Muzinich BDC Income Fund – Active ETF

Ticker: BDCI

AGP | Muzinich & Co

As at 31 August 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[1]

	1 Month	3 Months	Inception
Income Return[1]	0.85%	2.57%	4.25%
RBA Cash Rate + 3 p.a.%[3]	0.60%	1.80%	3.11%
Value Added[5]	0.24%	0.77%	1.14%

Total Return Objective[2]

	1 Month	3 Months	Inception
Total Return[1]	4.72%	7.44%	4.43%
Benchmark[4]	6.77%	5.51%	2.30%
Value Added[5]	-2.05%	1.93%	2.13%

Key Fund Information

Net Asset Value (Ex-Distribution)	Distribution Frequency	Monthly Distribution
A$20.0367	Monthly	A$0.17

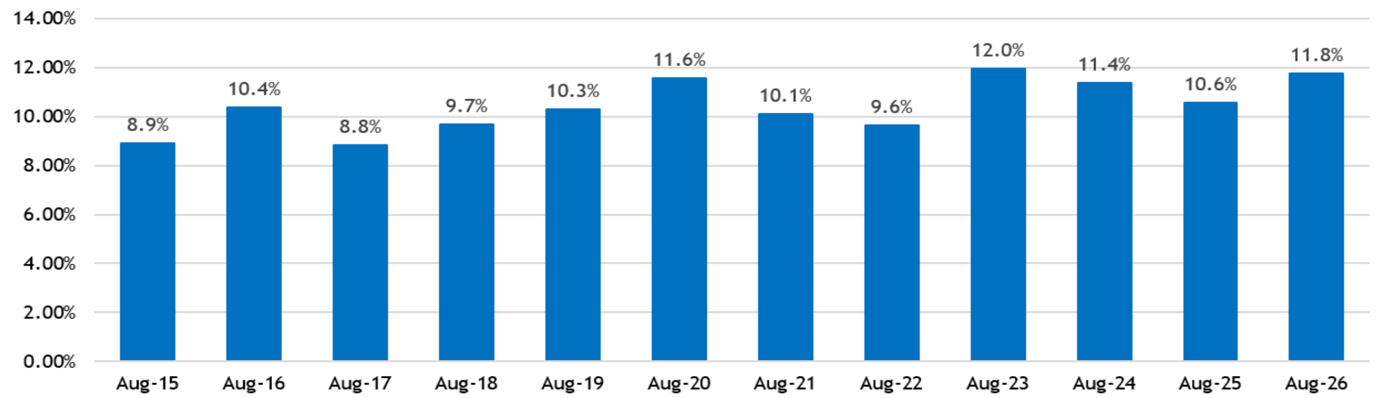
Business Development Companies

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 Managei investment team and investment approach. As the Fund has a limited track record, Strategy Performance and Annual Income Retur are shown for context. The Annual Income Return is reported in USD.

Strategy Annual Income Return (USD)[6]



Footnotes: 1. 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. 2. 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. 3. RBA Interbank Overnight Cash Rate Index + 3% p.a. accrued daily. 4. Benchmark for the Fund is S&P BDC Index USD Price Return (unhedged). 5. Value Add equals return minus applicable Benchmark performance. 6. 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. 7. Fees are inclusive of GST and less RITC.

Top 10 Portfolio Holdings

Company	Weight (%)
Ares Capital Corp	12.99
Main Street Capital Corp	8.81
Golub Capital BDC	8.39
Hercules Capital	8.13
Blackstone Secured Lending	7.60
Sixth Street Specialty Lending	6.79
Morgan Stanley Direct Lending	5.29
Bain Capital Special	4.56
Blue Owl Capital Corp	4.19
Capital Southwest Corp	4.12
	70.87%

Fund Update

The Fund delivered an income return of 0.85% during the month, outperforming the targeted RBA Cash Rate + 3% p.a. return of 0.60%. The Fund declared a monthly distribution of $0.17 per unit, announced on 27 August 2026.

U.S. large-cap stocks (S&P 500 Index) rose 2.72% in August. The market's confidence improved on strong Q2'26 corporate earnings, as earnings growth continued to surprise investors to the upside. Energy and Technology-related sectors reported the strongest earnings per share (**EPS**) growth figures, but there were also signs of earnings broadening. Notably, technology stock momentum resumed after July's sharp sell-off. Semiconductor stocks bounced back, but it was in fact the Software sector that had stronger gains as solid fundamentals in the latest earnings season offset concerns over the threat from artificial intelligence (**AI**). The U.S. economic backdrop remained strong, with Purchasing Managers' Index (PMI) data, a monthly economic report that measures the financial health and activity level of business sectors like manufacturing and services, reaching a 52-week high. The U.S. fiscal deficit came into the spotlight as inflation fears and heavy debt supply pushed the 30-year Treasury yield above 5.3% in August, reaching levels not seen since 2007. On August 19, Treasury Secretary Scott Bessent announced plans to double long-end debt buybacks (from $2 billion to at least $4 billion per operation) starting September 9 to calm the bond market.

The S&P BDC Index rose substantially by 9.30% in USD, mainly driven by better-than-expected Q2'26 Business Development Companies (**BDC**) earnings, expectations of higher interest rates, as well as reignited hope for improving private credit deal activities in H2'26. BDCs generally reported stable net asset values and non-accruals. The stabilisation of private credit loan portfolio valuation and no widespread software-related defaults were the main catalysts for improved investor sentiment and the rally in BDC stock prices this month. BDC dividends were mostly maintained and some of the BDCs issued special dividends this quarter. However, non-traded BDC flows remained muted, similar to the previous month.

The Fund's total return of 4.72% for the month was strong, although its overweight position in Bain Capital Specialty Finance (**BCSF**) and underweight positions in Blue Owl Technology Finance (**OTF**) and FS KKR Capital Corp (**FSK**) detracted from returns relative to the S&P BDC Index. BCSF reported mixed Q2'26 earnings with net interest income exceeding estimates, but non-accruals ticked up from 0.6% to 2.2% sequentially. OTF reported better-than-expected earnings, with a stable net asset value and a below industry average non-accrual rate. Investors were attracted to its cheap valuation and started to take interest as AI disruption related software credit fears were abating in August. Muzinich remains cautiously positioned in software credits and underweight in OTF. The manager also plans to reduce operating leverage of the BDC to reduce overall risk. The Fund is overweight in this position, which detracted from performance.

The U.S. economy remained strong despite the mixed macro-economic backdrop, as demonstrated in Q2'26 corporate earnings growth. While the U.S. economy remains robust in general, there is increasing uncertainty in US monetary and fiscal policies, driven by higher-than-expected inflation, a growing U.S. government deficit, as well as policy risk from the U.S. Treasury trying to manage long-term treasury yields. Muzinich thinks interest rates will likely remain higher for longer, which is beneficial to BDC earnings provided (as Muzinich expects) they do not trigger widespread credit defaults to middle market borrowers.

As BDC earnings are showing stabilisation, Muzinich is seeing some value buyers coming into the market, attracted by the lowest valuation or highest dividend yielding BDCs. While Muzinich thinks the market is undervalued compared with its fundamentals, Muzinich continues to be cautious and maintains an overweight position in high-quality BDCs. However, it has deployed some cash into lower-valued BDCs in August for relative value. Muzinich thinks the long-term returns will rely on BDC credit performance, which will diverge as we move through this credit cycle.

With the S&P BDC Index trading at 0.90x price to book ratio (**P/B**) and 11.4% dividend yield as of 31 August 2026, Muzinich sees the risk/reward as attractive to the upside.

Fund Details

	Information
Index	S&P BDC Index USD Price Return (unhedged)
Management fee[7]	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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