Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

February 2026

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: $717.2 million as at 31 December 2025
Mgmt Fee: 0.85% pa*
Benchmark Yield: 4.100% as at 28 February 2026
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

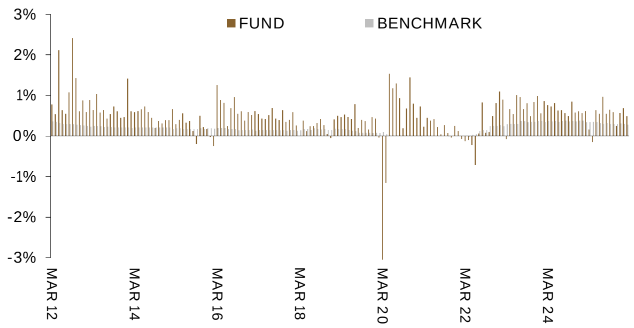
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 28 February 2026

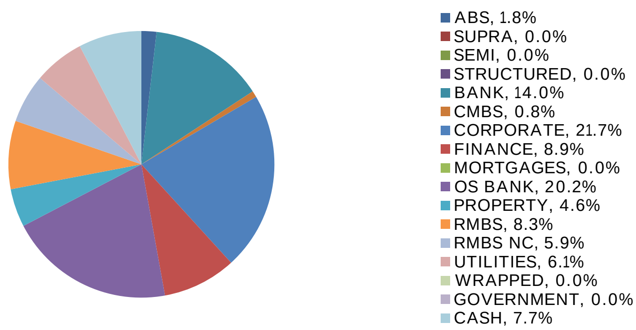
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.48	1.75	3.27	6.10	7.10	7.60	5.65	5.14	5.89
RBA Cash Rate	0.29	0.91	1.82	3.86	4.15	4.15	2.86	2.22	2.22

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	39.30%
Subordinated Debt	44.75%
Hybrid Debt	15.95%
% Geared	0.00%
Running Yield#	6.31%
Portfolio Weighted Average Life	3.25 yrs
No. Securities	182
Long	92.34%
Short	0.00%
Net	92.34%

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

Credit spreads softened and equities saw elevated volatility as markets priced rising geopolitical tensions, concerns around private credit markets, US trade policy uncertainty and the impact of agentic AI disruption. Escalating tensions in the Middle East in the second half of the month saw oil prices rise sharply contributing to inflationary pressure.

Domestic bond yields rallied in February reflecting the broader risk-off sentiment, improving labour market data and in spite of persistently elevated headline inflation. The RBA raised the cash rate by 25bps to 3.85% in February, citing stronger-than-expected private demand and mounting capacity pressures as inflation accelerated into the second half of 2025. Headline inflation lifted to 3.6% however long-term breakeven inflation levels moved lower implying that the current elevated inflation is viewed as a short-term trend. Labour market conditions remained resilient, with unemployment steady at 4.1% and wages growth tracking expectations. At month end, another 0.25% rate hike was fully priced in for the first half of 2026.

Domestic credit spreads were mixed with spreads widening modestly in aggregate over the month. Domestic regional and major banks widened while offshore banks performed better, supported by robust corporate earnings results. Tier-2 domestic banks spreads underperformed as record volumes of subordinated and additional tier-1 hybrid issuance were ingested while secondary markets were busy with a spike in switching activity. In the US, investment-grade and high-yield spreads widened from their 10-year lows while private credit and liquidity mismatch concerns were highlighted by a prominent US manager halting redemptions for their retail fund.

Primary market issuance remained very strong in February. Subordinated bank issuance was prominent with Westpac ($1.5B), Credit Agricole ($1B), ANZ ($1B), Macquarie ($1.25B) & CBA ($1.85 including a 20-year fixed rate bullet). This was supplemented by a new hybrid deal from UBS ($1B) and senior issuance from Westpac ($5.5B across multiple transactions), Credit Agricole ($1.25B), DBS Bank ($2B) & ING ($2.25B).

PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark remained the key contributing factor to outperformance over the month. The Trust's yield advantage remains predominantly attributable to non-financial corporates – including private loans – and securitised sectors. The Fund's floating rate structure minimises the impact of interest rate volatility while rising base rates supports the income distributable to unitholders as coupons are reset at higher rates. At month end the Fund's running yield was 6.3%.

Credit spread return was another key positive contributor for performance, led by the revaluation upwards of a private loan from Star Entertainment. Perpetual values valuation transparency when dealing in illiquid assets and all private loans held within the trust are externally valued on regular basis ensuring that the unit price accurately reflects the current value of the Portfolio's assets.

Elsewhere, Credit spread performance was marginally positive for relative performance, reflecting prudent issuer and sector selection in a month where spreads softened on aggregate. Allocation to offshore banks and property trusts performed well while non-financial corporate spreads widened marginally.

The Manager remained selective in adding new issues to the Fund with only a small number of deals offering attractive relative value as issuance volumes spiked. An example of a subordinated bond added in primary during the month was the 10NC5 tier 2 bond from IMB bank, the deal was a rare AUD issuance, offered an attractive spread relative to peers and tightened on issue. Similarly, the Fund added a subordinated deal from Macquarie which offered an attractive new issue concession relative to a number of the weaker deals earlier in the month.

Perpetual's proprietary credit outlook score softened over the month before reaching a strong negative score in early March following the commencement of strikes in Iran. The Manager continues to monitor the situation carefully and the Fund remains defensively positioned. The Fund's broad mandate and healthy cash allocation ensures the portfolio has the capacity to add risk where-ever it is best rewarded.

OUTLOOK

The credit outlook improved in early February before declining over the remainder of the month to reach a negative reading by the first week of March.

Valuation indicators remained stable with spread widening across AU investment grade, US Investment Grade and US High Yield only modest thus far. Despite the rising geopolitical tensions towards the end of the month, conditions remain supportive for borrowers and the rise in opportunistic issuers is a near term headwind for spreads.

The macroeconomic backdrop has become increasingly cautious with uncertainty around the impact of the conflict in Iran on oil prices and the growth outlook. At the same time credit fundamentals remain supportive with a positive ratio of upgrades to downgrades among US investment grade issuers.

Supply and demand indicators are marginally negative reflecting elevated recent supply and weakening demand. A number of recent deals have drifted wider in secondary with softening demand for high beta credit in particular reflecting both the broader risk off trend and the very high volume of tier-2 and longer dated senior supply.

Technical indicators declined materially over the month as US credit and Equity volatility indicators moved into negative territory. Meanwhile, intermediaries moved to reduce risk aggressively in late February and early March even as flows into investment grade funds continue to be supportive.

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

MORE INFORMATION

Investor Services 1800 022 033
Email PerpetualUTqueries@cm.mpms.mufg.com
www.perpetual.com.au

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