1 Notes

Monthly Report September 2026 ASX: CIMHA

The Challenger IM LiFTS 1 Notes (LiFTS) are unsecured, deferrable[1], redeemable, floating rate notes in the form of listed debt securities backed by a portfolio of public and private credit assets managed by Challenger Investment Management. LiFTS are issued by Challenger IM Capital Limited (the Company or Issuer).

The Interest Payment paid in September represents the full target payment to investors. As at the date of releasing this report, subsequent payments may have been announced and/or paid. Refer to the Issuer's latest announcements via ASX or at www.challengerim.com.au/funds/challenger-im-lifts-1-notes/.

Interest Payments ($/note)[2]

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2026	**0.50**	**0.54**	**0.50**	**0.58**	**0.56**	**0.64**	**0.54**	**0.60**	**0.62**	-	-	-
2025											**1.34**	**0.55**

Interest Payment Returns[3]

Interest Period	20 Aug 2026 - 20 Sep 2026
Interest Period (days)	32
Benchmark Rate: BBSW (1 month) mid[4] (2dp)	4.31% p.a.
Margin	2.75% p.a.
Total Interest Rate[5] (2dp)	7.06% p.a.

Note Details

Name	Challenger IM LiFTS 1 Notes	**Target Repayment Date**	4 September 2031
Issuer/Company	Challenger IM Capital Ltd	**First Loss Buffer Percentage (month end)6 (1dp)**	8.7%
ASX Code	CIMHA	**Note Face Value**	$100
ASX Last Price (month end)	$99.30	**Notes on Issue**	3,500,000
Payment Frequency	Monthly	**Investment Manager**	Challenger Investment Partners Limited
Maturity Date	6 September 2032	**Note Trustee**	Equity Trustees Limited

[1] Interest deferrable (in limited circumstances) and cumulative, and redeemable by the Issuer.
[2] Interest payable per note is calculated in accordance with the LiFTS Prospectus. No allowance is made for tax. Past performance is not a reliable indicator of future performance.
[3] Based on payments made during the named reporting month.
[4] The Benchmark Rate is recalculated on the first day of each Interest Period.
[5] Past performance is not a reliable indicator of future performance.
[6] As defined and calculated per the LiFTS Prospectus.

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Key Features of LiFTS 1 Notes

- Backed by a diversified portfolio of public and private credit assets
- Fixed term
- Managed by a trusted institutional team with 20 years' experience
- A limited first loss buffer for Noteholders in the event of a shortfall in income
- Monthly interest of 1-month BBSW + 2.75% p.a.
- Listed on ASX with daily liquidity

Platform Availability

AMP North	HUB24	Netwealth
BT Panorama	MLC Expand	Powerwrap (IDPS)
Dash	Macquarie Wrap IDPS & Super	Praemium (IDPS)
CFS Edge (IDPS)	Mason Stevens	

Ratings





About Challenger Investment Management

Challenger Investment Partners Limited, or Challenger Investment Management (Challenger IM), a wholly owned subsidiary of Challenger Limited, is an alternative investment manager with a strong pedigree in global developed credit markets. The Fixed Income division currently manages assets across a global opportunity set in public and private credit markets. Since 2005, Challenger IM has invested for Challenger's balance sheet alongside clients across a range of strategies. For further information on Challenger IM and its strategies, please visit www.challengerim.com.au.

For further information, please contact Fidante:

P: 1300 721 637 | e: info@fidante.com.au | w: www.fidante.com

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Important Notices

Unless otherwise specified, any information contained in this material is current as at the date of publication and has been prepared by Challenger IM Capital Limited ACN (687 738 263) (**Issuer**), a wholly owned subsidiary of Challenger Limited. Challenger Investment Partners Limited (also referred to as **Challenger Investment Management** or **CIM**) (ABN 29 092 382 842, AFSL 234 678) provides investment management and other services to the Issuer.

The Issuer does not hold an Australian Financial Services Licence (AFSL) under the Corporations Act 2001 (Cth) (**Corporations Act**). Accordingly, to make offers to arrange for the issue of the Notes, the Issuer has appointed Fidante Partners Services Limited ABN 44 119 605 373 AFSL 320505 as its authorised intermediary to make offers to arrange for the issue of the Notes, pursuant to section 911A(2)(b) of the Corporations Act.

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Past performance is not a reliable indicator of future performance. Investments in the Notes are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group or any other person.

This information is not intended to constitute financial product advice. This information must not be distributed, delivered or otherwise disclosed to any investor. It has been prepared without taking into account any person's objectives, financial situation or needs. Investors should consider whether the information is suitable to their circumstances.

The Prospectus for the offer of the Notes and the Target Market Determination, available at www.fidante.com/challenger-im-lifts, should be obtained and read in their entirety by an investor before making a decision to acquire the Notes. No cooling off rights will apply to an investment in Notes issued pursuant to the offer. No representation or warranty, express or implied, is made as to the fairness, accuracy, adequacy, reasonableness, completeness or reliability of any statements, estimates or opinions or other information contained in this material. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (Challenger IM LiFTS 1 Notes (CIMHA) assigned August 2025) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines.

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Any research house rating only represents the opinion of the research house, which is relative and subjective, on the investment merits of the product. The Issuer advises that such ratings are intended to be general advice and to be used by wholesale clients only and should never be relied on by retail clients when making a decision about investing in the Notes.

ASX Listing Rule 15.5

The Company and Issuer of LiFTS is a wholly owned subsidiary of Challenger Limited (ASX:CGF).

The Company address is 2/5 Martin Place, Sydney NSW 2000 Australia.

This document has been authorised for release by the Company's Continuous Disclosure Committee.

9 November 2026

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Challenger IM Capital Limited

Note Issuer Monthly Report – September 2026

Challenger IM Capital Limited (Company) is an unlisted public company which is the issuer of the Challenger IM LiFTS 1 Notes (Notes). The portfolio of assets generating the Note returns is managed by Challenger Investment Management (Challenger IM) and are primarily held in the Challenger IM Capital Wholesale Trust 1 (WT1) (ABN 46 876 337 040), a wholesale managed investment scheme. As such, this report has been generated with reference to the assets of WT1 (unless otherwise noted). The Company is also expected to directly hold an immaterial[1] weighting of cash and other highly liquid assets.

Figures, charts and monthly commentary contained in this report are per month end.

Monthly Commentary

Performance Update:

For the September quarter, WT1 returned 1.84%[2], exceeding the Bloomberg AusBond Bank Bill Index Benchmark return of 1.11%.

WT1 continues to generate a strong income return from recurring interest on underlying investments.

There were no individual positions which materially impacted performance over the period. WT1's performance for the month was offset by private asset revaluations driven by the credit spread movements wider offshore.

Portfolio Positioning:

Credit markets spread movements were mixed over the month, with domestic credit spreads broadly unchanged while offshore markets experienced greater differentiation across regions and sectors. Investor attention increasingly shifted towards relative value and issuer quality, with market outcomes becoming more varied across geographies and asset classes. While private credit primary market pricing was largely insulated from these near-term market moves domestically, public market dislocation often influences pricing with a lag through refinancing activity, funding requirements and changes in lender behaviour.

Illiquidity premiums remain attractive in private markets. WT1 remains committed to an opportunity in the office sector and continues to see a healthy pipeline of developed real estate debt opportunities. Deployment in the asset class remains disciplined, with transaction selection focused on opportunities offering strong lender protections, attractive risk-adjusted returns and resilient downside characteristics. WT1 is not permitted to participate in residential construction lending. WT1 currently has approximately 9% exposure to the real estate asset class.

Portfolio Details

Gross Asset Value ($million)[3] (1dp)	$509.4
Secured Financial Indebtedness[4]	0.0%

Key Statistics

Number of Issuers	133
Running yield p.a. %	8.1
Modified duration (yrs)	0.2
Asset Credit Spread Duration (yrs)	2.4
Average Issuer Weighting	0.8%
Weighted average asset margin (bps)	400

[1] The Company expects that on average there will be no greater than $3m cash held within the Company, other than for a finite period leading up to each monthly interest payment on the Notes.
[2] Past performance is not a reliable indicator of future performance. Performance figures are reported before fees and on a pre-tax basis (adjusted for tax accruals)
[3] Relates to all assets held by the Company as Issuer, rather than the assets held by WT1.
[4] As defined in the Prospectus for the Notes dated 11 August 2025.

Corporate lending activity remains robust, with refinancing, recapitalisation and acquisition-related transactions continuing to represent a significant component of the pipeline. Borrowers with strong market positions and defensive business models continue to attract lender support. There are currently seven senior secured corporate lending transactions in the pipeline that are expected to settle over the next few months. The opportunities provide exposure across the healthcare, financial services, education, insurance and industrial sectors, reflecting continued diversification of WT1 by industry.

Three senior secured corporate loans entered WT1 during the month, providing exposure to an industrial distributor, an advanced manufacturing business and operational GPU infrastructure. Prior to finalising any outstanding loan obligations, the funding facility will be utilised, which will increase the cash held in WT1.

Warehouse financing, securitisation-related lending and specialty finance opportunities continue to form an important component of the opportunity set. Drawdown activity on the Fund's outstanding commitments was strong across residential mortgage, consumer finance and specialty lending platforms over the month.

Activity in public markets was relatively muted during the month, as relative value opportunities remained limited and new issue concessions in the primary market were generally modest. This reflected uncertainty around the direction of domestic credit markets, together with volatility and spread movements in offshore markets. Securitised markets remained a key area of focus during the month, with issuance volumes staying elevated across the asset class. This continued supply has created pressure on pricing.

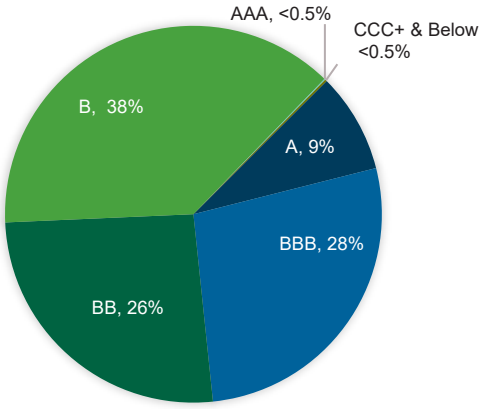
There continues to be one position on special mention (which is an exposure that is performing and for which we have increased our ongoing monitoring). The exposure represents a 0.02% weighting of the portfolio. The position is secured against established residential housing. The special mention reflects the Challenger Credit Risk Management Team's opinion on the collateral mix and potential for equity support. It is internally rated BB-. This loan is adequately covered by the asset value with an LVR of 60%.

WT1 also has exposure to one substandard position representing 0.02% of the portfolio and two defaulted positions representing a further 0.08% of the portfolio. These exposures have progressed through workout processes and are expected to be resolved in the near term. The Challenger Credit Risk Management Team and Valuation Committee have adopted recovery-based valuations for these positions.

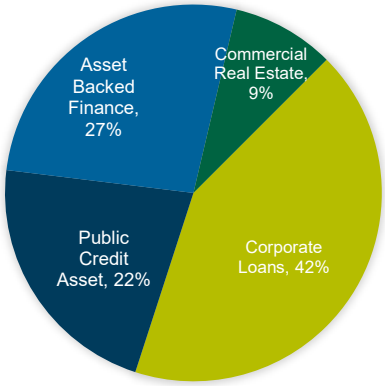
The weighted average Australian dollar-denominated asset swapped margin of the portfolio is at around 4% p.a. currently with the yield to expected maturity at around 8.6% p.a. At month end, 26% of the Fund's assets are externally rated, with the remainder rated on an equivalent basis by the Challenger Credit Risk Management Team.

There was no secured financial indebtedness at month end due to facility repayment following the issuance of new wholesale unlisted RAISE notes as notified to investors via the ASX on 7 September 2026 which rank equally with the LiFTs notes. The First Loss Buffer at the end of September was 8.7%. This is expected to trend towards 8% as transactions in the committed pipeline settle over the coming months.

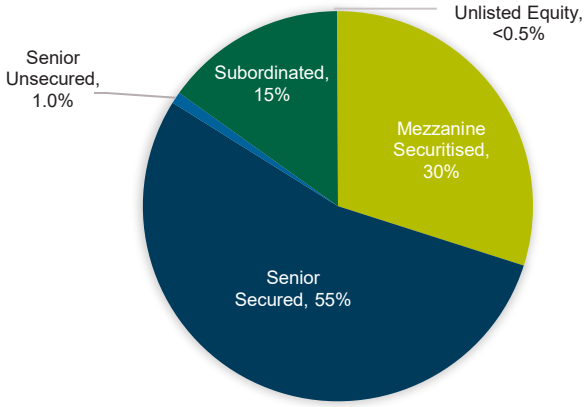
Portfolio Credit Quality *



Portfolio Asset Allocation *



Portfolio Ranking *



* Figures have been rounded to the nearest whole % (other than values rounding to below 1%) and therefore may not total 100%.

Market Conditions:

September was a challenging month for financial markets, with weakness across both credit and equity markets. Investors adjusted to higher government bond yields, renewed inflation risks and increased scrutiny of liquidity and valuations within segments of the Australian private credit market. The overarching theme was that higher interest rates were increasingly constraining asset prices, despite economic activity and corporate fundamentals remaining relatively resilient.

The defining development was a sharp repricing of global interest rates. Government bond yields rose materially as central banks continued tightening and markets reassessed the likelihood of near-term rate cuts. Higher energy prices further reinforced inflation concerns and the prospect of rates remaining higher for longer.

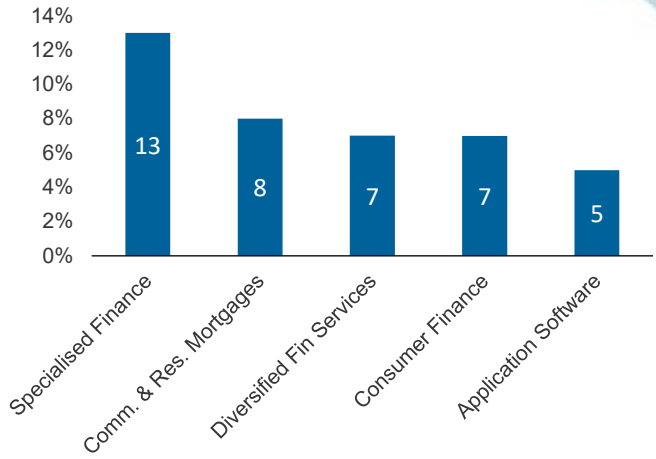
Public credit performance was mixed. Investment-grade spreads were broadly stable, with Australian and US markets outperforming Europe, where fiscal concerns in France weighed on sentiment. Higher-risk credit weakened, with US high-yield and CCC spreads widening as heavy issuance and a higher-for-longer interest-rate outlook pressured market technicals and weaker borrowers.

Australian private credit faced increased valuation, liquidity and regulatory scrutiny during the month. Several listed private credit vehicles were suspended from trading while valuations were finalised, with subsequent adjustments reducing reported net tangible assets across three funds. The events followed redemption restrictions elsewhere in property-related private credit.

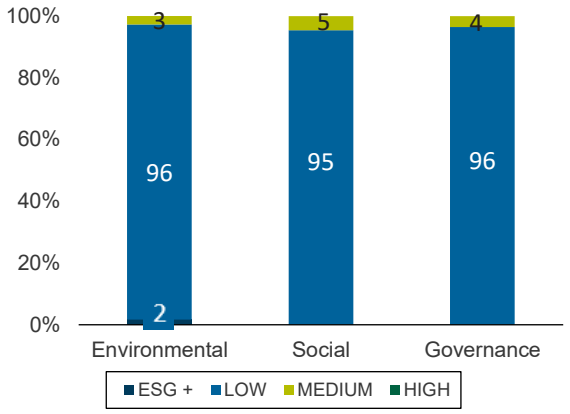
Regulatory attention also intensified, with ASIC highlighting governance, controls and underwriting standards as areas requiring improvement and calling on managers to assess themselves against its 10 private credit principles. While these developments were manager-specific rather than indicative of broad deterioration, they reinforced the importance of manager selection, governance and liquidity management.

September was less a story of broad-based credit deterioration than one of increasing differentiation. Higher rates and renewed inflation risks placed greater pressure on duration and weaker borrowers, while more resilient areas of credit continued to attract investor demand. Meanwhile, developments in Australian private credit brought valuation, liquidity and governance considerations into sharper focus. Corporate fundamentals remained broadly resilient, but the consequences of leverage, illiquidity and weaker credit quality became more visible, reinforcing the importance of disciplined security selection in public markets and manager selection in private markets.

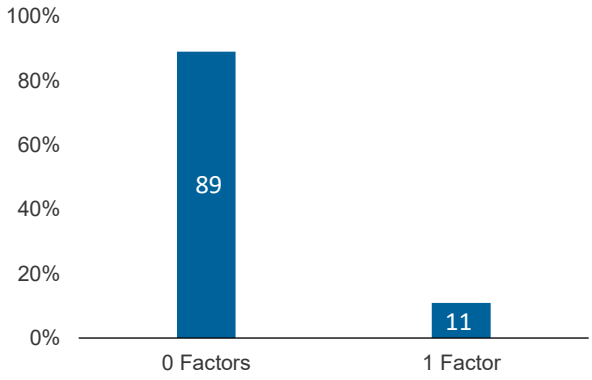
Top 5 Industry Exposures*



ESG Profile *



ESG Risk Layering *



Number of risk factors rated Medium or High
Percentage of deals which have multiple risk factors rated Medium or High. For example, 2 might be Environmental and Governance risk rated Medium.

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