Muzinich BDC Income Fund - Active ETF

Ticker: BDCI

As at 31 July 2026

Portfolio Manager	Ji He, CFA

About BDCI

The Muzinich BDC Income Fund – Active ETF (**BDCI** or the **Fund**) is a daily liquid, actively managed fund that invests in U.S. listed Business Development Companies (**BDCs**). The Fund provides investors with access to a diversified portfolio of high-income loans from U.S. middle-market companies. BDCI deploys the Muzinich Public BDC Income Strategy (the **Strategy**).

Fund Objective and Benefits

BDCI aims to:

1. provide investors with monthly income distributions more than the RBA Cash Rate + 3% p.a,
2. outperform the S&P BDC Index USD Price Return (in Australian dollars and unhedged) over the investment cycle, and
3. provide daily liquidity via the ASX.

Portfolio Construction

BDCI provides a diversified portfolio of 20-45 U.S.-listed BDCs offering exposure to the U.S. middle market private debt sector. Typical cash allocation in the portfolio is between 0%-10%.

Income Return Objective[2]

	1 Month	3 Months	Inception
Income Return[2]	0.88%	2.67%	3.40%
RBA Cash Rate + 3 p.a.%[4]	0.61%	1.81%	2.50%
Value Added[6]	0.27%	0.86%	0.90%

Total Return Objective[3]

	1 Month	3 Months	Inception
Total Return[2]	-1.83%	-1.79%	-0.15%
Benchmark[5]	-2.74%	-5.98%	-4.18%
Value Added[6]	0.90%	4.19%	4.03%

Key Fund Information

Net Asset Value (Ex-Distribution)	Distribution Frequency	Monthly Distribution
A$19.2907	Monthly	A$0.17

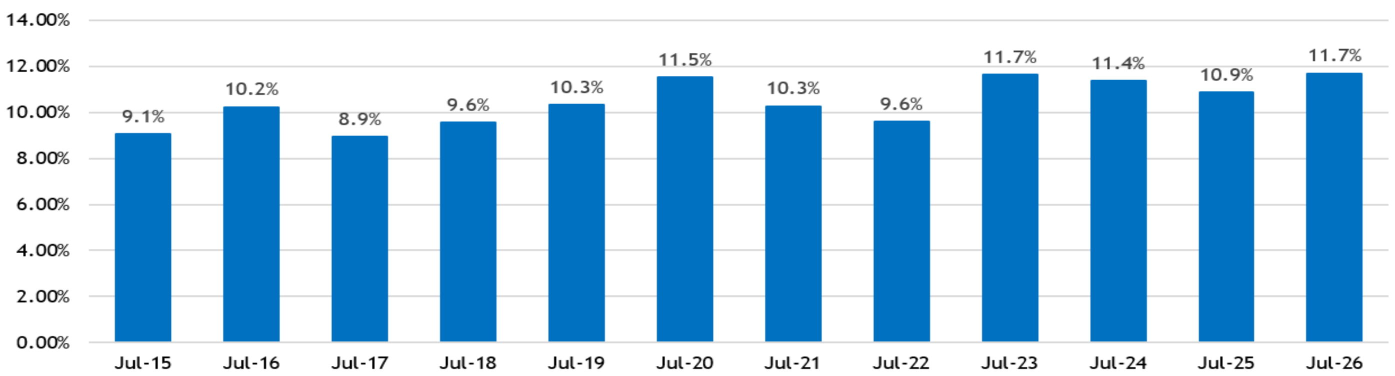
Business Development Companies

BDCs are publicly-listed companies that lend to small- and medium-sized U.S. private businesses. BDCs are registered as U.S. Regulated Investment Companies (RIC). BDCs have various characteristics and offer investors significant benefits including: 1) a requirement to distribute 90% of their income; 2) providing managerial assistance to the companies to which they lend; and 3) are exempt from U.S federal taxes.

The Strategy	Muzinich Public BDC Income Strategy

The Muzinich BDC Income Fund – Active ETF and the Muzinich Public BDC Income Strategy share the same Portfolio Manager investment team and investment approach. As the Fund has a limited track record, Strategy Performance and Annual Income Return are shown for context. The Annual Income Return is reported in USD.

Strategy Annual Income Return (USD)[7]



Footnotes: 1. Fees are inclusive of GST and less RITC. 2. Income Return is calculated based on distributions announced during the period relative to the opening NAV (ex-distribution). Price Return represents the change in NAV excluding distributions. Total Return is the sum of Income Return and Price Return and does not assume reinvestment unless otherwise stated. 3. The Fund inception date is 25 March 2026. Fund performance is in AUD and calculated based on net asset value (**NAV**) per unit, which is after management fees and expenses and assumes that all distributions are not reinvested in the Fund. Periods greater than 1 year are annualised. 4. RBA Interbank Overnight Cash Rate Index + 3% p.a. accrued daily. 5. Benchmark for the Fund is S&P BDC Index USD Price Return (unhedged). 6. Value Add equals return minus applicable Benchmark performance. 7. The annual income return represents the rolling 12-month gross income component of the Muzinich Public BDC Income Strategy's (the Strategy) total return, calculated from monthly data and expressed in USD. This chart reflects income return only and does not represent the Strategy's total return, which may be higher or lower after taking into account capital gains or losses, fees and expenses. The Fund and the Strategy are managed by the same Portfolio Manager and investment team and follow the same investment approach. However, income returns will differ due to factors including fees, expenses, portfolio implementation differences and exchange rate movements. As the Fund has a limited track record, Strategy income returns are shown for illustrative purposes only. The Strategy inception date is 2 July 2014.

Top 10 Portfolio Holdings

Company	Weight (%)
Ares Capital	12.08
Golub Capital BDC	8.66
Main Street Capital	7.99
Blackstone Secured Lending Fund	7.19
Hercules Capital	6.08
Sixth Street Specialty Lending	5.58
Morgan Stanley Direct Lending	5.33
Bain Capital Specialty Finance	4.99
Blue Owl Capital	4.13
Capital Southwest	4.02
	66.05%

Fund Update

The Fund delivered an income return of 0.88% during the month, compared with the targeted RBA Cash Rate + 3% p.a. return of 0.61%. The Fund declared a monthly distribution of $0.17 per unit, announced on 29 July 2026.

U.S. large cap stocks (S&P 500 Index) were mostly flat in July, with a rotation away from high-performing Technology sector stocks. Despite a strong corporate earnings season, investors were looking for evidence of a return on continued increase in Artificial Intelligence (AI) related infrastructure buildout and capital expenditure (CapEx) spending. The Federal Reserve kept the interest rate unchanged at 3.5-3.75%, while maintaining a hawkish tone on rates policy. Markets continued to adjust the future interest rate expectations higher, as strong economic data and higher energy costs put upward pressure on inflation. U.S. Q2'26 GDP growth was at 1.5% at an annualised rate, according to the advance estimate, showing resilience amid shifts in the macroeconomic landscape.

The S&P BDC Index declined -2.74% in AUD, as valuation dispersion continued to widen on fundamental credit performance of BDCs. Muzinich & Co. (Muzinich) continued to see non-traded BDC redemptions remained in media spotlight, as large private credit platforms filed for second quarter redemption requests. This continued to create an overhang on investor sentiment towards public BDCs, even though public BDCs are not subject to redemptions. Liquidity remained healthy across public BDCs. There was no notable forced selling to date from non-traded BDCs, per Goldman Sachs research as of 3 August 2026.

The Fund delivered a price return of -2.72% during the period, outperforming the S&P BDC Index (the Benchmark). The Fund's outperformance in July was mainly driven by an underweight position in Blue Owl Technology Finance (OTF), no exposure to Neostellar Capital Corp (NSLR) and an overweight position in Ares Capital Corporation (ARCC). ARCC reported earnings broadly in line with expectations, with the non-accrual rate remaining low at 2.4% and unchanged quarter-over-quarter. The dividend was also maintained as management viewed the earnings generation as adequate. Even though the deal environment remained subdued, ARCC made $2.6 billion in new commitments this quarter.

While macro uncertainties remained high with geopolitical shocks, midterm election and flaring inflation, the U.S. economy continued to build momentum, driven by CapEx spending in AI, strong corporate balance sheets and healthy consumer spending. Muzinich thinks the current "hold" on interest rates is positive for sustaining BDC net interest income and dividends, as BDCs navigate through the refinancing activity in the software sector in the next six to 12 months.

Muzinich sees reaccelerating revenue growth in U.S. middle-market companies and earnings shifting from slight declines to growth this quarter, with the Golub Altman Middle Market Index showing 3.1% revenue growth and 3.7% earnings growth in Q2'26. More broadly, these results are consistent with an economy that continues to demonstrate resilience.

While private credit defaults are expected to rise modestly over the remainder of 2026, high-quality BDCs have the capital capacity to deal with incremental credit issues, and the deal environment is gradually improving to be more lender friendly. BDC management reported 25-50bps of credit spread widening and tighter documentation on new investments versus last year.

With the S&P BDC Index trading at 0.81x Price/Book and a 12.3% dividend yield, we see the risk/reward attractive. In Muzinich's view, the 2025 rate cuts were fully reflected in BDC earnings and dividend levels through Q1'26. Credit and dividend stabilisation could be potential catalysts for valuation recovery.

Fund Details

	Information
Index	S&P BDC Index USD Price Return (unhedged)
Management fee[1]	0.95% p.a.
Number of BDCs	20 – 45
Inception date	25 March 2026
Recommended investment period	Seven years minimum
Minimum initial investment (AUD)	$20,000
Buy/Sell spread	0.00% upon entry and exit
Entry/Exit fees	NA

How to Invest

The Fund gives investors the flexibility in how they choose to invest. Units can be purchased via your trading platform or broker through the ASX. Alternatively, investors can also invest directly via an Application Form or through the platforms listed below.

Platforms:

- HUB24 – IDPS

To find out more on how to invest, please visit our website www.associateglobal.com/funds/bdci.

Buy or sell units on the ASX

	Information
Ticker	BDCI
Exchange	ASX
Trading currency	Australian dollar
iNAV provider	ICE Data Indices
Market maker	Macquarie Securities (Australia) Limited
Pricing	Intra-day

Market pricing information on BDCI

	Ticker	iNAV ticker
Bloomberg	BDCI AU Equity	BDCIIV Index
IRESS	BDCI.AX	BDCI-AUINAV.NGIF
LSEG	BDCI.AXW	BDCIAUiv.P

For more information, contact Associate Global Partners Limited

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