Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

November 2025

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: $684.8 million as at 30 September 2025
Mgmt Fee: 0.85% pa*
Benchmark Yield: 4.100% as at 30 November 2025
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

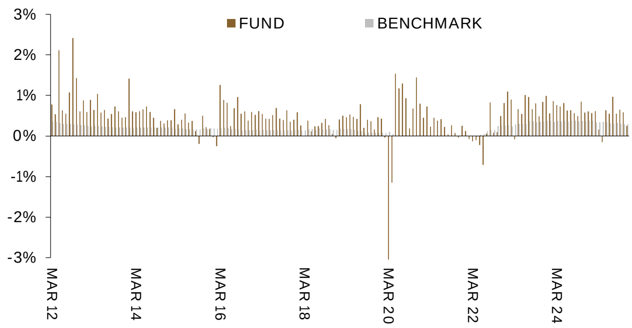
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 30 November 2025

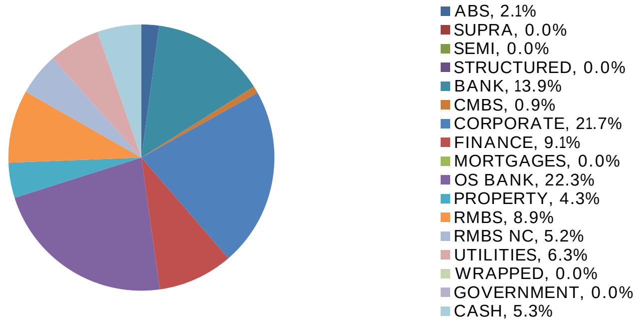
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.25	1.50	3.61	6.15	7.46	7.98	5.71	5.01	5.87
RBA Cash Rate	0.30	0.90	1.87	4.03	4.24	4.11	2.68	2.14	2.19

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	36.96%
Subordinated Debt	47.52%
Hybrid Debt	15.53%
% Geared	0.00%
Running Yield#	6.11%
Portfolio Weighted Average Life	3.42 yrs
No. Securities	178
Long	94.65%
Short	0.00%
Net	94.65%

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

The extended rally in risk assets slowed during November as markets parsed higher than expected inflation and jobs data. While domestic credit spreads were resilient, bond yields moved higher and equity markets stumbled before recovering by month end.

November was marked by a significant shift in bond market sentiment, both in Australia and globally as stubbornly high inflation forced investors to abandon expectations of near-term rate cuts. In Australia, the release of the first full monthly CPI report showed higher than expected inflation (3.8% y/y). This, combined with robust October employment data (42,000 new full-time jobs and a drop in unemployment to 4.3%), led markets to push back the timeline for any rate cuts and even consider the possibility of a rate hike in late 2026. As a result, Australian government bonds sold off: three-year yields rose above 3.85%, and ten-year yields climbed to 4.5%.

Credit markets demonstrated resilience despite volatility in equities and shifting rate expectations. While there was some risk aversion early in the month – triggered by concerns over AI capital expenditure returns and mixed signals from the US Federal Reserve – credit spreads remained relatively stable, trading a tight range. During November, APRA announced a new measure, effective from February 2026, limiting new mortgage lending with a debt-to-income ratio of six times or more to 20% of ADI's new lending. This pre-emptive action was taken in response to early signs of increasing riskier lending amid falling interest rates and rising housing prices and credit growth.

Credit issuance in November was strong, especially early in the month, with major banks returning to the market after blackout periods. Notable deals included Westpac's $1B 20-year bullet tier-two tranche and Transgrid's A$800 million hybrid issue. Securitisation remained robust, highlighted by Firstmac's record A$2.5 billion nonbank RMBS deal which attempted to capitalise on recent interest from Asian investors, including a Yen denominated tranche. Activity slowed at month-end, particularly in securitisation, as the Australian Securitisation Forum's conference took place, with a hybrid issue from BNP Paribas alongside Norfina ($1.5B) and RBC ($950M).

PORTFOLIO COMMENTARY

Credit spread dynamics detracted marginally from performance over the month. While spreads traded in a relatively tight range, allocation to subordinated domestic and offshore bank paper detracted from performance as subordinated spreads widened marginally.

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 corporates – including private loans – and securitised sectors. The diverse mandate ensures that the fund can capture the liquidity premia offered by private credit while maintaining exposure to liquid public credit provides portfolio ballast. At month end, the Fund's running yield was 6.1% with the average spread measured at 2.2%.

Sector and risk allocations were broadly maintained and the Fund was selective in adding new issues to the portfolio during November. The Manager elected to take part in the new subordinated deal from NAB which priced cheaper than comparable major bank subordinated paper and is expected to benefit from the tailwind of easing new issue supply through the Christmas period. The Fund also took part in the new hybrid issue from New South Wales Electricity Networks (Transgrid) and a senior fixed rate bond issued by Bank Australia. The Manager also took the opportunity to increase allocation to domestic subordinated bank bonds while trimming exposure to offshore bank subordinated and hybrid positions.

The outlook for credit has declined, ending the month with a negative reading. The Fund remains defensively positioned while retaining the capacity to add risk where it is best rewarded and take advantage of relative opportunities in primary and secondary markets.

OUTLOOK

The credit outlook declined in early November, ending the month with a solidly negative reading despite improving conditions during the final week of the month.

Valuation indicators remain balanced throughout November with all indicators – US investment grade and high yield, Australia investment grade, swap to bond spreads, basis swaps, domestic vs offshore spreads and opportunistic issuer activity – in neutral territory.

The macroeconomic outlook remains very marginally negative. While recent indicators – including US PMIs – show a slight improvement, the broader macro environment remains challenging.

Supply and demand indicators continued to weigh on the outlook. Upcoming primary market supply volumes and maturity schedule have declined as the year end approaches. Market demand has cooled with increasing caution and easing secondary market performance. Demand for securitisations has been slightly softer in recent weeks.

Technical indicators declined to neutral early in November with cash level among real money accounts relatively low as recent elevated primary market issuance has absorbed liquidity.

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

MORE INFORMATION

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