

Perpetual Investment Funds

PERPETUAL ESG CREDIT INCOME FUND - CLASS A

April 2026

FUND FACTS

Investment objective: To provide investors with regular income and consistent returns above the Bloomberg AusBond Bank Bill Index (before fees and taxes) over rolling three-year periods by investing in a diverse range of income generating assets that meet Perpetual's ESG and values-based criteria.

Benchmark: Bloomberg AusBond Bank Bill Index
Inception date: June 2018
Size of fund: \$102.8 million as at 31 March 2026
APIR: PER1744AU
Mgmt Fee: 0.59% pa*
Benchmark Yield: 4.208% as at 30 April 2026
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Provides investors access to an actively managed credit and fixed income fund and the opportunity to align their investments with their personal values and ESG preferences.

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 30 April 2026

	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual ESG Credit Income Fund – Class A	1.04	1.26	2.37	7.17	6.59	7.35	5.12	4.52	4.31
Bloomberg AusBond Bank Bill Index	0.34	0.95	1.87	3.79	4.12	4.16	2.96	1.54	2.25

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

- Middle East conflict persists; oil prices remain volatile;
- Domestic credit spreads rally from March selloff;
- Bond yields rise; domestic yield curve steepens as short end underperforms;
- RBA on hold; inflation data hot; May rate hike near-fully priced;
- The credit outlook improved while remaining in negative territory.

ESG APPROACH

Before being considered for investment, companies or issuers must pass a series of exclusionary screens. The screening processes is designed to limit the investible universe to only those companies or issuers that meet minimum values-based and ESG standards. The Perpetual ESG Credit Income Fund first applies a values-based and ESG exclusionary screen. Sovereign issuers are subject to a separate exclusionary screen. Please refer to the Perpetual Investment Funds PDS for further information.

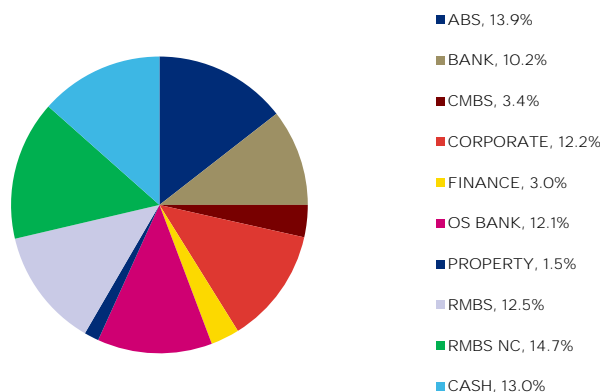
PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	23.69%
Subordinated Debt	59.37%
Hybrid Debt	16.95%
Running Yield [#]	5.48%
Portfolio Weighted Average Life (yrs)	3.47 yrs
No. Securities	98
Modified Duration	0.11

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

[#]The methodology used to calculate Running Yield is derived from FactSet, and calculated as follows: The coupon rate of the security / the capital price of the security. Note that the exception is discounted securities, where a Yield to Maturity calculation is used.

PORTFOLIO SECTORS



MARKET COMMENTARY

The Middle East conflict continued to dominate global markets through April, driving sharp swings in oil prices, bond yields and equities as ceasefire talks repeatedly stalled and resumed. Despite the volatility, risk assets finished strongly, supported by a strong US earnings season. Bond yields rose across the board, and major central banks held rates, though the Fed saw three dissenters favouring removal of the easing bias and the Bank of Japan recorded three votes for a hike.

There was no RBA Board meeting in April, following back-to-back 25 basis point hikes in February and March. At Month end, the May rate increase was near fully priced in reflecting the hot inflation report released in late April. Monthly headline inflation rose 1.1% in March - driven by a 32.8% surge in fuel - pushing annual CPI to 4.6%, the highest since monthly reporting began. Australian bond yields rose along the curve with 10-year yields, breaching 5% for the first time in over a decade. Business confidence collapsed to -29 in the NAB survey - the second largest monthly fall on record - while Westpac Consumer Confidence dropped 12.5%.

Australian credit markets recovered through April, retracing some of March's weakness as reduced Middle East tail risks and a strong US earnings season underpinned confidence in credit fundamentals. The iTraxx Australia CDS index traded in a wide 19 basis point range before finishing 15bps tighter at 77bps. Physical credit spreads tightened by an average of 4bps over the month. Domestic banks outperformed, on the back of solid earnings, while real estate lagged, edging 1bp wider as higher rates weighed on sector sentiment. Tier 2 subordinated bank spreads were supported by reduced primary issuance.

The primary market was active in April following a subdued month prior. UBS came to market issuing \$2.75B of senior notes across 2 and 5-year tranches. APA infrastructure issued \$1.5B (\$1B 30-year non-call 7.5-year hybrid paper and \$0.5B 10-year senior). Domestic bank activity was relatively subdued ahead of mid-year reporting for BAB, Westpac and ANZ.

PORTFOLIO COMMENTARY

Credit spread dynamics were the key determinant of outperformance over the month with the portfolio performing very strongly as spreads retraced following weakness in March. A key contributor over the month was very strong performance among USD and EUR denominated offshore bank hybrids, many of which were added during the elevated market volatility in March, when valuations became more attractive. USD denominated subordinated domestic bank and non-financial corporate exposures also contributed to outperformance. The Fund's ability to invest in foreign denominated credit broadens the universe and offers additional relative value opportunities to exploit. All foreign currency exposures are hedged back to AUD.

The Fund's yield premium above benchmark remains a key contributing factor to relative performance. Income return remained attributable primarily to RMBS and offshore bank allocations. The impact of rising base rates on the Fund's floating rate exposures will continue to contribute to the yield as coupons reset. The Portfolio's running yield was 5.5% at month end, with the spread (credit yield premium) measured at 1.6%.

Duration positioning was marginally positive for outperformance over the month. The Manager continued to actively trade 3-year government bond futures to manage interest rate sensitivity (Between 0.3 years and -0.1 years) around key geopolitical developments. Towards the end of April, the Manager elected to again neutralise the Fund's duration positioning.

Sector allocations were actively managed over the month. The Manager elected to trim allocation to offshore banks and reduce USD and EUR denominated hybrid exposures, taking profit following strong performance in April. Allocation to non-financial corporates was increased in secondary markets. The Fund also took part in a new corporate deal from APA infrastructure.

The outlook for credit improved over April while remaining in marginally negative territory. The improvement reflected strengthening market demand and normalising technical indicators. The Fund has been defensively positioned for some time and retains the optionality to take advantage of relative value opportunities presented by uncertain conditions.

The Fund invests in quality issuers that meet Perpetual's ESG and Values based criteria relating to what the company is in the business of and the way business operations are conducted respectively. Upon application of the ESG and Values based criteria, several bond issuers have been screened out. These include, for example, companies involved in the extraction of fossil fuels or companies whose revenues are significantly associated with socially questionable products or services.

OUTLOOK

The credit outlook improved while remaining negative in April, reflecting stabilisation in technicals and a partial recovery in primary market conditions, partially offset by persistent macroeconomic headwinds.

Valuation indicators are finely balanced with a neutral to slightly negative reading. AU investment grade, US investment grade and US high yield spreads have retraced meaningfully from March wides but remain in range of long term averages while swap-to-bond spreads remain in negative territory. Increased opportunistic activity - led by SSA kangaroo issuers - weighed slightly on the valuation outlook.

The macroeconomic outlook remains the most significant headwind to the credit view. The IMF revised down global growth expectations for 2026 with notable downgrades across the US, UK and Australia. Consumer confidence indicators fell sharply in Australia - the Westpac Consumer Confidence Index declined 12.5% - while US consumer sentiment moved into contractionary territory. The oil price environment remains volatile following geopolitical developments around the Strait of Hormuz and the announcement of the UAE's exit from OPEC, with cartel fragmentation posing a medium-term tail risk. The ratio of credit upgrades to downgrades remains in positive territory for investment grade, providing a floor to the macro score, though early quarter deterioration - particularly in high yield - is being monitored.

Supply and demand indicators remain negative. Upcoming issuance supply is a key headwind with bank results season expected to bring a wave of senior and Tier 2 supply from major domestic banks, alongside insurance and offshore bank issuance.

Technical indicators edged positive, providing the main offsetting factor to the negative overall score. Real money cash balances remain elevated, reflecting conservative positioning maintained since the geopolitical shock, creating capacity for deployment into primary and secondary markets. US equity and equity volatility indicators improved to positive while the US credit indicator remained in negative territory.

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The product disclosure statement (PDS) for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. 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 an investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

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