

# PERPETUAL PURE CREDIT ALPHA FUND CLASS W

May 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:** \$741.7 million as at 31 March 2026  
**Mgmt Fee:** 0.85% pa\*  
**Benchmark Yield:** 4.100% as at 31 May 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

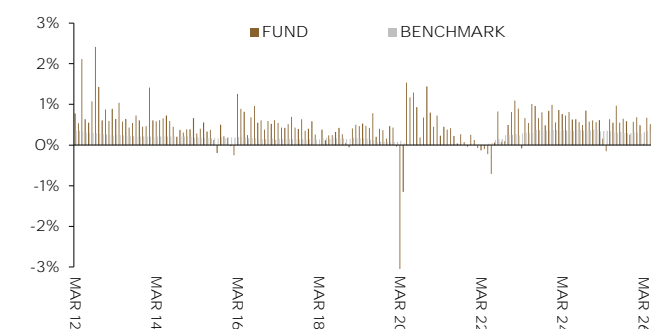
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

## TOTAL RETURNS % (AFTER FEES) AS AT 31 May 2026

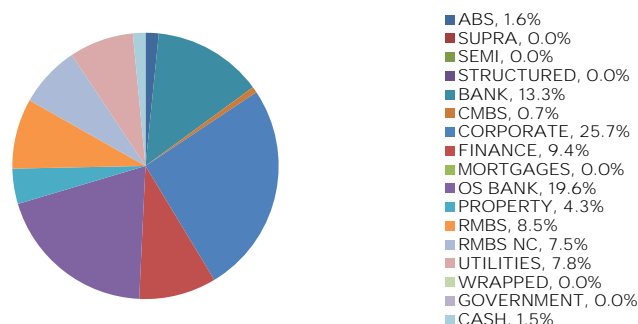
|  | 1 MTH | 3 MTHS | 6 MTHS | 1 YR | 2 YRS PA | 3 YRS PA | 5 YRS PA | 7 YRS PA | INCEPT PA |
|--|-------|--------|--------|------|----------|----------|----------|----------|-----------|
| Perpetual Pure Credit Alpha Fund W Class | 0.52  | 1.22   | 2.99   | 6.70 | 6.52     | 7.64     | 5.69     | 5.10     | 5.87      |
| RBA Cash Rate                            | 0.37  | 1.04   | 1.96   | 3.87 | 4.12     | 4.19     | 3.06     | 2.31     | 2.25      |

Please note: Performance for Perpetual's complete list of investment funds is available on [www.perpetual.com.au](http://www.perpetual.com.au). Past performance is not indicative of future performance.

## MONTHLY PERFORMANCE SINCE INCEPTION



## PORTFOLIO SECTORS



## PORTFOLIO COMPOSITION

|                                 | BREAKDOWN |
|---------------------------------|-----------|
| Senior Debt                     | 39.45%    |
| Subordinated Debt               | 42.21%    |
| Hybrid Debt                     | 18.34%    |
| % Geared                        | 0.00%     |
| Running Yield <sup>#</sup>      | 6.81%     |
| Average Credit Rating           | BBB       |
| Portfolio Weighted Average Life | 3.52 yrs  |
| No. Securities                  | 195       |
| Long                            | 98.48%    |
| Short                           | 0.00%     |
| Net                             | 98.48%    |

## 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

May proved a volatile month for global fixed income and credit markets, shaped by Middle Eastern geopolitics, elevated energy prices, and the question of how long central banks can hold their nerve against inflation. Risk assets including global equities pushed higher while credit spreads traded in a tight range.

The RBA delivered a widely anticipated third consecutive 25 basis point hike at its 5 May meeting, taking the cash rate back to 4.35%. April employment declined by 18,600 jobs — against expectations for modest growth — pushing the unemployment rate up to 4.5%, above the RBA's own year-end forecast of 4.3%. The April monthly CPI indicator then showed headline inflation moderating from 4.6% to 4.2% annually, 0.2 percentage points below consensus, helped by a 7% fall in automotive fuel and a 20% drop in urban transport fares following government intervention. Together, the weaker labour market and softer inflation data saw markets wind back pricing for further near-term tightening. By Month end, rate hike expectations had fallen from two further hikes to less than one. Australian government bond yields fell over the month with the curve steepening as the front end led the rally.

Domestic credit spreads were resilient throughout May with the ITraxx Australia CDS index narrowing slightly while trading in a relatively tight range over the month. Major bank senior and regional covered bonds performed well. Corporate and nonbank financial hybrids and tier 2 subordinated bank debt remain well supported. Primary market demand is increasingly discerning with longer dated issues less liquid and energy price sensitive sectors softening slightly. US spreads performed well with IG and HY spreads tightening reflecting the broader risk on sentiment as markets anticipated a resolution to the US Iran conflict and resumption of transit through the strait of Hormuz.

Primary market activity was elevated in May with a number of deals across senior, tier 2 and additional tier 1 tranches pricing as issuance accelerated following bank earnings releases. ANZ (\$5B senior), Westpac (\$3B Senior) and NAB (\$2.5B Senior and \$1B Tier 2) printed deals following half year results. May saw an increase in kangaroo issuance as narrow spreads and resilient demand for AUD paper attracted offshore banks and non-financial corporates.

## PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark remained the key contributing factor to outperformance over the month. The Fund's yield advantage remains predominantly attributable to non-financial corporate bonds and loans, alongside exposure to securitised sectors, domestic and offshore banks. At month end the portfolio's running yield was 6.8%.

Credit spread dynamics were relatively benign for performance over the month as spreads traded in a relatively tight range. As previously highlighted, the key contributor to credit spread return over the month was the repayment at par of a Loan from Star Entertainment which represents a positive result for unitholders given previous concerns around the issuer. Elsewhere, domestic bank exposures were constructive across senior, subordinated and hybrid tranches.

The Manager took the opportunity to take part in a number of new deals during the month, lengthening the portfolio marginally by deploying a portion of the Fund's cash position. The Fund took part in the new 10-year deal from Qantas which offered an attractive spread for a sector that has faced some challenges with recent oil price volatility. The Fund secured a good allocation in the oversubscribed deal which tightened on issue, contributing to performance. The Fund also took part in a new Additional Tier 1 Hybrid from Barclays and a new RMBS deal from Kingfisher (ANZ).

The Fund invested in a loan from Insignia during May. The first lien senior secured loan is rated Ba2 (BB equivalent) by Moody's reflecting Insignia's strong market position as the Australia's largest for-profit wealth platform and their resilient Funds Under Administration (FUA). CC Capital, a New York-based private investment firm, and One Investment Management, a global alternative investment manager, recently completed the 100% acquisition of Insignia in April 2026. The Manager believes that the loan offers an attractive yield premium for the level of liquidity and credit risk.

Perpetual's proprietary credit outlook score remained in negative territory, declining marginally led by softening valuation and macroeconomic indicators. The Fund maintains a liquid investment grade core portfolio (including cash) which accounted for 72.2% of the portfolio NAV at month end. The Fund's diverse mandate ensures that the Portfolio can capture the liquidity premia offered by private credit while liquid public credit exposures provide portfolio ballast. The liquid core component strengthens the portfolio's liquidity profile and gives the manager optionality to take advantage of relative value opportunities as they arise.

## OUTLOOK

The credit outlook declined marginally led by softening valuation and macroeconomic indicators.

Valuation indicators deteriorated over the month to a negative reading. The key driver was a downgrade of US high yield from neutral to negative, reflecting spread levels that offer insufficient compensation relative to a deteriorating macro backdrop and elevated oil price persistence. Opportunistic issuance remained a headwind, with elevated supply from SSA, kangaroo and domestic issuers continuing to weigh on the outlook.

The macroeconomic outlook remains the most significant headwind to the credit view. Softening global growth and reduced GDP forecasts from the RBA weigh on the outlook. Oil price volatility remains a watchpoint with the indicator remaining negative at month end. The ratio of upgrades to downgrades has softened to a neutral reading as tighter financial conditions have seen an uptick in downgrade activity, notably among high yield names.

Supply and demand indicators remain negative. Elevated issuance supply – both recent and upcoming – remains a key headwind. Market demand has proven resilient thus far although increasingly discerning.

Technical indicators remain marginally positive. Cash balances among real money accounts have normalised. US credit, equity and equity volatility indicators are all positively contributing to the outlook.

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Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for entry or exit fees or taxation (except in the case of superannuation funds, as applicable).

Past performance is not indicative of future performance.

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

## MORE INFORMATION

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