Investment Termsheet - MA Priority Income Fund

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GENERAL RESEARCH

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MA Priority Income Fund — Investment Term Sheet

This term sheet provides a comparative summary of the key terms and features of the MA Financial Priority Income Fund. It is intended for informational and review purposes and should be read in conjunction with any relevant offer documentation, information memorandum, or product disclosure statement provided by IAM. This document does not constitute financial advice. This document has been prepared by Horizon AFSL 527462.

Fund Overview

Field	MA Priority Income Fund
Fund Manager	MA Investment Management Pty Ltd, a wholly owned subsidiary of MA Financial Group Limited
Responsible Entity	MAAM RE Ltd (ACN 135 855 186) (AFSL 335783)
Custodian	Perpetual
Structure	The Fund will hold Class A units of the MA Master Credit Trust (**Master Trust**), which holds the underlying portfolio of credit investments. MA Financial Group entities hold Class B units of the Master Trust, providing a 10% first-loss capital buffer for Class A unitholders.
ARSN	648 809 849
APIR Code	MAA8010AU
Listed / Unlisted	Unlisted (registered managed investment scheme available to retail and wholesale investors)
Asset Class	Private credit / fixed income (diversified asset-backed lending, direct corporate lending, and liquid credit securities)
Investment Objective	Generate a target return of the RBA Cash Rate + 4.00% p.a. (net of fees and costs), with a focus on capital preservation supported by a 10% first-loss capital buffer provided by MA Financial Group
Investment Strategy	The Master Trust invests in a diversified portfolio of credit investments across market segments, borrowers, industries, credit qualities and origination channels. The strategy is primarily focused on Australian private debt that is secured, asset-backed or otherwise has defensive characteristics. The core strategy involves providing wholesale financing to approximately 30 non-bank lenders across diverse lending categories, including residential mortgages, auto loans, supply chain finance, insurance premium funding, legal disbursement funding, fleet finance and specialty finance. Each non-bank lender (investee entity) provides a first loss buffer to the Master Trust and MA Financial provides a further first-loss buffer (Class B units) of 10%, meaning investee entities and MA would absorb all losses before any impact to investor capital.
Investor Eligibility	Available to both wholesale and retail investors
Offer Document	PDS dated 1 April 2026. Available at mafinancial.com/invest/private-credit/ma-priority-income-fund

Offer Terms

Field	MA Priority Income Fund
Offer Status	Open to new investors on an ongoing basis
Minimum Investment	$20,000
Investor Eligibility	Retail and wholesale investors
Unit Price	$2.00 per unit (as at 31 March 2026)
Pricing	$2.00 entry & exit (no transaction costs on application or redemption). The unit price would only move if realised losses exceeded the entire 10% capital buffer.
Application Process	**Direct:** must be received four (4) business days before month-end; **Platforms:** accepted up to the last business day of the month. **Units Allotted:** first business day of the following month.

Fund Terms

Field	MA Priority Income Fund
Fund Inception	12 November 2018
Term / Duration	Open-ended; no fixed term
Fund Size (as at 31 March 2026)	$2,492 million (Fund / Class A). Master Trust total: $3,568 million (inclusive of Class B capital buffer of $249.4 million, Class C capital of $585 million and Class N1 capital of $242 million).
Liquidity / Redemptions	Monthly Redemption proceeds paid within 10 business days of the following month. Since inception, the Fund has never experienced a monthly net outflow of capital.
Distribution Frequency	Monthly
Capital Call Structure	No capital calls. Capital invested upfront on application.
Transfer Restrictions	[TBC - Transfer restrictions not stated in source documents]
Portfolio Credit Duration	14.9 months weighted average to maturity (as at 31 March 2026)

Return Profile

Field	Details
Target Return	RBA Cash Rate + 4.00% p.a. (net of fees and costs). Based on the current RBA Cash Rate of 4.35%, the target return is 8.35% p.a. This is a target only, not a guaranteed return.
Return Type	Income (yield). The Fund targets stable monthly income distributions with capital preservation. It is not a capital growth strategy.
Preferred Return / Hurdle Rate	Class A unitholders (Fund investors) receive a priority return of RBA Cash Rate + 4.00% p.a. before any residual distribution is paid to Class B unitholders (MA Financial Group entities).

<table>
<tr><th>Field</th><th>Details</th></tr>
<tr><td></td><td>If the full target return is not paid in any period, there is a contractual catch-up obligation requiring any shortfall to be repaid before current period distributions and before any Class B return.</td></tr>
<tr><td>Target IRR</td><td>Not applicable. The Fund targets a floating return of RBA Cash Rate + 4.00% p.a.</td></tr>
<tr><td>Target Equity Multiple</td><td>Not applicable. The Fund is open-ended with a focus on income distribution and capital preservation rather than a target equity multiple.</td></tr>
<tr><td>Distribution Waterfall</td><td>The Master Trust income waterfall operates in the following priority order:
1. Management fee (0.50% p.a.) and Master Trust operating costs are paid
2. Any prior period income shortfall is repaid to Class A unitholders (catch-up mechanism)
3. Current period target return is paid to Class A unitholders
4. If the capital buffer has been impaired, excess income is used to replenish the Class B capital back to 10%
5. Residual income is distributed to Class B unitholders (MA Financial Group entities) on a semi-annual basis</td></tr>
<tr><td>Historical Performance</td><td>As at 31 March 2026:
<table>
<tr><th>Period</th><th>Total Return</th></tr>
<tr><td>1 month</td><td>0.68%</td></tr>
<tr><td>3 months</td><td>1.94%</td></tr>
<tr><td>6 months</td><td>3.90%</td></tr>
<tr><td>1 year</td><td>8.06%</td></tr>
<tr><td>2 years (p.a.)</td><td>8.35%</td></tr>
<tr><td>3 years (p.a.)</td><td>8.38%</td></tr>
<tr><td>Since inception (p.a.)</td><td>6.33%</td></tr>
</table>
The capital buffer has remained fully intact at 10% since inception. Past performance is not a reliable indicator of future performance.</td></tr>
</table>

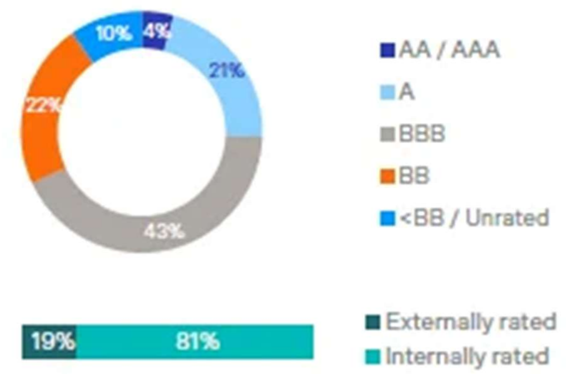
Fees and Costs

Fee Type	Rate / Amount	Description
Management Fee	0.50% p.a.	Charged at the MA Master Credit Trust level on the net asset value of the Master Trust. Deducted before the target return is calculated for Class A unitholders.
Performance Fee / Carried Interest	Nil	No performance fee is charged to the Fund. MA Financial's return is derived from residual income on Class B units after all Class A priority distributions and any buffer replenishment obligations have been met.
Entry / Application Fee	Nil	No entry or application fee is charged.
Exit Fee	Nil	No exit or redemption fee is charged.
Establishment Costs	[TBC - Not stated in source documents]	

Fee Type	Rate / Amount	Description
Ongoing Fund Expenses	Approximately 0.03% to 0.04% p.a.	Defined fund expenses including custody, registry, audit and administration costs. Charged in addition to the management fee at the Master Trust level.
Adviser Remuneration	Nil	No commissions, stamping fees or ongoing trail commissions are payable to advisers or dealer groups

Risk Profile and Suitability

Field	Details
Risk Rating	Medium (revised April 2026, primarily as a result of asset class considerations). The Fund's risk level was updated from its prior classification as part of the PDS re-issue on 1 April 2026.
Suggested Minimum Investment Timeframe	3 years
Liquidity Risk	The Fund offers monthly redemptions; however, the underlying Master Trust invests predominantly in private market assets (warehouse financing facilities and corporate loans) that are inherently illiquid. While the Manager maintains a portfolio of liquid securities (cash, RMBS bonds, ABS bonds and fixed income securities representing approximately 8.0% of the portfolio as at 31 March 2026), there is no guaranteed secondary market for the private credit positions. In stressed market conditions, the Manager may need to manage redemptions through available liquidity and natural portfolio amortisation.
Target Investor Profile	Investors seeking a defensive income allocation within a diversified portfolio, with a minimum investment timeframe of three years. Suitable for investors seeking visible, yield-generating alternatives to traditional fixed income with enhanced capital protection through the 10% first-loss buffer provided by MA Financial.

Field	Details
Capital at Risk	Figure 14: Credit quality[20]  Some of the private loans in the Master Trust's underlying portfolio of assets are rated by third-party rating agencies, while others are not (for example, because they are bilaterally structured and negotiated on a proprietary basis between the Manager on behalf of its funds and borrowers). The Manager has engaged an independent third-party for ongoing validation of carrying values and investment ratings applied by the Investment Team for investments held by the Master Trust. Investors may lose some or all of their invested capital. This investment is not capital guaranteed. Each non-bank lender (investee entity) provides a first loss buffer to the Master Trust. MA Financial provides a further first-loss buffer (Class B units) of 10%, meaning investee entities and MA would absorb all losses before any impact to investor capital. The 10% capital buffer provided by MA Financial Group is designed to absorb realised losses before any impact to investor capital, however the buffer is finite. If cumulative realised losses were to exceed the buffer amount, investor capital would be impacted. Note that, as a result of the ownership of the Class B Units, the Master Trust is carried on MA Financial (ASX MAF) balance sheet and earnings. Therefore any impairment would impact their reported earnings - this is considered a significant motivation/ incentive for MA Financial to ensure all investments of the Master Trust are performing.

Key Risks

Fund-Specific Risks

- **Capital buffer adequacy risk:** The 10% first-loss capital buffer is finite. While it has never been impaired since inception, a severe or prolonged credit event affecting multiple portfolio positions simultaneously could exhaust the buffer, at which point investor capital would be directly exposed to losses.
- **Manager / key person risk:** The Fund's performance is dependent on the expertise and continuity of the MA Financial credit investment and portfolio management team, including the Portfolio Manager

John Sheffield and the broader Global Credit Solutions team. Departure of key personnel could impact investment decision quality and portfolio management outcomes.

- **Concentration risk:** While the portfolio is diversified across 137 positions and 83 channel partners/sponsors, the top 10 positions represent 34.0% of the portfolio and the largest single borrower group represents 11.2%. Adverse performance in a concentrated position or borrower group could materially impact returns.
- **Counterparty / non-bank lender risk:** The Fund's asset-backed lending strategy relies on the operational performance, credit underwriting, and servicing capabilities of approximately 30 non-bank lending channel partners. A channel partner experiencing operational failure, fraud, or cyber incident could result in losses to the portfolio. While structural protections (warehouse equity, excess spread) mitigate credit losses, fraud or operational breakdown can result in catastrophic loss at the facility level.
- **Asset-liability mismatch risk:** The Fund offers monthly liquidity to investors but invests in assets with a weighted average credit duration of 14.9 months, including some corporate loans with maturities of up to four years. In a scenario of large-scale redemptions, the Manager would need to manage the mismatch by using liquid securities, slowing new originations, and/or not extending warehouse facilities at maturity.
- **Related party risk:** Approximately 16% of the portfolio is invested through MA Financial related party platforms (Sponsor 1 and Sponsor 5). While the Fund benefits from MA Financial's alignment through the capital buffer, related party transactions may give rise to conflicts of interest.
- **Cash drag risk:** Timing mismatches between capital inflows from investors and deployment into credit investments can result in periods where uninvested cash earns a lower return than the portfolio target. While cash drag impacts the residual return available to Class B unitholders rather than the Class A target return, persistent cash drag could pressure the Manager's ability to sustain the target return over time.

General Investment Risks

- **Market risk:** Broader economic deterioration, rising unemployment, falling property or asset values, or geopolitical disruption could increase default rates across the underlying loan portfolios, reducing returns and potentially impairing the capital buffer.
- **Liquidity risk:** The Fund invests predominantly in unlisted private credit positions for which there is no public secondary market. While the Fund is structured as a liquid scheme and offers monthly redemptions, the Manager may need to manage large or sustained net redemptions through controlled asset realisation. In extreme scenarios, the Responsible Entity may suspend or defer redemptions.
- **Inflation risk:** While the Fund's floating rate structure provides natural inflation protection (returns move with the RBA Cash Rate), persistent high inflation could erode the real value of returns if the RBA Cash Rate does not keep pace with inflation.
- **Interest rate risk:** The portfolio is predominantly floating rate (linked to 1-month or 3-month BBSW), which limits direct interest rate risk. However, rising interest rates may increase borrower stress and default rates across the underlying loan portfolios, and basis risk exists between the RBA Cash Rate (used for the target return) and BBSW (used for portfolio pricing).

- **Regulatory / tax risk:** Changes in law, regulation, or tax treatment could adversely affect the Fund, the underlying investments, or investor returns. This includes changes to the regulatory framework for non-bank lenders, APRA requirements affecting securitisation markets, or changes to the tax treatment of trust distributions.
- **Taxation risk:** The tax treatment of distributions or gains may change over the life of the investment. Investors should seek independent tax advice regarding their specific circumstances.

Fund Manager Background

MA Financial Group Limited is an ASX-listed (ticker: MAF) global alternative asset manager specialising in private credit, real estate, hospitality, private equity and venture capital.

- Assets under management: $13 billion+ (as at 30 September 2025)
- Private credit AUM: $6.3 billion
- Market capitalisation: approximately $1.5 billion to $1.9 billion
- Team: 700+ professionals across Australia, China, Hong Kong, Singapore and the United States
- Staff alignment: over 30% of MA Financial Group is owned by staff, with approximately $225 million in firm/staff co-investment across private credit strategies

Key Personnel (Global Credit Solutions):

- Frank Danieli, Managing Director, Head of Global Credit Solutions
- John Sheffield, Managing Director and Portfolio Manager (MA Priority Income Fund)
- Elliott Etheridge, Managing Director and Portfolio Manager
- Connie Kuo, Portfolio Management Executive

Track Record: Since inception in November 2018, the Master Trust has not experienced a realised loss on any loan or bond investment. The 10% capital buffer has never been impaired. The Fund has paid its full monthly distribution every month since inception. Past performance is not a reliable indicator of future performance.
Independent Research Ratings:

- Lonsec: "Recommended"
- BondAdviser: "Highly Recommended"
- SQM Research: "Superior"

Tax and Structure Considerations

- **Fund structure:** The MA Priority Income Fund (ARSN 648 809 849) is a registered managed investment scheme structured as a unit trust. The Fund invests in Class A units of the MA Master Credit Trust, which is an unregistered wholesale Australian unit trust.
- **Tax treatment:** As a unit trust, the Fund is expected to be a flow-through entity for Australian tax purposes. Distributions to unitholders are expected to consist primarily of interest income, which is assessable in the hands of investors at their marginal tax rate.
- **Annual tax statements:** The Fund provides annual tax statements to assist investors with their tax reporting obligations.
- **Independent tax advice:** Investors should seek independent tax advice regarding the tax implications of investing in the Fund, including the tax treatment of distributions, as individual circumstances vary.

Custodian and Administration

Field	Details
Custodian	Perpetual
Unit Registry	Boardroom Pty Limited
Trustee / Responsible Entity	MAAM RE Ltd (ACN 135 855 186) (AFSL 335783)
Investor Reporting	Monthly investor reports including portfolio commentary, performance data, portfolio composition, credit quality breakdown, sub-sector exposure and underlying credit investment detail. Quarterly updates provide a more comprehensive view of the Fund and market conditions. Annual tax statements provided for investor tax reporting.

Important Notices and Disclaimers

This term sheet has been prepared by Horizonis (AFSL 527462) for general informational purposes only. It does not constitute financial product advice and has not been prepared taking into account the objectives, financial situation, or needs of any particular investor.

Before making an investment decision, investors should read the relevant offer document in full (including the risk section), consider whether the investment is appropriate for their personal circumstances, and seek independent financial, legal, and tax advice.

The target returns, forecasts, and projections referenced in this document are based on assumptions and are not guaranteed. Actual returns may differ materially from those projected. Past performance is not a reliable indicator of future performance.

Where this term sheet relates to an unlisted or wholesale investment, it is intended for wholesale or sophisticated investors only as defined under the Corporations Act 2001 (Cth) and must not be distributed to retail investors without a compliant PDS or other regulated offer document. Where the fund is listed on a securities exchange, investors should obtain and read the relevant PDS or offer document before making an investment decision.

This term sheet is current as at the date of preparation and is subject to change. Horizonis accepts no liability for any loss or damage arising from reliance on this document.

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