

# PERPETUAL PURE CREDIT ALPHA FUND CLASS W

August 2025

## 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:** \$663.9 million as at 30 June 2025  
**Mgmt Fee:** 0.85% pa\*  
**Benchmark Yield:** 4.100% as at 31 August 2025  
**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

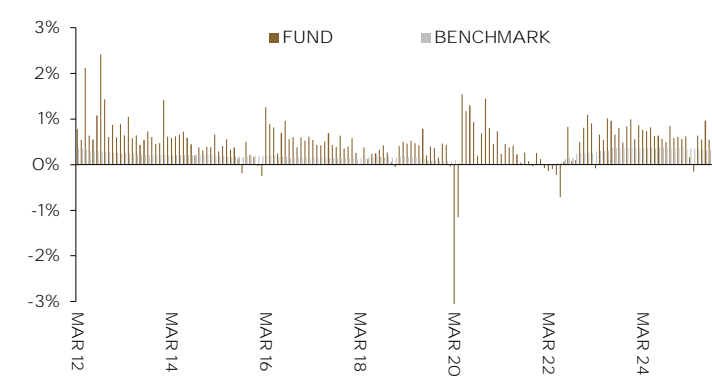
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

## TOTAL RETURNS % (AFTER FEES) AS AT 31 August 2025

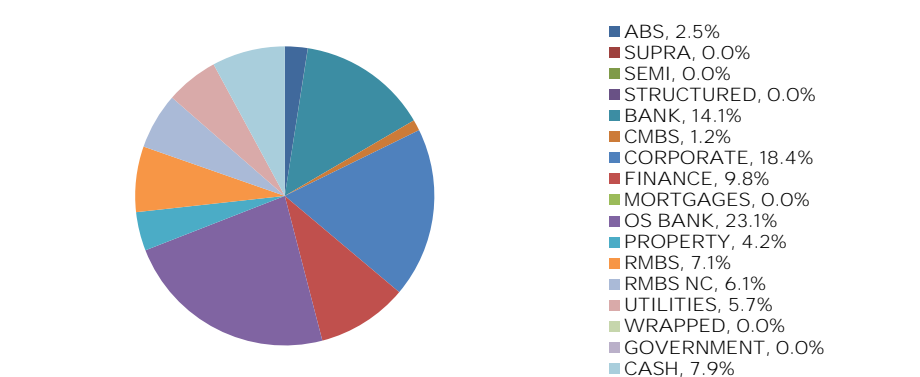
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.55	2.08	2.74	6.60	7.80	7.69	5.88	4.90	5.86
RBA Cash Rate	0.31	0.96	2.00	4.22	4.31	4.02	2.50	2.06	2.16

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

## MONTHLY PERFORMANCE SINCE INCEPTION



## PORTFOLIO SECTORS



## PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	30.50%
Subordinated Debt	52.95%
Hybrid Debt	16.54%
% Geared	0.00%
Running Yield <sup>#</sup>	6.14%
Portfolio Weighted Average Life	3.17 yrs
No. Securities	168
Long	92.11%
Short	0.00%
Net	92.11%

## 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

Stronger than anticipated corporate earnings and continued monetary policy easing buoyed global financial markets through August. This was in spite of softening macroeconomic data – notably US labour print.

The Reserve Bank of Australia (RBA) cut rates for the third time this year, signalling cautious optimism amid lowered GDP forecasts and steady inflation despite some component specific pricing spikes. Globally, yield curves steepened, influenced by softer than expected US labour data, dovish commentary from Fed chair Powell at the Jackson Hole symposium. US 2-year bond yields fell 33bps as market participants anticipated further interest rate cuts with a further 25bps at the mid-September FOMC meeting fully priced in by month end. The Bank of England elected to cut rates in spite of rising inflation.

Domestic credit spreads narrowed over the month, benefitting from a confluence of factors including corporate earnings results, monetary policy tailwinds alongside US jobs and CPI data. August’s corporate earnings season results were resilient with soft revenue growth offset by improved margin discipline. Financial and corporate spreads contracted led by infrastructure and utilities. Semi government spreads EUR denominated and kangaroo issues from French banks saw some elevated volatility reflecting political concerns as the prime Minister called for a confidence vote after failing to secure supports for a range of budget cuts.

Primary market issuance volumes were elevated in August, keeping year to date aggregate volumes well above trend. Demand was healthy affording issuers the opportunity to test unorthodox deal structures including ANZ Banking Group’s (\$1.5B) fixed rate tier 2 subordinated deal which included a 20-year bullet. Kangaroo issuance was elevated with PSP Capital (\$1.5B), Credit Agricole (\$1.5B), Vonovia (\$850M), New York Life (\$650M) and HSBC Holdings (\$1.75B) coming to market during August. The volume of issuance and strength of demand reflects the maturity of the local market as well as supportive technicals. In the domestic space, CBA’s landmark \$5B senior unsecured transaction built a record order book across 3 and 5-year tranches.

PORTFOLIO COMMENTARY

Credit spread dynamics were mixed for performance. The Fund’s allocation to domestic and offshore banks performed well as spreads contracted. The Fund’s domestic and offshore bank exposures are predominantly focused on tier 2 subordinated debt which performed well in August, reflecting softer subordinated major bank issuance over recent months and steadily climbing investor demand.

Despite defensive positioning, the Fund continues to collect a healthy yield premium above benchmark. Income turn remains led by allocation to non-financial corporate loans alongside contributions from securitised assets and domestic banks. At month end, the Fund’s running yield was 6.1% with the average spread measured at 2.3%.

Sector and risk allocations were actively adjusted over the month. The Fund increased its allocation to domestic major banks, adding subordinated paper in secondary. The Fund took part in the 15-year tranche of ANZ Banking group’s \$1.5B tier 2 subordinated deal. Cash allocation is marginally elevated while allocation to private loans has been selectively reduced. We see attractive relative value in securitised sectors, increasing allocation to RMBS and pre-securitisation warehouses.

Our proprietary credit score worsened during August to end the month with a marginally negative reading. Accordingly, the Fund has shortened its spread duration after having lengthened in April and May, taking advantage of relative value opportunities in the wake of liberation data volatility. The Fund remains defensively positioned while retaining the capacity to add risk where it is best rewarded and take advantage of relative opportunities in primary and secondary markets.

OUTLOOK

The credit outlook worsened during August, ending the month with a marginally negative reading.

Valuation indicators are negative, reflecting elevated primary market activity attributable to opportunistic issuers including offshore corporates. While US and domestic spreads are finely balanced, swap to bond spreads remain in negative territory, weighing on the outlook.

The macroeconomic outlook improved over the month while remaining marginally negative. Improved results from the Senior Loan Officer survey were the catalyst, exhibiting marginally looser lending standards for large firms. The soft global growth outlook continues to weigh on the outlook.

Supply and demand indicators are mixed, detracting from the outlook. A lower volume of upcoming maturities alongside elevated recent and anticipated issuance volumes weigh on near term expectations for credit spreads. Market demand has thus far remained strong, observed in record order books built for domestic and kangaroo transactions during the month.

Technical indicators remain strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances also remain elevated among real money accounts and intermediary positioning shows capacity, supporting the outlook.

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MORE INFORMATION

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