Muzinich BDC Income Fund - Active ETF

Ticker: BDCI

As at 31 October 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	6 Months	Inception
Income Return[1]	0.87%	2.64%	5.05%	5.95%
RBA Cash Rate + 3% p.a.[2]	0.62%	1.82%	3.66%	4.36%
Value Added[4]	0.25%	0.82%	1.39%	1.59%

Price Return Objective[1]

	1 Month	3 Months	6 Months	Inception
Price Return[1]	-2.27%	-1.30%	-5.70%	-4.80%
Benchmark[3]	-2.20%	-0.87%	-6.80%	-5.02%
Value Added[4]	-0.07%	-0.43%	1.10%	0.22%

Key Fund Information

Net Asset Value (Ex-Distribution)	Distribution Frequency	Monthly Distribution
A$19.0398	Monthly	A$0.17

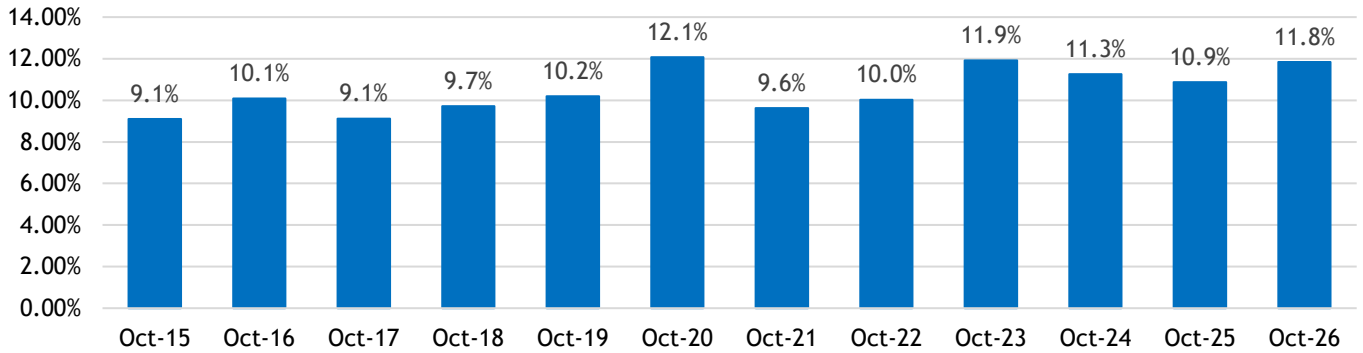
Business Development Companies

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 (RICs). 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)[5]

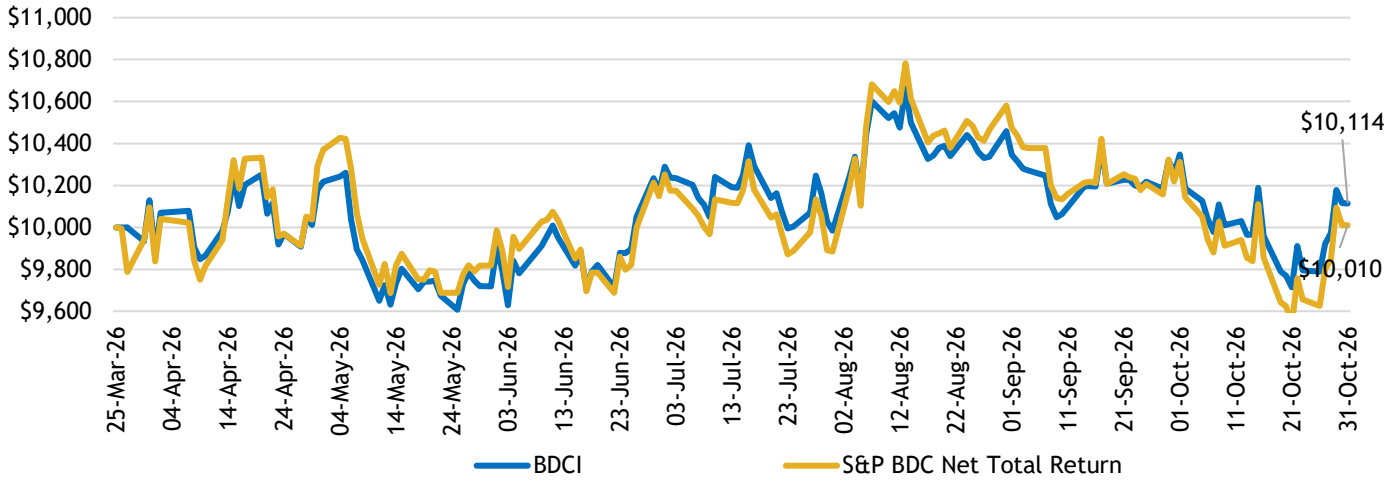


Footnotes: 1. Income Return is distributions announced during the period relative to opening NAV (ex-distribution). Price Return is the change in NAV excluding distributions. The Fund distributes monthly while most index constituents distribute quarterly, so monthly Price Returns may differ from the Benchmark due to timing. Fund inception: 25 March 2026. 2. RBA Interbank Overnight Cash Rate Index + 3% p.a. accrued daily. 3. Benchmark for the Fund is the S&P BDC Index USD Price Return (reported in AUD and unhedged). 4. Fund return minus the relevant objective or Benchmark. Figures may not sum due to rounding. 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. Fund returns are since inception, based on NAV after fees, expenses and US withholding tax, with monthly distributions reinvested and compounded. Index is the S&P BDC Index USD Net Total Return in AUD (unhedged, Bloomberg daily FX), with dividends reinvested after withholding tax. The index assumes the full US withholding tax rate of 30%, whereas the Fund generally benefits from the reduced rate of 15% under the Australia-US tax treaty. The index is shown for comparison only and is not the Fund's Benchmark. Returns over this short period may not be representative of longer-term outcomes. 7. Fees are inclusive of GST and less RITC.

Top 10 Portfolio Holdings

Company	Weight (%)
Ares Capital Corp	13.45
Main Street Capital Corp	8.98
Golub Capital BDC	8.40
Blackstone Secured Lending Fund	7.71
Sixth Street Specialty Lending	7.04
Hercules Capital	6.93
Capital Southwest Corp	4.27
Fidus Investment Corp	4.03
Blue Owl Capital Corp	3.99
Morgan Stanley Direct Lending	3.86
	68.66%

Performance Chart Growth of AUD $10,000[6]



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 0.62%. The Fund declared a monthly distribution of $0.17 per unit, announced on 28 October 2026.

US large cap stocks (**S&P 500 index**) returned -0.87% in October. The US economy grew by 3.4% in Q3 2026, accelerating from 2.2% in the prior quarter and exceeding estimates. The growth was mainly driven by consumer spending on services, such as healthcare, business investments in artificial intelligence (**AI**), as well as government spending. The US equity market is undergoing a rotation in this earnings season, as spending in AI infrastructure comes under scrutiny. The Federal Reserve kept rates unchanged in October at 3.75% - 4.00% after a 25 basis-point increase in September, as widely anticipated. The central bank meeting minutes signalled a "hawkish hold", with the intention of tightening monetary policy in response to persistent inflation.

The S&P BDC Total Return Index in USD fell 0.89% this month. The public Business Development Company (**BDC**) market experienced intense volatility in the first half of the month, followed by a sharp end-of-month recovery, navigating a complex macroeconomic backdrop of sticky inflation, elevated interest rates and uncertainty in policy as US midterm elections approached. As BDCs started to report Q3 2026 earnings, Muzinich & Co. (**Muzinich**) continued to observe stability in net asset values, credit performance, as well as dividends. Ares Capital Corp (**ARCC**) announced an agreement to acquire MidCap Financial Investment Corporation (**MFIC**). ARCC will acquire MFIC in a cash and stock transaction for a total enterprise value of approximately US$2.6 billion. The purchase price represents a 30% premium to MFIC's stock trading price. The Investment Manager believes this transaction accelerated industry level consolidation and prompts more underperforming BDCs to explore strategic options.

The Fund's total return after fees in October was -1.40% in AUD. The Fund's outperformance was mainly driven by being underweight in Blue Owl Technology Finance (**OTF**) and overweight to ARCC and Morgan Stanley Direct Lending.

ARCC reported Q3 2026 results largely in line with expectations. The net asset value was stable, while net interest income came slightly below dividend. Management reiterated its confidence in maintaining the current dividend level and pointed to low new originations in Q3 2026 as the reason for the shortfall.

MFIC appreciated 17% during October month on the announcement of its acquisition by ARCC, expected to be completed in H1 2027. Key details of the transaction are as follows:

- Total consideration: MFIC stockholders receive US$10.88 per share, representing a substantial 30% premium over MFIC's closing price on 26 October 2026.

- Financing split: The consideration consists of US$1.21 per share in cash (funded directly by the external manager, Ares Management Corporation) and US$9.67 per share in ARCC common stock. Muzinich believes this shows strong incentive and alignment by Ares Management as the external manager is contributing significant cash to the deal, making the transaction accretive to both MFIC and ARCC shareholders.
- The "net asset value" (**NAV**) discount: Because MFIC's net asset value sat at US$12.86 per share, the unique cash contribution from Ares Management allows ARCC shareholders to absorb MFIC's assets at an effective ~25% discount to book value. This represented a very healthy cushion for the underperforming assets in the MFIC portfolio.
- Combined scale: The merger integrates MFIC's US$2.77 billion portfolio into ARCC's US$29.2 billion platform, with approximately US$32 billion in investments at fair value spanning more than 800 portfolio companies.
- Ownership mix & projections: Following completion, existing ARCC stockholders will own roughly 95% of the combined entity, while MFIC stockholders will hold 5%.

BDC valuations remained challenged in Q3 2026, due to increasing credit dispersion and software exposure. However, Muzinich believes the fundamentals for BDCs remain stable, while the interest rate backdrop has shifted from being an earnings headwind to a tailwind. As semi-liquid private BDCs are facing redemption pressure, deal terms have shifted in favour of public BDCs. Muzinich has observed widening credit spreads, lower leverage and tighter documentation in this year's middle market transactions.

From a macro perspective, the US economy continues to expand with robust growth and corporate earnings remained strong in H2 2026, which provide a solid foundation for BDC earnings. Muzinich believes the high-profile defaults in leveraged lending were idiosyncratic against an improving trend of credit defaults.

BDCs reported better-than-expected Q2 2026 earnings. Net interest income and net asset values declined slightly quarter over quarter, mainly due to lower interest rates and largely in line with expectations. Credit performance held up well, contrary to media concerns, and the non-accrual levels increased only slightly. Muzinich believes credit performance will diverge among BDCs, and stock selection is key.

M&A activities remained low in 2026 aside from the ARCC / MFIC transaction noted above, but there are green shoots of improving deal activities in Q4 2026. This will help BDCs generate more fee income as portfolios turn over. However, BDC earnings trends remain decent even without the M&A market being active, due to elevated base rates and stable credit performance.

With the S&P BDC Total Return Index trading at 0.82x price-to-book and 12.5% dividend yield as of 30 October 2026, Muzinich sees the risk/reward as skewed to the upside.

Fund Details

	Information
Benchmark	S&P BDC Index USD Price Return (reported in AUD and 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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