

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

July 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: \$663.9 million as at 30 June 2025
Mgmt Fee: 0.85% pa*
Benchmark Yield: 4.100% as at 31 July 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

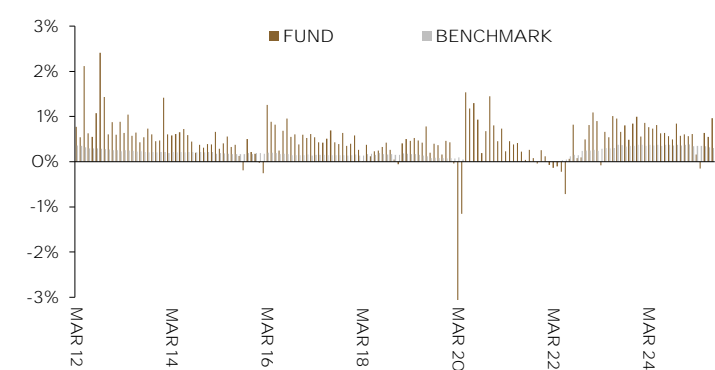
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 31 July 2025

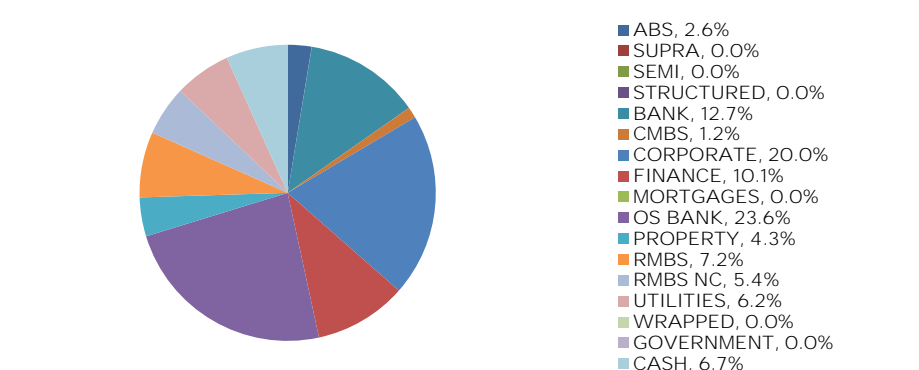
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.97	2.17	2.81	6.62	7.86	7.78	5.96	4.86	5.85
RBA Cash Rate	0.33	0.99	2.02	4.28	4.33	3.96	2.44	2.04	2.15

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	30.71%
Subordinated Debt	51.81%
Hybrid Debt	17.48%
% Geared	0.00%
Running Yield [#]	6.29%
Portfolio Weighted Average Life	3.38 yrs
No. Securities	169
Long	93.26%
Short	0.00%
Net	93.26%

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

July saw risk assets including credit and equities rally despite rising yields, US trade concerns and uncertainty around the path of monetary policy easing. Domestic and US equities reached all time highs, supported by robust corporate earnings results while domestic credit spreads rallied.

The domestic bond yield flattened marginally over the month as long term yields fell despite elevated volatility early in July. The Reserve Bank of Australia defied market expectations, remaining on hold in July when a rate cut was more than 90% priced in, precipitating a sharp move higher in yields. The RBA cited upcoming Q2 inflation data as a key consideration, noting that inflation risks were balanced while the labour market “remains strong”. At month end, futures markets had fully priced in a August rate cut.

Credit spreads narrowed over July while trading in a relatively tight range. The contraction in spreads reflected new issue supply alongside the broader risk-on sentiment across risk assets with domestic and global equities also rallying. Non-financial corporates, infrastructure and utilities sectors were the top performing sectors over the month. Subordinated bank spreads also performed well over the month, supported by subdued primary supply with the spread between tier 2 and senior bank paper compressing.

Primary market activity was orderly and demand for issues was robust, contributing to spread compression. National Australia bank priced \$1.5B of tier 2 paper which met strong demand despite the 15-year non-call 10 tenor. There was activity among financials and offshore banks with Macquarie (\$2B), Norfina Suncorp Bank (\$1.75B) and Rabobank Australia (\$1.5B) issuing senior unsecured bonds. CIBC came to market raising \$2.5B in a covered bond transaction. Securitisation activity was subdued in early July with a number of smaller ABS deals before larger RMBS issues from Latrobe (\$1B) and Thinktank (\$750M) pricing in the last week of the month. In the last week of July, a \$500M corporate deal from Dyno Nobel highlighted strong market demand, building a book that was 8 times oversubscribed.

PORTFOLIO COMMENTARY

Credit spread dynamics were the key contributing factor to outperformance over the month as spreads contracted. The Fund’s allocation to subordinated offshore bank paper performed well with issues from HSBC, Credit Agricole, Barclays and BNP Paribas all contributing strongly. Subordinated bank spreads rallied over the month, supported by subdued primary supply with the spread between tier 2 and senior bank paper compressing. Elsewhere, non-financial corporates contributed – led by resources and infrastructure names – while utilities and securitised were also constructive.

The Fund continued to collect a healthy yield premium above benchmark. Income turn remains 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 6.7% with the average spread measured at 2.3%.

The Manager was active in primary and secondary markets during July, adding exposure to domestic and offshore banks. While the Manager remains selective in adding new issues to the portfolio, the Fund was able to take advantage of new issue concessions to quickly turnaround new issues from Port of Newcastle and explosives manufacturer Dyno Nobel for profit during July.

Our proprietary credit outlook score improved to positive in mid-July before declining to end the month with a neutral 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 improved to positive in mid-July before declining ending the month with a neutral reading.

Valuation indicators remain marginally negative. While US and domestic spreads are finely balanced, swap to bond spreads remain in negative territory, weighing on the outlook. Primary market issuance has normalised somewhat after a period of elevated volumes including a number of opportunistic transactions.

The macroeconomic outlook remains negative reflecting softening growth data and uncertainty around the impact of US tariffs. Lending conditions as expressed in the Senior Loan Officer Survey continue to weigh on the outlook after tightening in May.

Supply and demand indicator declined in the second half of July, ending the month in marginally negative territory. A lower volume of upcoming maturities and heavier anticipated supply conspire to detract from the outlook. Robust market demand continues to provide a tailwind.

Technical indicators remain strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances also remain elevated among real money accounts and intermediary positioning shows capacity, supporting the outlook.

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