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31/08/2026

Wentworth Williamson Insights: ***Private Credit***

A. Different types of private credit

Private credit, or non-bank lending, is a broad and often misunderstood category. As media scrutiny and regulatory attention continue to increase, it is becoming increasingly important to distinguish between the various segments of the market. The risk and return characteristics can differ significantly across lending strategies, making broad characterisations potentially misleading.

Just as bank lending covers a range of asset and borrower types, private credit also covers a range of assets and borrower types. Although private credit generally has a broader range and wider risk appetite, these two lending pools are driven by the same fundamentals: contractual payments of principal and interest, supported by security and lender protections.

Some of the main areas of private credit include the following:

1. Residential & Commercial property lending

Residential and Commercial private credit is a form of secured lending where loans are backed by real property, including owner-occupied homes and investment properties (residential or commercial). Loans are typically backed by a registered mortgage and structured with conservative loan-to-value ratios.

From an investor's perspective these risks are managed through careful borrower assessments, with independent property valuations and clear legal rights over the assets. Returns are generated through regular interest payments, providing a relatively stable income profile when loans are underwritten conservatively.

There are many non-bank lenders in this sector who are providing loans to borrowers who need speed, flexibility or tailored solutions that traditional banks don't provide. Many private credit funds operate in this space.

2. Property development lending

Development lending assists with the construction or repositioning of property assets, including residential, commercial and mixed-use projects. Because funding is provided before a project is completed, development loans often carry a higher level of complexity.

To manage this risk, lenders typically apply additional safeguards that may include lower starting loan-to-value ratios, pre-sale requirements, detailed cost-to-complete analysis and regular monitoring of construction progress. Funds are often advanced in stages as milestones are gradually met. Many banks don't operate in this sector due to the specialist skills required and complexity compared to lending against existing assets.

Development lending sits at the higher-risk, higher-return end of the private credit spectrum. Investors are compensated for taking on construction, execution and market risks, but success in this sector requires specialised expertise. Credit managers active in development finance typically have deep experience in property development, construction and project delivery, enabling them to navigate the complexities of underwriting and ongoing loan management.

Recent high-profile insolvencies in the hospitality and property development sectors have reinforced the importance of manager selection and disciplined underwriting. While these events have attracted significant media attention, they also highlight the material differences in skill, risk management and investment outcomes across the private credit market.

3. Corporate and business lending

Corporate lending to operating businesses may occur without the security of property assets. Loans are secured against business assets such as a general security agreement over the business or more specifically receivables, inventory equipment, or supported by contractual cash flows and guarantees.

Risk assessment is centred on the borrower's cash flow, balance sheet strength and business fundamentals. Loans are typically structured with covenants and reporting requirements, which give lenders early visibility if performance deteriorates.

Corporate private credit plays an important role in providing flexible funding solutions to businesses, particularly where bank appetite is limited or traditional lending criteria cannot be met.

B. Wentworth Williamson's Place in the Private Credit Landscape

Wentworth Williamson's strategy operates in a different niche of the private credit market. Rather than investing in a single loan to a single borrower, we invest in pools of loans or receivables. This means that the non-performance of one or a number of loans is unlikely to impact our credit position, as our exposure is to a significant pool of loans which all perform independent of each other.

These loan receivables (including bridging loans, medical and equipment finance, livestock finance, credit insured trade invoices and auto rental payments) are assigned into a Special Purpose Vehicle (SPV), often referred to as a warehouse. Each non-bank lender we partner with has their own SPV, so assets are not commingled.

The SPV owns the receivables and is legally separate from the originating business to ensure investor capital is primarily exposed to the performance of the receivables rather than the underlying originator's performance.

Why We Prefer Bankruptcy-Remote Warehouse Structures?

Warehouse structures provide significant protections to investors. These protections include:

- Each loan assigned to the warehouse must meet strict eligibility criteria (loan type, loan size, not in arrears etc)
- The pool of loans (in aggregate) must meet various pool parameters at all times (average loan size, average LVR, geographic location and other concentration limits),
- Loans which are in arrears by a certain number of days (90-180 days) may be repurchased by the originator,
- All cash flows received by the originator (as servicer of the loans) must be swept to the trustee within 2 days of them being received,
- Monthly reporting of the Trust assets and covenants (pool parameters) by the independent trustee,
- Representations and warranties from the originator and servicer about their obligations,
- Stop Funding and Amortisation triggers if the pool covenants and other "rules" aren't met,
- Originator "skin in the game", whereby the originator is required to fund the first loss note in the warehouse, meaning all initial losses are funded by the originator, not the noteholders.

In addition to these structural protections, we focus on two key areas: the quality of the underlying loans and borrowers, and the quality of the non-bank lender. While strong structures are important, successful outcomes also depend on disciplined underwriting, effective servicing and experienced management. For this reason, we assess both the assets being funded and the lender responsible for originating and managing them.

The combination of these features supports a disciplined, income-focused approach to private credit that prioritises capital preservation.

Understanding the capital structure

Warehouse facilities are often structured with senior, mezzanine and seller note tranches, each with a different level of risk and return. Senior investors rank first in the payment waterfall, mezzanine investors sit behind them, while the seller note is typically funded by the non-bank lender and absorbs losses first.

For mezzanine investors, the seller note provides an important layer of protection, as losses are generally absorbed by the seller note before impacting the mezzanine tranche. This helps align the lender's interests with investors, as the lender retains a meaningful financial exposure to the performance of the loans it originates.

A specialist approach to private credit

Asset-backed lending is the niche within private credit that Wentworth Williamson has chosen to focus on. We believe that by applying a disciplined, risk-focused approach with an emphasis on structure, transparency and capital protection, we can provide our investors with risk-adjusted returns which compare favourably relative to other private credit funding opportunities.

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A History of Stable Income

- No calendar month of negative income distribution since inception in 2018, based on historical performance. Past performance is not a reliable indicator of future returns, and distributions are not guaranteed. Providing a comparatively predictable income profile when loans are conservatively underwritten, though returns are not guaranteed and capital remains at risk.
- Average monthly income distribution of 0.65% since 2018. Average annualised monthly income distribution of 8% since 2018

Wentworth Williamson Stable Income Fund - Monthly Table of Returns										Average Since Inception			0.65%
Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Equivalent Distribution Return[2]
2018					0.77%	0.73%	0.76%	0.76%	0.74%	0.71%	0.69%	0.71%	**9.16%**
2019	0.71%	0.64%	0.71%	0.68%	0.70%	0.64%	0.64%	0.61%	0.60%	0.51%	0.54%	0.55%	**7.81%**
2020	0.53%	0.49%	0.51%	0.49%	0.48%	0.46%	0.47%	0.47%	0.46%	0.48%	0.48%	0.50%	**5.97%**
2021	0.50%	0.45%	0.50%	0.48%	0.50%	0.48%	0.50%	0.50%	0.48%	0.50%	0.48%	0.50%	**6.03%**
2022	0.50%	0.45%	0.50%	0.48%	0.50%	0.50%	0.56%	0.60%	0.62%	0.68%	0.71%	0.73%	**7.05%**
2023	0.77%	0.70%	0.78%	0.74%	0.80%	0.78%	0.85%	0.82%	0.78%	0.76%	0.75%	0.79%	**9.72%**
2024	0.77%	0.73%	0.78%	0.76%	0.79%	0.79%	0.84%	0.82%	0.66%	0.66%	0.66%	0.73%	**9.37%**
2025	0.76%	0.69%	0.78%	0.73%	0.77%	0.76%	0.77%	0.77%	0.72%	0.72%	0.69%	0.72%	**9.26%**
2026	0.70%	0.65%	0.73%	0.69%	0.73%	0.71%	0.73%						**8.85%**

Wentworth Williamson Stable Income Fund - Annualised monthly returns										Average Since Inception			8.05%
Date	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual Equivalent Distribution Return [1]
2018					9.45%	9.25%	9.32%	9.32%	9.38%	8.69%	8.73%	8.69%	**9.16%**
2019	8.69%	8.67%	8.69%	8.59%	8.56%	8.07%	7.80%	7.42%	7.55%	6.17%	6.77%	6.67%	**7.81%**
2020	6.42%	6.58%	6.17%	6.13%	5.80%	5.74%	5.68%	5.68%	5.74%	5.80%	6.00%	6.05%	**5.97%**
2021	6.05%	6.03%	6.05%	6.00%	6.05%	6.00%	6.05%	6.05%	6.00%	6.05%	6.00%	6.05%	**6.03%**
2022	6.05%	6.03%	6.05%	6.00%	6.05%	6.26%	6.80%	7.30%	7.81%	8.31%	8.99%	8.94%	**7.05%**
2023	9.45%	9.50%	9.61%	9.42%	9.80%	9.91%	10.47%	10.14%	9.88%	9.28%	9.50%	9.66%	**9.72%**
2024	9.51%	9.57%	9.59%	9.61%	9.68%	9.99%	10.38%	10.09%	8.34%	8.08%	8.29%	8.98%	**9.37%**
2025	9.34%	9.42%	9.58%	9.30%	9.41%	9.67%	9.50%	9.44%	9.10%	8.80%	8.78%	8.81%	**9.26%**
2026	8.62%	8.77%	8.92%	8.75%	8.92%	8.95%	8.88%						**8.85%**

*Annualised equivalent distribution per month. Net of fees and expenses, assumes reinvestment of distribution but does not take into account personal income tax

*These investments are subject to change at any time and the list may not contain all the Fund's investment portfolio. Past performance is not a reliable indicator of future performance. Any distributions from the Fund depend on the success of the Fund's underlying investments and are at the Trustee's discretion. Further information on returns is included in the Information Memorandum. The fund is invested into unlisted debt securities which may be illiquid and contain the risk of default by the issuer.

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Investment Team

Geoff Levy AO

+ 40 years experience

Chairman

Co-Founder and Chairman of Wentworth Williamson & Monash Private Capital (MPC) and on the board of a number of MPC related companies.

Previously CEO and Executive Chairman of Investec Bank Australia between 2001 – 2008 and Non-Executive Chairman of ASX listed Cromwell Property Group.

Geoff has been on the board of several listed and government entities.

Appointed an Officer of the Order of Australia in 2005.

Geoff has worked with James for over 17 years and Chairs the Investment Committee for both Wentworth Williamson Funds.

James Williamson

+30 years experience

Chief Investment Officer

Co-founder of Wentworth Williamson Management Pty Limited (WW) and founder of the core Wentworth Williamson equity value and private credit funds.

James is currently Non-Executive Chairman of the beverage company Australia Vintage Limited and a Non-Executive Director of the US based specialist chemical company Alexium International Limited.

James previously worked for Allan Gray and Investec Bank Australia Limited in Australia. Before this, James was a top three-rated equity analyst working for the major Pan-European banks based in London.

James has a Bachelor of Commerce, majoring in Accounting, Tax and Finance from the University of the Witwatersrand in South Africa and Graduate Diploma from FINSIA in Australia.

Martin Marais

+10 years experience

Portfolio Manager

Martin currently works as a Portfolio Manager for the Wentworth Williamson Opportunity Fund and Wentworth Williamson Stable Income Fund.

Previously, he worked as an Investment Analyst in London and Geneva for Stonehage Fleming, the largest global independent family office.

Martin graduated from Macquarie University with a Bachelor of Commerce and Applied Finance, majoring in accounting.

Martin has worked at Wentworth Williamson for 9 years.

Dillon Farmer

+7 years experience

Investment Manager

Dillon joined Wentworth Williamson in early 2025 as an Investment Analyst. He brings over seven years of experience across debt capital markets, private equity, and structured finance lending.

Prior to joining the team, Dillon was involved in capital markets execution, origination, credit analysis, and investment evaluation.

He holds a Bachelor of Business and is currently completing a Postgraduate Certificate in Applied Finance at Macquarie University, complemented by certifications in securitisation, Excel, and financial modelling.

Braiden Williamson

+2 years experience

Investment Associate

Braiden joined Wentworth Williamson in 2024. He holds a Bachelor of Commerce, majoring in Economics from Macquarie University.

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Advisory Board

John Powell

+35 years experience
Advisory Board

John has over 35 years' experience in financial services spanning banking, funds management, financial markets, treasury and securitisation. He also has significant Board experience and currently is the Chairman of two unlisted fintech entities.

John brings extensive credit, deal structuring and non-bank lending experience to WW. His appointment to our Advisory Board enhances our team's existing capabilities in assessing, implementing and managing our private credit investments.

Donelle Brooks

+20 years experience
Advisory Board

Donelle plays a key role in shaping partnerships and strengthening customer engagement across the business. With extensive experience in SME finance and broker networks, she is focused on building trusted industry relationships and ensuring the business stays closely attuned to the needs of clients and intermediaries.

Donelle also serves as Head of the Women's Commercial Finance Forum (WCFF), where she champions greater inclusivity and supports the development of confident, capable leaders across the industry.