

Greg Stock: How to manage your private credit allocation right now

By Perpetual Asset Management

20 March 2026



Private credit done well remains an important part of a well-constructed portfolio – despite the offshore noise. GREG STOCK explains.

- Offshore private credit concerns
- Australia remains well managed
- Find out about [Perpetual Pure Credit Alpha Fund](#) and [Perpetual Credit Income Trust \(ASX:PCI\)](#).

FIXED income is supposed to be the part of a portfolio that lets you sleep at night.

Right now, all the headlines are making that difficult.

From problems at one US manager to the collapse of a UK lender, the news is making private credit sound like a sector in crisis.

But if credit is one part of a broader portfolio – as it should be for diversified investors – Australians should largely tune out the global noise, says Perpetual’s head of credit research and portfolio manager, Greg Stock.

“Many people in recent years have been a bit more focused on the returns from credit instead of the risks,” says Stock.

“But we need to remember that this is designed to be the capital stable part of your portfolio.

“The original reasons for being in credit are still valid. And in fact, the outlook from here is better than it has been for a while.”

Trouble in private credit

Private credit is normally one part of a portfolio’s fixed income allocation, sitting alongside government and corporate bonds and other debt securities.

Typically, it is at the higher-returning but higher-risk end and is used to generate more income.

“Some of these higher returning strategies are on the riskier part,” Stock says.

“That means you can get impairments, and you can have various degrees of that.”

Difficulties at overseas private credit funds are real – but they involve a small number of offshore funds, each with identifiable problems.

Despite the offshore concerns, Australia’s credit market remains well managed and well structured, with strong creditor protections and a responsible lending framework, says Stock.

“There are more risky parts of your portfolio to worry about,” he says.

Managers matter

Stock says the key to successful fixed income investing is ensuring you pick a manager with a long track record of successful stewardship and on-the-ground knowledge of where it is

investing.

“There’s nothing like being on the ground and knowing these markets, knowing these borrowers, knowing what drives the underlying funding,” he says.

“At Perpetual, our unconstrained credit strategies have some investment grade, and some non-investment grade, in corporate loans, securitisation and the like. And we actively manage it – we vary allocations over time and have limits on different sectors.”

He says there was a period around the GFC where some funds achieved very high relative returns to industry peers through highly concentrated sub-sector and issuer positions – but then failed to properly manage risk as the cycle turned.

“A year or two later, they’re no longer there,” he says.

Perpetual has invested in Australian credit for more than 21 years. The [Pure Credit Alpha strategy](#) is in its 14th year.

Stock says this active management makes a real difference to asset quality.

“We’ve grown as the markets evolve. We’ve managed through different cycles. We’re very conscious about risk management in our portfolios and measuring liquidity risks.”

“These underlying assets have low capital volatility,” Stock says.

“But you need an active manager to do it, an experienced active manager. We’ve been around for a long time now.”

Barbell strategy

Stock says one part of protecting investors is to design a fund so that its liquidity terms match the assets it holds. That means not promising investors quarterly redemptions if the underlying assets are multi-year loans that cannot be recouped quickly.

Stock’s [Perpetual Pure Credit Alpha \(PCA\)](#) and [Credit Income Trust \(ASX:PCI\)](#) strategies use a barbell approach – balancing exposure to less liquid private credit by also holding investment grade bonds that can be sold quickly if needed.

“Our products are built to last through cycles,” he says.

Positive outlook

Despite ongoing concerns, the outlook for fixed income is now as strong as ever, says Stock.

“There are challenges – GDP growth is going to be more muted; inflation is elevated for longer.

“But by and large the underlying investment opportunities are strong – and the investment thesis remains.

“There’s a lot of focus on headline risk – but interest rates are staying elevated, as is evidenced by the second consecutive rise at the March 17 RBA meeting, and possibly going higher (the [RBA Rate Indicator](#) suggests a 67 per cent expectation for another increase in May), and volatility means what was a marginally expensive market is now possibly turning into a cheap market.

“That outlook will give investors with a medium-term horizon great risk adjusted returns – real returns over inflation.

“In a world dominated by labour and commodity inflation, this is what investors would like.

“I think it’s time for patience and calm.”

About Greg Stock and Perpetual Credit Income Trust (ASX:PCI)

Greg Stock is a Senior Portfolio Manager and Head of Credit Research with Perpetual’s Credit and Fixed Income team.

Greg has more than 30 years of investing experience, including over 20 at Perpetual. He has researched and analysed credit markets on the buy side and sell side for more than a decade, through multiple cycles.

Greg is portfolio manager for several of Perpetual's credit and fixed income funds, including Perpetual Credit Income Trust (ASX:PCI).

Want to know more? [Contact a Perpetual account manager](#)

This article has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. PIML is the responsible entity (RE) and issuer of the Perpetual Pure Credit Alpha Fund ARSN 121 609 747 (PCA). Perpetual Trust Services Limited ABN 48 000 142 049, AFSL 236648 (PTSL) is the RE and issuer of the Perpetual Credit Income Trust ARSN 626 053 496 (PCI). PTSL has appointed PIML to act as the manager of PCI.

This article is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider whether the information is suitable for your circumstances and we recommend that you seek professional advice. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. All investing involves risk including the possible loss of principal.

This article may contain forward looking statements or projections. Any such statements are based on current expectations and assumptions about future events. They may be based on incorrect assumptions or may not take into account known or unknown risks and uncertainties. Actual results may differ materially from these projections. Forward looking statements are not representations about future performance and should not be relied upon as such.

The article may contain information contributed or prepared by third parties. Any information contributed or prepared by third parties is believed to be accurate as at the time of compilation and is being provided in good faith without verification. PIML does not warrant the accuracy or completeness of any information provided by a third party. Any views expressed in this article are opinions of the author at the time of writing and do not constitute a recommendation to act.

The product disclosure statement (PDS) for PCA, issued by PIML, should be considered before deciding whether to acquire or hold units in PCA. The PDS and Target Market Determination for PCA can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.

Before making any investment decisions you should consider the PDS for PCI issued by PTSL and PCI's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.perpetualincome.com.au or can be obtained by calling 1800 022 033.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. 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.

All investing involves risk including the possible loss of principal.