Perpetual Investment Funds

PERPETUAL ESG CREDIT INCOME FUND - CLASS A

October 2025

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:	$66.0 million as at 30 September 2025
APIR:	PER1744AU
Mgmt Fee:	0.59% pa*
Benchmark Yield:	3.584% as at 31 October 2025

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 31 October 2025

	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	0.57	1.67	4.69	6.95	8.23	7.96	5.28	4.41	4.27
Bloomberg AusBond Bank Bill Index	0.30	0.91	1.89	4.11	4.28	4.07	2.58	2.01	2.14

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

- Unemployment data elevated; AU inflation surprises to the upside;
- Further rate cut expectations soften;
- Domestic credit spreads rangebound;
- Primary issuance volumes remain strong, demand healthy;
- The credit outlook is neutral.

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.

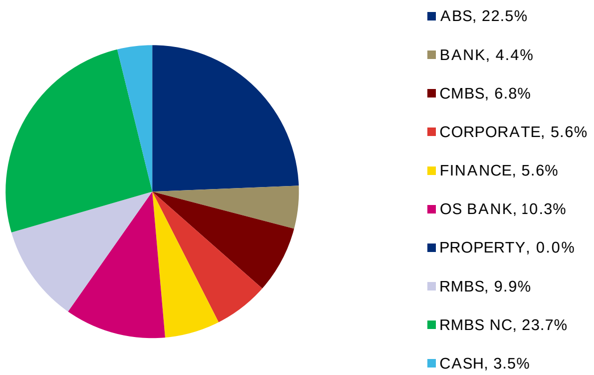
PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	25.54%
Subordinated Debt	65.33%
Hybrid Debt	9.13%
Running Yield#	4.86%
Portfolio Weighted Average Life (yrs)	3.98 yrs
No. Securities	99
Modified Duration	0.78

* 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

During October, risk assets including equities and credit strengthened while bond markets saw elevated volatility as markets responded to central bank commentary, the US government shutdown, increasing inflation pressure and softening domestic employment data. Geopolitical tensions were heightened in early October before US-China trade negotiations eased concerns towards the end of the month. Moderating US inflation data also suggested that the impact of tariffs was more modest that initially feared.

Domestic bond yields saw elevated volatility during October as markets parsed higher than expected unemployment and underlying inflation for the September quarter. The September quarter employment data defied consensus with unemployment rising to 4.5% from 4.3% reflecting increasing participation rates. Bond yields and equities rallied initially, anticipating a higher likelihood of further near-term rate cuts before a soft third quarter CPI data dampened the outlook. Released later in the month, trimmed mean annual inflation rose 1% in the September quarter, and was 3.0% annually, up from 2.7% in the prior quarter. By month end, futures markets had priced in one final rate cut in mid-2026.

Domestic credit spreads traded in a tight range throughout October with credit spreads very marginally tighter by month end. Swap to bond spreads normalised somewhat during October, while remining marginally in negative territory. Offshore spreads saw modest expansion with USD investment grade and high yield spreads widening following a pair of US corporate bankruptcies early in the month.

Primary market issuance volumes remained elevated throughout October. Demand remained healthy, although increasingly name and structure specific. National Australia Bank raised $3B across fixed and floating tranches including a 10-year fixed rate tranche that was met with strong demand. Ampol returned to market to price a $500M hybrid issue and Lendlease issued a $450M hybrid, both deals were substantially oversubscribed and performed well in secondary. Elsewhere, Patrick Terminals Finance raised $600m across 7 and 10-year tranches while Weir group priced $400M of fixed rate senior bonds in their inaugural issue. Securitised sectors saw elevated issuance volumes across RMBS, corporate and auto ABS.

PORTFOLIO COMMENTARY

Credit spread dynamics were the key contributing factor to outperformance over the month. While spreads traded in a tight range, the Fund's selective allocation to subordinated and hybrid securities performed well as subordinated spreads converged on the senior curve. Allocation to domestic regional and offshore banks performed well, alongside USD denominated subordinated bonds from Macquarie and National Australia Bank (the Fund's only major bank exposure). Non-financial corporate exposures also contributed while spread widening among securitised sectors detracted marginal ly as markets digested elevated issuance volumes.

Duration and curve positioning was material contributor to performance over the month. The Fund started the month with approximately half a year of interest rate duration which contributed to performance as underwhelming employment data firmed expectations for further near-term rate cuts. The Manager elected to shorten the portfolio's duration to -0.6 years in anticipation of the September CPI release. The positioning performed very well as yields rose following the higher-than-expected print. By month end, the Manager had exited the short position, with the Fund ending October with 0.8 years of duration.

Income return was strong contributor to relative performance over the period despite the Fund's conservative positioning. The Fund yield advantage above benchmark is attributable primarily to RMBS and offshore bank allocations. The Portfolio's running yield was 4.8% at month end, with the spread (credit yield premium) measured at 1.4%.

The Manager elected to deploy a portion of the Fund's cash position during October taking advantage of a busy month of securitisation activity to add to RMBS, CMBS and ABS exposures. The Manager also elected to take profits on a number of regional and offshore bank subordinated bonds.

The outlook for credit is finely balanced and the Manager continues to carefully manage credit and liquidity risks. The Fund retains a material cash allocation providing ample dry powder to take advantage of relative value opportunities and attractively priced issues as the outlook improves.

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 remained neutral throughout October.

Valuation indicators improved over the month, as swap to bond spreads moderated and domestic and offshore spreads converged. Domestic Investment grade, US investment grade and high yields spreads are finely balanced.

The macroeconomic outlook is very marginally negative, reflecting the soft expectations for global growth.

Supply and demand indicators declined over the month ending the month with a negative reading. 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 healthy supported by elevated interest from offshore investors.

Technical indicators declined marginally while remaining positive. While US credit and equity indicators remain supportive, the equity volatility indicator neutralised. Intermediary positioning shows capacity, supporting the outlook.

MORE INFORMATION
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