

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

March 2026

FUND FACTS

Investment objective: The Fund aims to provide investors with a positive return above the cash rate over rolling three-year periods (before fees and taxes) by primarily investing in and actively trading fixed income securities and related derivatives.

Benchmark: RBA Cash Rate
Inception date: March 2012
Size of fund: \$717.2 million as at 31 December 2025
Mgmt Fee: 0.85% pa*
Benchmark Yield: 4.100% as at 31 March 2026
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Perpetual aims to meet its objective by utilising an active and risk aware investment process that leverages the full use of the Perpetual Credit team's experience. The strategy allows the team discretion to invest in areas of the market or a company's capital structure where they see relative value. The portfolio is diversified, takes into account changes in market-wide and security-specific credit margins while seeking to maximise returns from liquidity premiums.

FUND RISKS

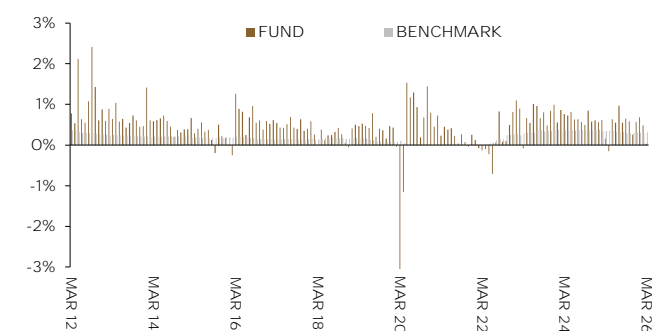
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 31 March 2026

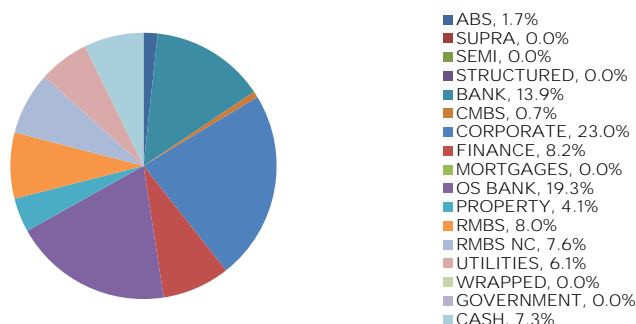
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.03	1.20	2.64	5.96	6.71	7.64	5.61	5.08	5.86
RBA Cash Rate	0.34	0.94	1.86	3.85	4.13	4.16	2.92	2.25	2.23

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.

MONTHLY PERFORMANCE SINCE INCEPTION



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	39.83%
Subordinated Debt	44.57%
Hybrid Debt	15.60%
% Geared	0.00%
Running Yield [#]	6.47%
Portfolio Weighted Average Life	2.97 yrs
No. Securities	189
Long	92.75%
Short	0.00%
Net	92.75%

GEOGRAPHIC LOCATION OF MATERIAL ASSETS

The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

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

MARKET COMMENTARY

March proved a challenging month for Australian fixed income, as geopolitical turmoil in the Middle East dominated sentiment and forced a significant repricing of the rate outlook. The US-Israel conflict with Iran effectively closed the Strait of Hormuz — a chokepoint for roughly 20% of global oil supply — sending oil prices sharply higher and reigniting stagflation concerns. The war created volatility across energy, rates, equities and credit markets as inflation was re-priced, as was central bank paths and recession risks.

Against this backdrop, the RBA delivered a 0.25% rate hike, albeit on a narrow 5–4 vote, reinforcing its view that the economy has been running above potential and that inflation remains uncomfortably elevated. The decision was framed as a response to pre-existing domestic inflationary pressures rather than the oil shock directly, though the two are difficult to disentangle. Australian government bond yields moved sharply higher across the curve. Market pricing for the end-2026 cash rate peaked near 4.8% — around 2.5 additional hikes — up sharply from February's close. With Q1 CPI due ahead of the May RBA meeting — where markets are currently pricing a 60% probability of another hike to 4.35% — volatility looks set to persist into April.

Domestic credit spreads widened materially over the month reflecting uncertain economic and geopolitical conditions alongside rising concerns around the private credit sector. Higher beta sectors including subordinated major banks widened more sharply.

Primary market issuance paused briefly following the commencement of strikes in Iran before resuming albeit at a lower volume than previous months. Securitisation activity dominated deal flow, contributing to pressure on spreads as the market digested robust volumes in an uncertain economic climate.

PORTFOLIO COMMENTARY

Credit spread widening was the key determinant of relative performance over the period. Allocation to higher beta sectors including domestic bank subordinated and offshore bank hybrid positions detracted from performance. Securitised sectors also saw widening reflecting supply factors alongside the broader risk off market dynamic although this was offset by the strong running yield. The Funds conservative positioning mitigated the impact of the selloff in credit with relatively short spread duration (~3 years) and healthy cash allocation (12% at month end) helping to limit the impact of widening spreads.

Income return contributed positively to performance over the period partially offsetting the detraction from spread expansion. 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 5.5% at month end, with the spread (credit yield premium) measured at 1.8%.

Duration positioning was a key contributing factor for performance mitigating much of the impact of widening spreads. Manager actively traded duration throughout the month within the funds relatively tight (+/- 0.75 years from benchmark) active duration limit. At the end of February, the Fund held 0.8 years of duration. Following the commencement of strikes in Iran, the Manager closed this position, as yields rallied during the initial flight to safety. Throughout the remainder of March, the Manager utilised 3-year government bond futures to add and reduce interest rate risk to take advantage of volatility as a result of geopolitical and monetary policy news flow, before taking profit, ending the month with a duration position near neutral.

The Manager was active in secondary markets during the month, taking advantage of elevated selling activity to add positions at attractive valuations. This included increasing allocation to USD and EUR denominated subordinated and hybrid positions. Elsewhere, the Manager elected to trim REITs, ABS and domestic bank exposures while increasing allocation to cash and prime RMBS.

The outlook for credit remains negative reflecting uncertain geopolitical, economic and monetary policy factors. In these conditions risk management remains paramount. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities presented by recent volatility.

OUTLOOK

The credit outlook declined in March to end the month with a strong negative reading.

Valuation indicators neutral despite spread widening across AU investment grade, US Investment Grade and US High Yield. The disruption of primary markets as a result of the war in Iran and associated uncertainty saw decline in opportunistic issuance. AUD credit is still offering reasonable relative value.

The ongoing Middle East conflict remains the key driver of the macroeconomic outlook. Even if traffic through the Strait of Hormuz normalizes, damage to production infrastructure is expected to limit supply recovery and sustained high oil prices will slow global growth. The ratio of upgrades to downgrades remains in positive territory despite the uncertain economic and monetary policy outlook.

Market demand has been impacted by the geopolitical volatility with persistent selling observed and buyers predominantly active at discounted levels with bid depth inconsistent. Year to date issuance remains elevated despite the easing observed in March.

Technical indicators have worsened contributing to the negative credit outlook. While cash balances among real money accounts have increased and dealer inventories remain neutral, US credit, Equity and Equity volatility indicators are all marginally negative.

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Past performance is not indicative of future performance.

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

MORE INFORMATION

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