Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

October 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: $735.5 million as at 30 September 2026
Mgmt Fee: 0.85% pa*
Benchmark Yield: 0.000% as at 31 October 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

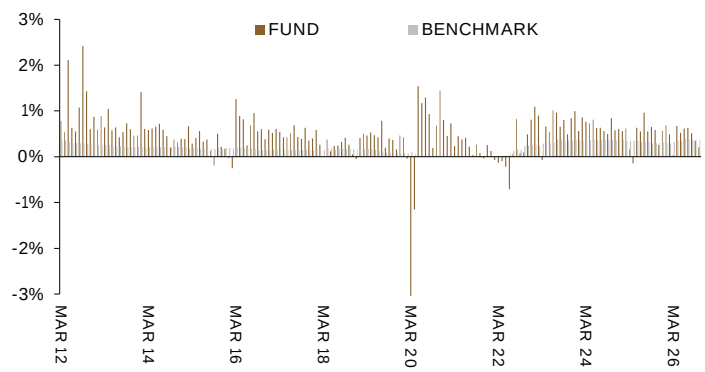
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

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

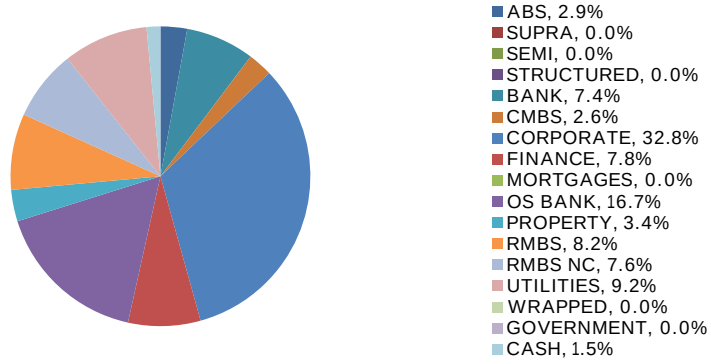
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.21	1.08	2.87	5.67	6.08	7.07	5.96	5.13	5.87
RBA Cash Rate	0.39	1.12	2.24	4.17	4.13	4.24	3.44	2.52	2.31

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	40.24%
Subordinated Debt	38.94%
Hybrid Debt	20.82%
% Geared	0.00%
Running Yield#	7.27%
Average Credit Rating	BBB
Portfolio Weighted Average Life	3.81 yrs
No. Securities	230
Long	98.51%
Short	0.00%
Net	98.51%

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

Credit markets weakened in October as investors reassessed the sustainability of debt-funded AI investment and higher sovereign yields reduced risk appetite. The RBA's October Financial Stability Review identified stretched asset valuations, rising leverage and increasingly opaque long-term debt financing for AI investment as important global vulnerabilities. Technology and AI-exposed issuers came under pressure as investors focused more closely on the prospective returns from elevated capital expenditure. Government bonds rallied from early-month highs as risk sentiment softened, although volatility remained elevated and sovereign fiscal concerns continued to weigh on parts of Europe, particularly France.

The RBA did not meet in October, but inflation data and official commentary reinforced the risk of further tightening. The September CPI rose 0.8% over the month and 4.3% over the year, while trimmed mean inflation increased to 3.6%, confirming that price pressures remained broad-based and above the RBA's target. Domestic activity continued to soften, with housing conditions weakening and unemployment rising, but capacity pressures and higher fuel prices remained important inflation risks. Shortly after month end, the RBA increased the cash rate by 0.25% to 4.85%, citing elevated inflation, higher energy prices and stronger-than-expected investment, including data centre-related spending.

Credit spreads widened in October, led by hybrid and subordinated securities and issuers exposed to AI infrastructure financing Domestically, spreads drifted wider as elevated issuance added to dealer inventories and investors became increasingly price-sensitive. Securitised spreads were resilient during October although supply fatigue emerged towards the end of the month reflecting persistent elevated supply and a heavy pipeline of activity

Primary markets became more subdued in October, reflecting the approaching major-bank reporting season, weaker risk sentiment, macroeconomic uncertainty and bond-market volatility. The exception was securitisation markets with volumes continuing to track toward a record year.

PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark remained the key positive contributor. The Fund's yield advantage remains predominantly attributable to non-financial corporate bonds and loans, alongside exposure to securitised sectors, domestic banks and offshore banks. The Fund's floating rate structure minimises the impact of interest rate volatility while rising base rates support the income distributable to unitholders as coupons are reset at higher rates. At month end, the Fund's running yield was 7.3% with the average spread measured at 2.5%.

Credit spreads widened in October, led by hybrid and subordinated securities and issuers exposed to AI infrastructure financing. The Fund's key detractors were telecommunications and technology hybrids alongside French bank exposures, which widened as fiscal and political uncertainty in France persisted.

The Manager increased the Fund's utilities allocation, adding exposure to offshore and domestic utility and energy infrastructure issuers. The Fund participated in new securitised issues, focusing on mezzanine and subordinated tranches, and took advantage of wider spreads to increase the exposure to CDC data centre hybrids in secondary.

Perpetual's proprietary credit outlook score deteriorated through October and remains in negative territory, reflecting softer market demand, weaker technical indicators and higher oil prices. The Fund maintains a liquid core sleeve of investment-grade securities and cash, which accounted for 70.2% of the portfolio at month end.

The higher yielding "plus" component remains focused on private loans alongside pre-securitisation RMBS warehouses, subordinated tranches of securitised issues and high yield bonds. Private loans are from large, quality Australian corporates with significant market share and resilient recurring revenues. Private assets are independently valued at least quarterly with changes in fair value reflected in the unit price. The Fund's broad mandate ensures that the Portfolio can capture the liquidity premia offered by private credit while liquid public credit exposures provide portfolio ballast.

OUTLOOK

The credit outlook softened further in October, remaining in negative territory as softer demand, weaker market technicals and a more challenging macroeconomic backdrop outweighed still-supportive credit fundamentals.
Value indicators are marginally positive. Valuations across US investment grade, US high yield, Australian investment grade and Australian swap spreads remain broadly neutral, although pockets of relative value remain in Australian dollar credit and the basis swap continues to contribute positively.
The macroeconomic assessment remains cautious. Growth has been relatively resilient in the US and China but weaker in Europe, while elevated oil prices add to downside risks and inflation uncertainty. Importantly, underlying corporate credit quality remains supportive, with upgrades continuing to materially exceed downgrades.

Supply and demand indicators remain negative. Investors have become increasingly price-sensitive, particularly in securitised markets, where a substantial issuance pipeline has coincided with softer demand. By late October, secondary-market liquidity had become patchier, with wider bid-offer spreads and greater dispersion between bids, particularly in higher-beta securities and RMBS. Elevated issuance and the remaining supply pipeline are likely to continue weighing on spreads in the near term.

Technical indicators declined during the month. The US credit measure turned negative, while weak domestic and intermediary positioning, difficult liquidity and softer demand pushed the overall technical assessment firmly into negative territory. Equity markets remained the main positive technical offset.

The Team remains risk aware. Softer demand, patchy liquidity and greater scrutiny of AI-related financing are likely to keep volatility elevated, with more leveraged borrowers and lower-ranking capital securities the most exposed. The portfolios retain liquidity and flexibility to add risk selectively where wider spreads create more attractive relative value opportunities.

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Total returns shown for the Fund 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 taxation. Past performance is not indicative of future performance.
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** UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

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