Perpetual Private

Fund Profile - 31 December 2025

Perpetual Income Opportunities Fund

Fund facts

APIR code	PER0436AU
Inception date[1]	March 2008
Benchmark	Bloomberg Ausbond Bank Bill Index +2% p.a.^
Size of Fund	$235 million
Distribution frequency	Quarterly
Liquidity	Monthly withdrawals subject to restrictions, refer to PDS
Management fee*	0.50% as June 2025
Buy/Sell spread	0.00% / 0.00% as at September 2025
Risk Level[2]	5 – Medium to High

*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

Investment objective

To provide long-term capital growth through investment in a diversified portfolio of corporate strategies, asset backed strategies and other investments consistent with the fund's investment approach. To outperform the Bloomberg Ausbond Bank Bill Index over rolling three-year periods by 2% per annum.

Strategy

Build a diversified portfolio that includes specialist credit and absolute return investments. Subject our investment opportunities to detailed research, screening them for expected return, risk, downside protection properties and portfolio fit. Select the highest ranked investment managers that have passed our Quality Filters.

Market opportunity

Both Australian and global banks are currently under pressure to reduce their loan books. This is driving the opportunity for the Perpetual Income Opportunities Fund to invest in strategies that conduct institutional grade direct lending to high quality companies and real estate assets that require capital.

A common trait of the lending opportunity is that lending is senior in the capital structure and secured against assets. We have identified and built material investments in three key credit sectors, specifically infrastructure debt, senior bank loans and commercial mortgages.

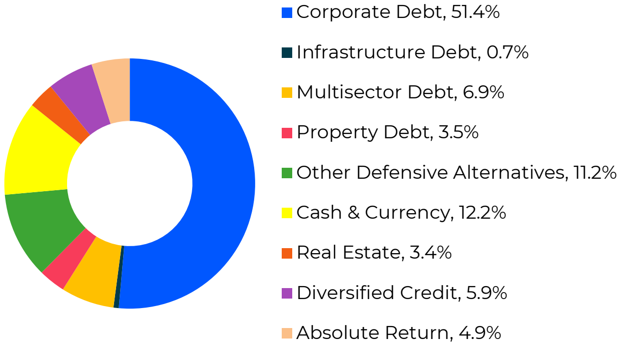
Net performance

As at December 2025

Returns[3]	1M	3M	1YR	3YR	5YR	S/I*
Total return	0.2%	1.1%	4.3%	5.5%	5.0%	4.5%
Growth return	-0.9%	0.0%	-0.8%	0.0%	-0.2%	-0.1%
Distribution return	1.1%	1.1%	5.1%	5.5%	5.2%	4.5%
Benchmark	0.5%	1.4%	6.0%	6.0%	4.3%	4.0%
Excess Return	-0.2%	-0.3%	-1.7%	-0.6%	0.8%	0.5%

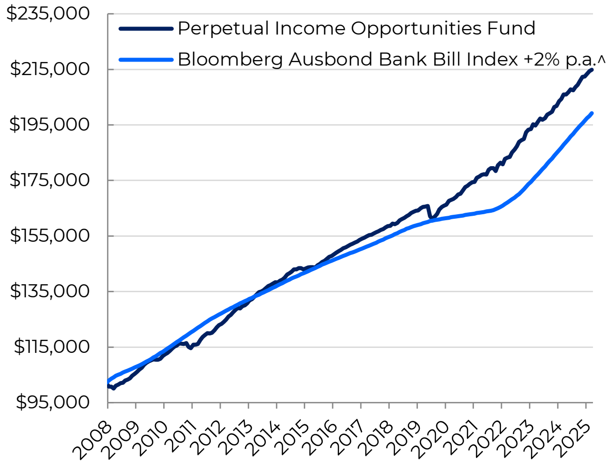
Source: State Street. Past performance is not indicative of future performance. *Since Inception.

Portfolio exposure by manager
As at December 2025



Source(s): State Street, PPIRT.

Growth of $100,000 since inception (net of fees)[3]



Source: State Street.

Holding information
As at December 2025

Top 10 Exposures[4]	Asset Class	Weight
CVC Global Yield	Corporate Debt	21.4%
Clearmatch Insurance Premium Funding	Other Defensive Alternatives	7.7%
Perpetual Credit Income Fund	Multisector Debt	6.9%
Kapstream Private Investment Fund	Diversified Credit	5.9%
LCP Insurance Linked Securities Fund - AUD Class	Absolute Return	4.9%
Invesco Credit Partners Fund II	Corporate Debt	4.1%
Pemberton European Strategic Credit Opportunities Fund II	Corporate Debt	3.7%
Nuveen Asia Pacific Cities Fund	Real Estate	3.4%
Golub Business Development Company 4 (GBDC 4)	Corporate Debt	2.9%
Pemberton European Strategic Credit Opportunities Fund	Corporate Debt	2.8%
Total Top 10 Holdings %		**63.8%**

Source(s): State Street, PPIRT.

Cash Level & Leverage	Weight
Cash(AUD)[5]	6.86%
Leverage ratio[6]	1.23
Maturity profile: As at 31 December 2025 the Fund has no direct gearing liabilities. Liabilities are generally paid within 30 days of the invoice date.	

Investment characteristics
As at December 2025

Sector	Geographic Location		Market Type[7]		
	ONSHORE	OFFSHORE	LISTED	TRADED	PRIVATE
Asset-Backed Strategies	44%	56%	0%	0%	100%
Corporate Strategies	23%	77%	0%	13%	87%
Other Defensive Alternatives	59%	41%	0%	59%	41%
Total	30%	70%	0%	15%	85%
FX Hedge Level	91%				

Source(s): State Street, PPIRT.

Market Commentary

Demand for private credit assets remained robust throughout the December quarter, with flows driving continued spread compression across multiple segments. Limited credit issuance in 2025 has exacerbated supply constraints, while declining base rates have encouraged a number of companies to increase balance sheet leverage without compromising debt serviceability. Broadly Syndicated Loans (BSLs) continue to exhibit similar fundamentals without material changes to spreads, delivering margins of approximately 1-2% above cash.

Deal flow in private corporate credit remains subdued in Q4 2025 in-line with the observed slow-down in M&A activity. We have seen more institutional capital move into alternative segments of private credit such as asset-based finance, bank regulatory risk transfers and NAV lending. While the risk considerations may vary materially across these segments, we are seeing an increased willingness by investors to chase yield while ignoring stretched fundamentals. Indeed, despite the corporate defaults experienced in 2025 such as First Brands and Tricolor, the appetite for these assets have not waned.

Insurance-linked assets continue to enjoy elevated spreads, providing all-in returns of circa 10% p.a. However, pricing of transactions in this space remains heavily bid with more parties relying on leverage to meet their cost of capital. Given the competitive nature of the market, we have seen more asset managers engage in organic growth strategies; increasingly integrating origination capabilities with asset management. Within catastrophe risk, we anticipate maintaining our modest allocation to catastrophe bonds. While spreads have tightened slightly, they remain attractive relative to other income-generating opportunities.

We have adopted a more cautious stance towards specialty finance and regulatory capital. While geopolitical risks in the US are not a primary concern, capital reallocation by institutional investors away from the US has created selective opportunities to acquire assets at better spreads with reduced competition. Credit assets in developed Europe remain heavily bid, while capital remains scarce for assets located in periphery Europe. Notably, there remains a persistently large dispersion in credit terms and quality. We continue to favour our nimble approach to capital allocation and expect the portfolio to benefit from a marginal pick-up in yield.

Portfolio income returns remain compelling, though further spread compression could temper future performance. We maintain a constructive outlook on income alternatives but remain selective, favouring niche or structurally complex segments such as specialty finance. The portfolio retains a defensive bias, balancing income generation with prudent liquidity management to ensure flexibility in the event of credit dislocations.

More information

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1) Fund commenced in March 2008 with performance reporting from 30 June 2008 once the fund had made an investment. The fund was opened to external investors in June 2009. 2) Negative annual returns expected in 3 to less than 4 years over any 20 year period. 3) Total returns have been calculated using exit prices after taking into account Perpetual's ongoing fees and assuming reinvestment of distributions (where applicable). No allowance has been made for contribution fees, withdrawal fees or taxation. 4) Top 10 externally managed exposures. 5) The difference between 'Cash (AUD)' and 'Cash & Currency' (as per the sector asset allocation pie chart) represents offshore currencies held for transactional purposes. 6) The leverage ratio is provided as required by ASIC Regulatory Guide 240. Please note that this is look-through leverage of the Fund based on the leverage of the underlying absolute return managers. The Fund itself will not borrow or apply gearing in the ordinary course of business. 7) Market type data is estimation only, provided by the Perpetual Private research team.

^ The fund's benchmark from inception to 31/05/2023 was the Bloomberg Australian Bank Bill Index + 1% pa. Effective from 01/06/2023, the benchmark has been changed to the Bloomberg Australian Bank Bill Index + 2% pa. Historical performance captures the prior benchmark until the effective date of the new benchmark being implemented.

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