

Private credit: Eight questions you should ask your investment manager

By Perpetual Asset Management

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It's important to find the right portfolio manager when considering private credit. Here's a list of question you should ask, according to Perpetual Asset Management's Michael Murphy

- Find out about [Perpetual Pure Credit Alpha Fund](#), [Perpetual Diversified Private Debt Fund](#) and [Perpetual Credit Income Trust \(ASX:PCI\)](#).

1. *Asset mix and concentration:*

Who do you lend to, and how diversified is your fund?

Good funds have broad exposure anchored in quality corporates and asset-backed loans, with limits on property exposure.

2. *Valuations:*

How often are loans re-valued, and who does the valuation?

Good funds revalue at least quarterly, using independent or market-based inputs, and recognise impairments promptly.

3. *Liquidity settings:*

How do redemption terms line up with loan maturities? Are spreads adjusted in stress?

Good funds set clear policies and have shown they can manage through volatile markets without gating.

4. *Fees and alignment*

What fees are charged – and who keeps borrower-paid fees?

Good funds disclose all fees clearly and keep the structure simple. Borrower-paid fees are passed through to investors, not retained by the manager.



Michael Murphy, Perpetual Asset Management portfolio manager and senior high-yield analyst

5. *Conflicts of interest*

How are loans allocated across funds, and is there any related-party lending?

Good funds have independent oversight and documented rules.

6. *Credit quality labels*

Do you use external ratings or internal models?

Good funds do not self-award “investment grade” ratings. Any unrated exposures are disclosed clearly.

7. *Leverage*

Is fund-level borrowing used to boost returns?

Good funds avoid leverage.

8. *Stress history*

How did the fund perform through prior market downturns?

Good funds can show evidence of how they managed redemptions and recognised any impairments through times of stress.

About Michael Murphy and Perpetual's Credit and Fixed Income team

Michael is a portfolio manager and senior high-yield analyst with Perpetual Asset Management's credit and fixed income team.

Michael manages Perpetual Loan Fund – a portfolio of private and syndicated loans that forms a crucial component of the ASX-listed [Perpetual Credit Income Trust \(ASX: PCI\)](#) and [Perpetual Pure Credit Alpha Fund](#).

Perpetual offers a range of cash, credit and fixed-income solutions.

Our credit and fixed income team are specialists in investing in quality debt.

They take a highly active approach to buying and selling credit and fixed income securities and invest extensively across industries, maturities and the capital structure.

Learn more about [Perpetual's Credit and Fixed Income capabilities](#)

Questions? [Contact a Perpetual account manager](#)



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