

2025 Annual Investor Letter

A year of lessons



Dear Investors,

As we mark the **third anniversary** of the **Rixon Income Fund**, I write this Investor Letter with measured pride and deep gratitude. From a standing start in **September 2022**, we now manage **over \$165 million** in investor capital and have delivered a **12% p.a. net return** since inception.

Our portfolio comprises **19 senior secured, asset-backed loans**, each underpinned by **tangible security, strict covenants, and monthly reporting**. During the year, two borrowers outgrew the Fund and refinanced – one with a large private credit fund, the other with a bank – each transition a quiet endorsement of our lending proposition.

Our proposition was further validated when **SQM Research reaffirmed our Investment Grade rating**, and **Foresight Analytics** initiated coverage with a **“Very Strong” Investment Grade** classification. In October, we were honoured with a nomination for **Rising Star of the Year** at the **2025 Fund Manager of the Year Awards**.

These milestones reflect our investment team’s **diligence, discipline, and alignment with investor interests**. Unlike many private credit managers, our investment team are both **shareholders in the manager** and **investors in the Fund**. This ensures our focus remains on **long-term value creation, not short-term asset accumulation and fee maximisation**. We are building a business we expect to lead and be proud of for many years.

That said, **2025 was not without challenge**.

Early in the year, one borrower became challenged. After negotiations with its shareholders failed, we appointed receivers to safeguard investor capital. True to our philosophy of transparency (and what proved easier to preach than to live), we provided **full and timely disclosure** to investors throughout.

Drafting the **May 2025 Unitholder Update** was without question the most difficult moment of my three years leading **Rixon Capital**. Transparency in such circumstances can unsettle existing investors and deter new ones, which is why some managers delay until forced by a leak to the Australian Financial Review. I am proud our Board **authorised full disclosure without hesitation**. At **Rixon Capital**, integrity is not a matter of convenience, but of principle. *“The integrity of the upright guides them”* (Proverbs 11:3)

The experience strengthened our commitment to industry best practice, refined our due diligence, and reinforced the discipline that underpins all we do. It also demonstrated our **capital preservation philosophy**, utilising a **first-loss provision** to protect investor capital.

Looking ahead, we remain **cautiously optimistic**. The private credit market continues to expand, and good judgement and selectivity has never been more important. As a boutique manager, our strategy is **not one of speed and scale, but of precision**. We lend only where real assets, real cash flow, and capable people stand behind a borrower. We believe this discipline positions the Fund to deliver **consistent value** across economic cycles.

As we close this year’s Annual Investor Letter, I want to thank you for your continued support. We treasure your trust and remain committed to guarding it.

My deepest thanks to our investors and friends for a memorable year.

Patrick William

Co-founder & Managing Director