

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

March 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 31 March 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

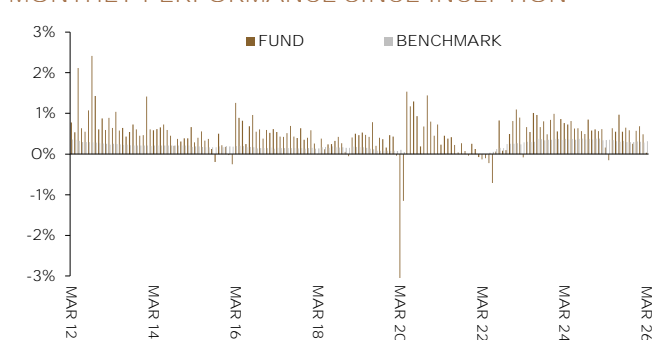
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 31 March 2026

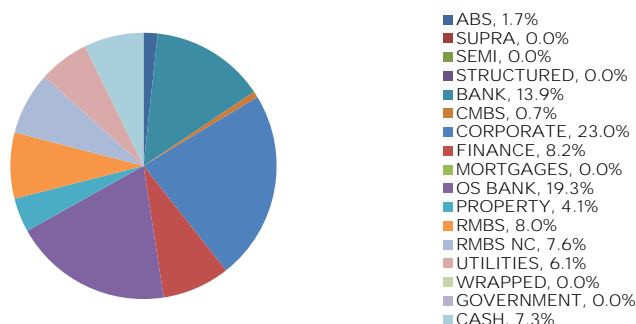
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.03	1.20	2.63	5.96	6.71	7.64	5.61	5.08	5.86
RBA Cash Rate	0.34	0.94	1.86	3.85	4.13	4.16	2.92	2.25	2.23

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	39.83%
Subordinated Debt	44.57%
Hybrid Debt	15.60%
% Geared	0.00%
Running Yield [#]	6.47%
Portfolio Weighted Average Life	2.97 yrs
No. Securities	189
Long	92.75%
Short	0.00%
Net	92.75%

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

March proved a challenging month for Australian fixed income, as geopolitical turmoil in the Middle East dominated sentiment and forced a significant repricing of the rate outlook. The US-Israel conflict with Iran effectively closed the Strait of Hormuz — a chokepoint for roughly 20% of global oil supply — sending oil prices sharply higher and reigniting stagflation concerns. The war created volatility across energy, rates, equities and credit markets as inflation was re-priced, as was central bank paths and recession risks.

Against this backdrop, the RBA delivered a 0.25% rate hike, albeit on a narrow 5–4 vote, reinforcing its view that the economy has been running above potential and that inflation remains uncomfortably elevated. The decision was framed as a response to pre-existing domestic inflationary pressures rather than the oil shock directly, though the two are difficult to disentangle. Australian government bond yields moved sharply higher across the curve. Market pricing for the end-2026 cash rate peaked near 4.8% — around 2.5 additional hikes — up sharply from February's close. With Q1 CPI due ahead of the May RBA meeting — where markets are currently pricing a 60% probability of another hike to 4.35% — volatility looks set to persist into April.

Domestic credit spreads widened materially over the month reflecting uncertain economic and geopolitical conditions alongside rising concerns around the private credit sector. Higher beta sectors including subordinated major banks widened more sharply.

Primary market issuance paused briefly following the commencement of strikes in Iran before resuming albeit at a lower volume than previous months. Securitisation activity dominated deal flow, contributing to pressure on spreads as the market digested robust volumes in an uncertain economic climate.

PORTFOLIO COMMENTARY

Credit spread dynamics were the key determinant of underperformance over the month. Credit spreads moved wider in line with the broader risk off sentiment, reflecting elevated geopolitical economic and monetary policy risks. Allocation to subordinated domestic and offshore banks were the key detractor from relative return as spread between senior and subordinated curves expanded. non-financial corporate exposure also detracted alongside utilities and securitised sectors. **The impact of widening credit spreads is mitigated by the fund's relatively short spread duration (less than 2.8 years) and core plus structure which maintains a greater than 60% exposure to liquid investment grade credit.**

Income return remains the most substantial contributing factor to performance partially offsetting the impact of widening credit spreads. The Fund continues to collect a healthy yield premium above the RBA cash rate, led by allocation to non-financial corporate loans alongside contributions from securitised assets and domestic banks. **At month end, the Fund's running yield was 6.5% with the average spread measured at 2.3%.**

The Fund took part in a pair of new deals during a disrupted month for primary issuance. The Fund added a 5-year senior deal from Dalrymple Bay Port offering exposure to a solid asset which tightened marginally in secondary. A new 7-year deal from Meridian Energy printed in late March and the Manager elected to invest reflecting attractive yield for a defensive sector. The manager will continue to assess relative value opportunities presented by elevated volatility.

The outlook for credit remains negative reflecting uncertain geopolitical, economic and monetary policy factors. In these conditions risk management remains paramount. **The Fund's credit exposures are relatively short and well diversified by sector and across the credit risk spectrum.** 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 March to end the month with a strong negative reading.

Valuation indicators neutral despite spread widening across AU investment grade, US Investment Grade and US High Yield. The disruption of primary markets as a result of the war in Iran and associated uncertainty saw decline in opportunistic issuance. AUD credit is still offering reasonable relative value.

The ongoing Middle East conflict remains the key driver of the macroeconomic outlook. Even if traffic through the Strait of Hormuz normalizes, damage to production infrastructure is expected to limit supply recovery and sustained high oil prices will slow global growth. The ratio of upgrades to downgrades remains in positive territory despite the uncertain economic and monetary policy outlook.

Market demand has been impacted by the geopolitical volatility with persistent selling observed and buyers predominantly active at discounted levels with bid depth inconsistent. Year to date issuance remains elevated despite the easing observed in March.

Technical indicators have worsened contributing to the negative credit outlook. While cash balances among real money accounts have increased and dealer inventories remain neutral, US credit, Equity and Equity volatility indicators are all marginally negative.

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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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