

PERPETUAL ESG CREDIT INCOME FUND - CLASS A

November 2025

FUND FACTS

Investment objective: To provide investors with regular income and consistent returns above the Bloomberg AusBond Bank Bill Index (before fees and taxes) over rolling three-year periods by investing in a diverse range of income generating assets that meet Perpetual's ESG and values-based criteria.

Benchmark: Bloomberg AusBond Bank Bill Index

Inception date: June 2018

Size of fund: \$66.0 million as at 30 September 2025

APIR: PER1744AU

Mgmt Fee: 0.59% pa*

Benchmark Yield: 3.601% as at 30 November 2025

Suggested minimum investment period: Three years or longer

FUND BENEFITS

Provides investors access to an actively managed credit and fixed income fund and the opportunity to align their investments with their personal values and ESG preferences.

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 ESG Credit Income Fund – Class A	0.12	1.38	3.55	6.40	7.59	7.78	5.11	4.43	4.24
Bloomberg AusBond Bank Bill Index	0.30	0.89	1.84	4.04	4.25	4.09	2.64	1.93	2.16

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.

POINTS OF INTEREST

- Higher than expected CPI and employment data impact bond yields;
- RBA on hold; cite productivity concerns;
- Domestic credit spreads rangebound;
- Primary issuance volumes remain orderly;
- The credit outlook has declined to negative.

ESG APPROACH

Before being considered for investment, companies or issuers must pass a series of exclusionary screens. The screening processes is designed to limit the investible universe to only those companies or issuers that meet minimum values-based and ESG standards. The Perpetual ESG Credit Income Fund first applies a values-based and ESG exclusionary screen. Sovereign issuers are subject to a separate exclusionary screen. Please refer to the Perpetual Investment Funds PDS for further information.

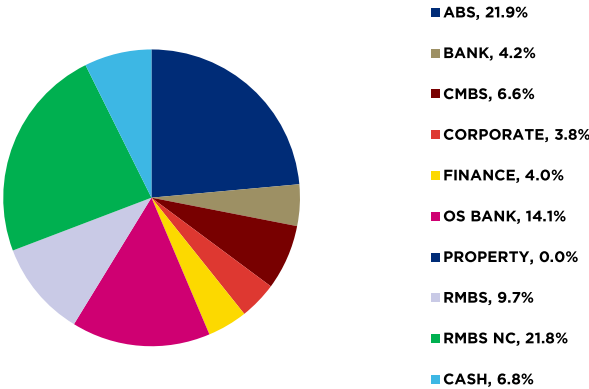
PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	28.34%
Subordinated Debt	61.65%
Hybrid Debt	10.00%
Running Yield*	4.85%
Portfolio Weighted Average Life (yrs)	3.67 yrs
No. Securities	93
Modified Duration	0.74

* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

^The methodology used to calculate Running Yield is derived from FactSet, and calculated as follows: The coupon rate of the security / the capital price of the security. Note that the exception is discounted securities, where a Yield to Maturity calculation is used.

PORTFOLIO SECTORS



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 were mixed for performance over the month. Credit spreads traded in a relatively tight range throughout November. Allocation to subordinated offshore bank exposures detracted as subordinated spreads widened marginally and allocation to USD denominated hybrids from Citigroup weakened. Securitised spreads narrowed slightly in November, contributing to relative performance. In recognition of liquidity risks, the Fund maintains credit protection in the form of a credit default swap on the iTraxx crossover index which detracted marginally from return over the period.

Duration and curve positioning detracted for performance over the month as bond yields reacted to higher-than-expected inflation and strong labour market data. The Fund began the month at the upper limit of its relatively conservative modified duration range (+0.75 years above benchmark). The Manager sees government bond yields as offering attractive relative value and the Fund retains its long duration position utilising government bonds futures and fixed rate state government bonds. The Fund has increased its allocation to fixed rate bonds over recent months, to lock in elevated yields.

Income return was the key contributing factor to relative performance over the period despite the funds conservative positioning. The Funds yield advantage above benchmark remains primarily attributable to RMBS and offshore bank allocations. The Portfolio's running yield was 4.9% at month end, with the spread (credit yield premium) measured at 1.5%.

The Fund maintained its defensive positioning over the month. The Manager elected to increase USD denominated exposures in secondary, adding hybrid offshore bank paper from ING, Citi and Bank of Montreal. The Fund was active in the primary securitisation market, taking part in several new deals including the new record non-ADI securitisation from Firstmac. During the month, the Manager also elected to reduce exposure to non-financial corporates and non-conforming RMBS.

The outlook for credit has declined, ending the month with a negative reading. Having derisked the portfolio earlier in the year, the Manager continues to carefully manage credit and liquidity risks. The Fund retains a material cash allocation providing ample dry powder to take advantage of relative value opportunities and attractively priced issues as the outlook improves.

The Fund invests in quality issuers that meet Perpetual's ESG and Values based criteria relating to what the company is in the business of and the way business operations are conducted respectively. Upon application of the ESG and Values based criteria, several bond issuers have been screened out. These include, for example, companies involved in the extraction of fossil fuels or companies whose revenues are significantly associated with socially questionable products or services.

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.

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The product disclosure statement (PDS) for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

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