

**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<sup>1</sup>

|                                     | 1 Month | 3 Months | Inception |
|-------------------------------------|---------|----------|-----------|
| Income Return <sup>1</sup>          | 0.87%   | 2.64%    | 5.10%     |
| RBA Cash Rate + 3 p.a. <sup>2</sup> | 0.59%   | 1.80%    | 3.71%     |
| Value Added <sup>4</sup>            | 0.29%   | 0.84%    | 1.39%     |

#### Total Return Objective<sup>1</sup>

|                           | 1 Month | 3 Months | Inception |
|---------------------------|---------|----------|-----------|
| Total Return <sup>1</sup> | -1.89%  | 0.89%    | 2.51%     |
| Benchmark <sup>3</sup>    | -5.06%  | -1.41%   | -2.88%    |
| Value Added <sup>4</sup>  | 3.17%   | 2.31%    | 5.39%     |

#### Key Fund Information

| Net Asset Value (Ex-Distribution) | Distribution Frequency | Monthly Distribution |
|-----------------------------------|------------------------|----------------------|
| A\$19.4823                        | Monthly                | A\$0.17              |

#### Business Development Companies

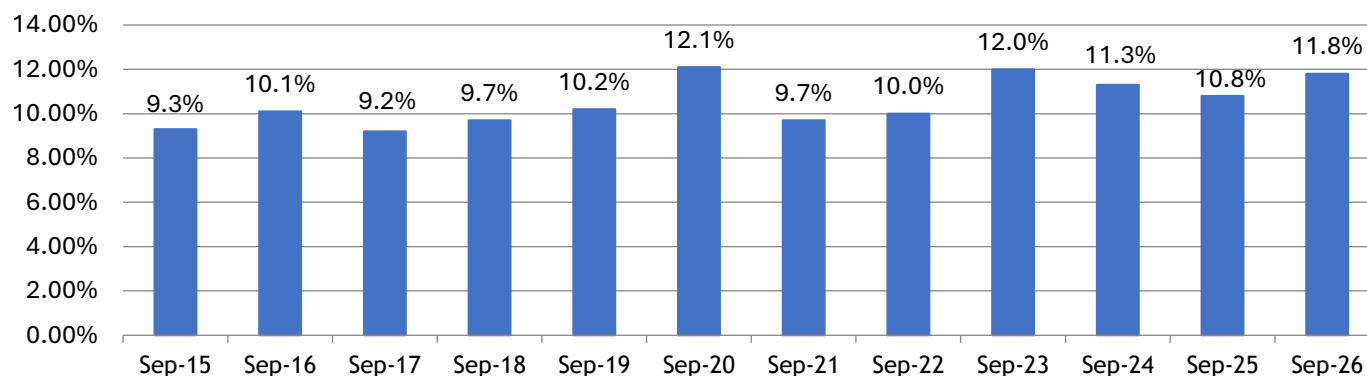
BDCs are publicly-listed companies that lend to small- and medium-sized U.S. private businesses. BDCs are registered as U.S. Regulated Investment Companies (RIC). BDCs have various characteristics and offer investors significant benefits including: 1) a requirement to distribute 90% of their income; 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)<sup>5</sup>



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. Periods greater than 1 year are annualised. The Fund inception date is 25 March 2026. 2. RBA Interbank Overnight Cash Rate Index + 3% p.a. accrued daily. 3. Benchmark for the Fund is S&P BDC Index USD Price Return (unhedged). 4. Value Add equals return minus applicable Benchmark performance. 5. 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. 6. Fees are inclusive of GST and less RITC.

## Top 10 Portfolio Holdings

| Company                          | Weight (%) |
|----------------------------------|------------|
| Ares Capital                     | 13.48      |
| Golub Capital BDC                | 9.89       |
| Main Street Capital              | 8.72       |
| Blackstone Secured Lending Fund  | 8.22       |
| Hercules Capital                 | 7.43       |
| Sixth Street Specialty Lending   | 6.22       |
| Morgan Stanley Direct Lending    | 4.50       |
| Capital Southwest                | 4.26       |
| Bain Capital Specialty Financial | 4.01       |
| Blue Owl Capital                 | 3.65       |
|                                  | 70.38%     |

## Fund Update

The Fund delivered an income return of 0.87% during the month, outperforming the targeted RBA Cash Rate + 3% p.a. return of 0.59%. The Fund declared a monthly distribution of \$0.17 per unit, [announced on 28 September 2026](#).

U.S. large-cap stocks (S&P 500 Index) fell 0.78% in September. Economic activity continued to expand at a solid pace, supported by steady consumer spending and business investment. The job market remained stable, with the U.S. unemployment rate at 4.2%. The key focus this month was on the Federal Reserve, as it hiked the interest rate by 25 basis points to a target range of 3.75% - 4.00%. Notably, a strong 16-2 majority projected at least one more hike this calendar year and there were no dissenting votes against the September hike. As a result, the market's expectations increased for higher rates for longer. With that backdrop, fixed income sold off on surging yields, particularly the long-duration bonds. The equity market mounted a relief rally after the central bank decision, as was widely expected. Large-cap and Technology stocks led the stock performance this month, while small-caps lagged.

The S&P BDC Index fell 5.75% in USD. With the 10-year Treasury yield surging past 5% in September, safer fixed-income alternatives severely competed with yield-generating equities such as REITs and Business Development Companies (BDC), prompting income-focused investors to rotate out of the sector. Additionally, investors were concerned about credit deterioration for underlying middle-market borrowers and funding costs for BDCs, based on the higher interest rate environment. Non-traded BDCs continued to post outflows and dominate media with news of funds gating at 5% liquidity, which continued to impair investor sentiment towards U.S. private credit.

The Fund's gross performance in September was -1.89%. The Fund's relative outperformance was mainly driven by its underweight position in Blue Owl Technology Finance (OTF), and its overweight positions in Golub Capital BDC (GBDC) and Fidus Investment Corp (FDUS). High-quality BDCs outperformed this month, as investors were worried about the credit risk.

The U.S. economy and middle market remained resilient despite high inflation, higher rates and geopolitical jitters. U.S. corporate earnings, consumer spending and business sentiment continued to be strong and supportive of the economic expansion. Muzinich & Co. (Muzinich) is cautiously optimistic on BDC earnings, as they stabilise amid deteriorating credit and dividend reductions in H1 2026. Muzinich believes the investment backdrop is improving, with higher base rates, increasing credit spreads on new loan deals, as well as tighter credit documentation. Navigating this mixed backdrop, Muzinich continues to see increasing divergence in credit performance amongst BDCs and positions the Fund to have overweight positions in BDC managers with experience in workouts, diversified portfolios and strong balance sheets.

With the S&P BDC Index trading at 0.82x Price-to-Book and 12.4% dividend yield as of 30 September 2026, Muzinich sees the risk-reward as attractive with upside potential.

## Fund Details

|                                  | Information                               |
|----------------------------------|-------------------------------------------|
| Index                            | S&P BDC Index USD Price Return (unhedged) |
| Management fee <sup>6</sup>      | 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](http://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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