

Perpetual Investment Funds

PERPETUAL CREDIT INCOME FUND

December 2025



FUND FACTS

Investment objective: Aims to provide investors with regular income by investing in a diversified range of income generating assets, and outperform the Bloomberg AusBond Bank Bill Index** over rolling three-year periods before fees and taxes.

Benchmark: Bloomberg AusBond Bank Bill Index**
Inception date: November 2004
Size of fund: \$175.9 million as at 30 September 2025
APIR: PER0263AU
Mgmt Fee: Please contact us for a copy of the disclosure document.
Benchmark Yield: 3.630% as at 31 December 2025
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Provides investors with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed and liquid investment.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

TOTAL RETURNS % (AFTER FEES) AS AT 31 December 2025

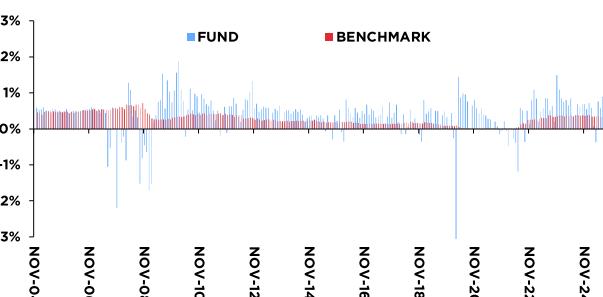
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Credit Income Fund	0.46	1.19	3.33	5.79	6.94	7.66	5.02	4.71	4.77
Bloomberg AusBond Bank Bill Index**	0.31	0.90	1.83	3.97	4.22	4.11	2.71	2.20	3.44

Please note: Performance for Perpetual's complete list of investment funds is available on www.perpetual.com.au. Past performance is not indicative of future performance.

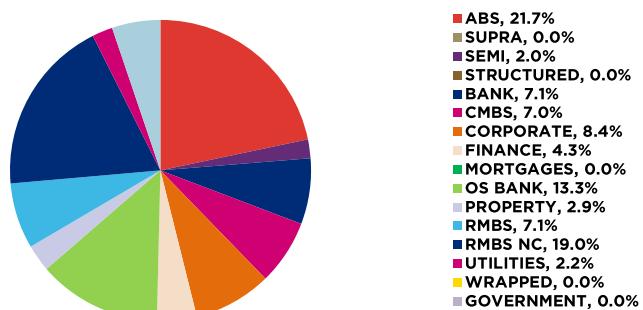
POINTS OF INTEREST

- Credit Spreads rangebound; USD spreads outperform;
- RBA on hold; Bond yields move higher on anticipated tightening;
- New issuance slows into year end;
- The credit outlook improves to neutral.

MONTHLY PERFORMANCE SINCE INCEPTION



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	26.04%
Subordinated Debt	57.45%
Hybrid Debt	16.51%
Modified Duration	0.82
Running Yield [#]	5.39%
Portfolio Weighted Average Life	3.44 yrs
No. Securities	102

^{*} Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

December saw slightly increased volatility as financial markets behaved in a 'risk on' manner despite uncertain economic conditions – exacerbated by data limitations following the US government shutdown. Global bond yields rose sharply while credit spreads were more resilient and equities moved higher. Central banks worldwide navigated challenging inflation data, with the Federal Reserve delivering a 25bp cut amid dissenting voices and concerns around upcoming nominations. Elsewhere the ECB remained on hold while the Bank of Japan raised its policy rate to 0.75%.

Domestic bond yields continued to sell off through December in line with the broader global trend and reflecting the increasingly hawkish monetary policy outlook. This upward pressure was fuelled by robust household spending and a notable rebound in private investment growth. As inflation concerns mounted, market participants began to fully price in a rate hike by year-end 2026, with RBA Governor Bullock signalling readiness to tighten policy should inflation remain elevated. By mid-December, expectations for a February rate increase gained traction. The latest RBA minutes revealed a divided board, with some members viewing monetary conditions as no longer restrictive, while others maintained a more cautious stance.

Domestic credit spreads traded in a tight range throughout December tightening very marginally on aggregate. Robust US economic data alongside better than expected domestic consumer spending were supportive. Spreads remain tight relative to historical levels and credit fundamentals are supportive reflecting accommodative liquidity conditions and conservative corporate balance sheets.

December concluded a record year for issuance volumes in the Australian credit market. While the latter half of the month was affected by the seasonal shutdown, a number of new corporate deals were priced in the first week of the month. NatWest's \$1B senior deal reflected the trend towards elevated kangaroo financial issuance that has been observed throughout 2025. Ausgrid came to market for \$750M across 5 and 10-year fixed rate tranches while Dexus raised \$500M in subordinated paper. Securitisation markets continued in earnest, with issuance stretching into the second week of December before primary markets closed for the year.

PORTFOLIO COMMENTARY

Income return remained a key contributing factor to performance over the period. Despite a healthy cash allocation, the Fund retains a yield premium above benchmark, attributable primarily to RMBS and offshore bank allocations. The Portfolio's running yield was 5.4% at month end, with the spread (credit yield premium) measured at 1.6%.

Duration and curve positioning detracted from relative performance during the Month. The Fund maintained its long duration position throughout December, positioning which detracted as bond yields continued to rise as markets priced in an increasingly hawkish monetary policy outlook. Manager sees government bond yields as offering attractive relative value and the Fund retains its long duration position utilising government bonds futures and fixed rate state government bonds. The Fund continued to increase its allocation to fixed rate bonds, to lock in elevated yields.

Spread dynamics were constructive for performance over the month, more than offsetting the impact of rising bond yields. Although Australian Dollar denominated spreads traded in a tight range throughout the month, the Fund benefitted from exposure to offshore markets with allocation to USD denominated bank hybrids performing very well. A USD denominated fixed rate bond from Santos also benefitted from tightening USD spreads. Elsewhere, semi government spreads contracted contributing marginally to performance and the Manager elected to reduce the position. In line with the improving credit outlook, the Manager removed credit protection, closing the short position in the iTraxx crossover CDS index during the month.

The Fund selectively increased credit risk, removing CDS protection and increasing allocation to BBB rated bonds. The Manager also elected to move down the capital structure, increasing exposure to hybrids. Sector allocations were adjusted with the Fund increasing its exposure to non-financial corporates, offshore banks and utilities during the month.

The outlook improved over the month to end the year in neutral territory. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities and attractively priced issues as the outlook continues to improve.

OUTLOOK

The credit outlook improved over December returning to a neutral reading by year end.

Valuation indicators worsened slightly, reflecting swap to bond spreads which moved further negative in mid-December. Opportunistic issuance and domestic vs offshore spreads remain balanced while US investment grade and high yield and domestic investment grade spreads are neutral despite remaining near the bottom of their historical fair value range.

The macroeconomic outlook improved over the month. While soft global growth expectations continue to weigh slightly on the outlook, the ratio of upgrades to downgrades has entered positive territory. The credit rating outlook is benign with market participants anticipating further upgrades in 2026.

Supply and demand indicators improved marginally to neutral. Upcoming maturity volumes have normalised while elevated recent issuance volumes continue to detract from the outlook. market demand remained resilient into year end.

Technical indicators improved to marginally positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts are neutral while intermediary positioning is conservative.

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No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital.

Total return shown for the fund(s) have been calculated using exit prices after taking into account of Perpetual's ongoing fees and assuming reinvestment of distributions.

No allowance has been made for entry or exit fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

* Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

** UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

MORE INFORMATION

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