Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

September 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 30 September 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

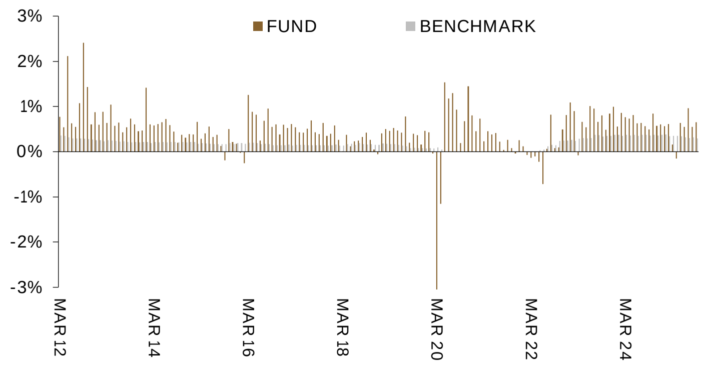
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 30 September 2025

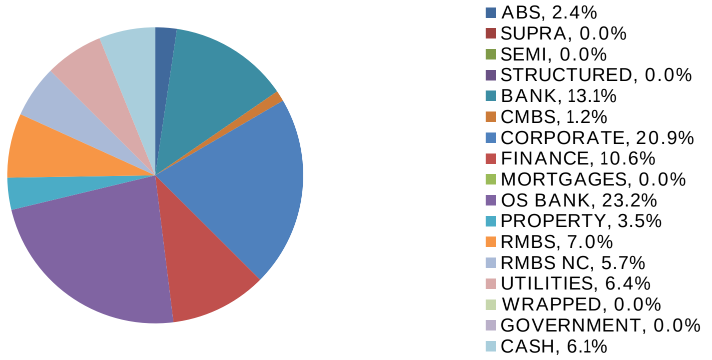
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.65	2.18	3.24	6.77	7.72	7.89	5.97	4.93	5.87
RBA Cash Rate	0.30	0.94	1.95	4.16	4.29	4.05	2.56	2.09	2.17

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	30.91%
Subordinated Debt	51.92%
Hybrid Debt	17.17%
% Geared	0.00%
Running Yield#	6.31%
Portfolio Weighted Average Life	3.22 yrs
No. Securities	171
Long	93.85%
Short	0.00%
Net	93.85%

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

Risk assets including credit and equities strengthened globally over the month, supported by the US Federal reserve's first rate cut since 2024. Resilient US economic print was contrasted with sticky inflation – most notably in the UK and Australia.

The RBA remained on hold in September, reflecting the uncertain economic outlook and intransigent inflation. Bond yields rose and the curve flattened with 2-year yields selling off, reflecting changing market expectations around near-term rate cuts in the wake of a stronger-than-expected monthly CPI indicator. Earlier in the month, domestic yields rallied in line with US yields on anticipation of Fed easing. Bond markets remain sensitive to growth and inflation expectations and yield volatility reflects the uncertain path of monetary policy both in Australia and the US.

Credit spreads narrowed over the month, continuing to grind toward historic lows despite trading in a relatively tight range. The persistent strength in credit markets since April reflects healthy technical support, continued investor demand for yield and increasing debt serviceability as rates decline. Spread contraction was broad based with banks, non-bank financials, non-financial corporates and utilities all narrowing. Government adjacent sector trailed with supra-nationals and semi-government spreads contracting only marginally.

Primary market issuance was orderly and continued to meet robust demand. Primary market issuance was led by domestic banks and kangaroo issuers. Foreign banks were active with Royal Bank of Canada ($1.5B), Toronto Dominion ($650) and Kiwibank ($550B) pricing senior bonds while UBS group ($1.25B) issued an additional tier 1 hybrid. The UBS deal was notable given both the rarity of kangaroo bank hybrids and the changing regulatory environment for local banks with APRA ending the domestic bank AT1 markets over the coming years. Among non-financial corporates, Caterpillar Financial ($400M), AGI Finance ($400M), AGL Energy ($500M), Lonsdale Finance – Port of Melbourne ($400M) and Air New Zealand ($300M) all came to market.

PORTFOLIO COMMENTARY

Credit spread dynamics were constructive for performance over the month as spreads continued to grind tighter. The Fund's allocation to offshore banks performed well as strong demand for new issuance saw spreads in the sector contract. Securitised and non-financial corporate exposures were also marginally positive. While credit spreads are near the bottom of their fair value range, credit fundamentals are supported by recent rate cuts and running yields on offer remain attractive.

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 6.3% with the average spread measured at 2.3%.

The Manager was selective in adding new issues despite elevated primary market volumes as many deals priced at fair value or with only minor new issue concessions. The fund deployed a portion of its cash allocation, taking part in 7-and-10 year tranches of a new senior deal from AGL energy. The Fund took part in the new hybrid deal from UBS. While the corporate hybrid market has been active, this was the first additional tier 1 deal to price in Australia since APRA's announcement of the phasing out of bank hybrids in late 2024. The Fund also added a new loan from ATI Global. ATI is a technology firm with a market leading position in legal software. The Firm is familiar to the manager, with the Fund having previously invested in syndicated loans from the parent and the Legal Software subsidiary.

The outlook improved marginally over the month but remains finely balanced. The Fund's credit exposure are well diversified by sector and across the credit risk spectrum. A relatively short spread duration (2.9 years) contributes to the defensive posture. 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 returned to a neutral reading, improving towards the end of September.

Valuation indicators improved over the month while remaining marginally negative. Primary market issuance volumes remain strong, led by offshore borrowers however recent opportunistic issuance among domestic issuers has normalised. While US and domestic spreads are finely balanced, swap to bond spreads remain in negative territory, weighing on the outlook.

The macroeconomic outlook remains marginally negative. Soft global growth expectations continue to weigh slightly 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, with continued elevated volumes meeting demand and pricing near fair value.

Technical indicators remain strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts normalised while intermediary positioning continues to exhibit capacity, supporting the outlook.

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

MORE INFORMATION

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