Perpetual Investment Funds

PERPETUAL ESG CREDIT INCOME FUND - CLASS A

June 2026

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: $102.8 million as at 31 March 2026
APIR: PER1744AU
Mgmt Fee: 0.59% pa*
Benchmark Yield: 4.328% as at 30 June 2026
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 June 2026

	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	0.59	2.21	2.97	6.43	6.57	7.35	5.26	4.61	4.37
Bloomberg AusBond Bank Bill Index	0.39	1.07	1.99	3.86	4.12	4.21	3.11	#N/A	2.29

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

•Middle East conflict persists; oil prices ease towards month end;
•Domestic credit spreads rangebound; US spreads rally;
•Domestic bond yields fall; yield curve steepens;
•RBA hikes; softening inflation and labour data see policy expectations moderate;
•The credit outlook declined marginally, remaining 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.

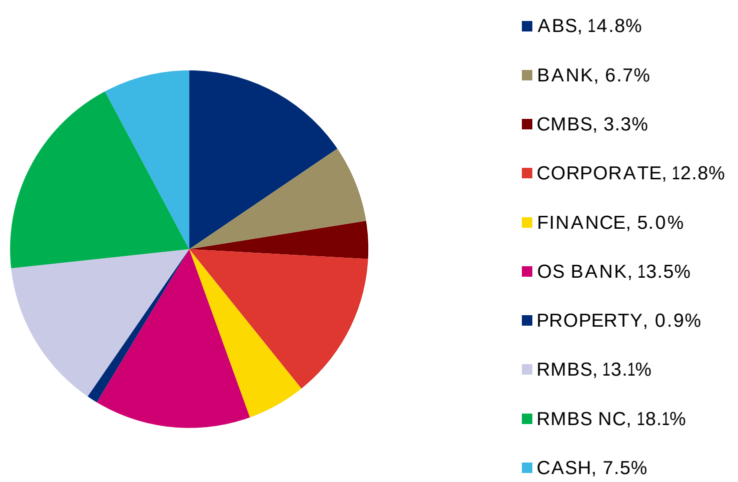
PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	16.72%
Subordinated Debt	65.94%
Hybrid Debt	17.35%
Running Yield#	5.95%
Average Credit Rating	A
Portfolio Weighted Average Life (yrs)	3.76 yrs
No. Securities	105
Modified Duration	-0.38

* 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

June saw credit markets strengthen marginally despite elevated volatility and persistent geopolitical uncertainty. Risk sentiment deteriorated in the first weeks of the month before a reversal as the US and Iran signed a memorandum of understanding. Oil prices fell sharply as traffic resumed in the strait Hormuz – however at a materially reduced rate. Despite the easing of inflation pressure as energy prices fell, a number of central banks including the ECB and BOJ increased their policy rates while markets increasingly anticipate a US Fed rate hike in October and possible further rises in 2027.

The RBA held the cash rate at 4.35% at its June meeting, a decision unanimously expected following three consecutive increases to begin 2026. The May monthly CPI indicator showed headline inflation falling 0.7%, while Q1 GDP grew 0.3% — slightly below expectations — and the unemployment rate fell from 4.5% to 4.4%, though downward revisions to prior months kept the overall picture on the softer side. Moderating inflation print combined with softer economic data saw expectations of further near-term rate hikes ease and bond yields rallied.

Domestic credit markets were mixed through June, moving marginally tighter while trading in a relatively tight range. Sector performance was mixed with higher beta sectors benefitting from supply dynamics as no AUD denominated Tier 2 or AT1 issuance saw spreads rally. Over recent months, domestic banks have preferred to issue tier 2 paper in foreign currencies, as tight non-AUD spreads present more attractive funding options. Securitised sectors performed well in secondary, rallying as investors moved to take advantage of the elevated disparity between RMBS and comparable senior unsecured spreads.

Primary issuance was elevated over the month led by kangaroo issuers and domestic corporates. French multinational energy utility company Engie entered the AUD market with its inaugural deal which priced $1.25B across senior and subordinated paper. Spanish multinational telco Telefonica Emisiones raised $700m of senior unsecured paper across 6 and 10-year tranches. Bank issuance was relatively subdued with only a small number of very short dated senior bonds pricing early in the month from the major banks. Securitisation activity was elevated, accelerating in the second half of the month.

PORTFOLIO COMMENTARY

Income return was the key contributing factor to outperformance over the month. The Fund retains a healthy yield premium above benchmark, attributable primarily to RMBS, domestic and offshore bank allocations. The Portfolio's running yield was 6.0% at month end, with the spread (credit yield premium) measured at 1.7%.

Credit spread dynamics were supportive of return over the month. Senior spreads traded in a relatively tight range while higher beta subordinated spreads tightened reflecting supply dynamics. The Fund's allocation to subordinated domestic bank paper was the key contributor to credit spread returns over the month. This was supplemented by allocation to utilities and telecommunications sectors which also performed well. The Fund took part in new telecommunications sector deals from CDC Data Centres and Spanish multinational telecommunications company Telefonica Emisiones in June. CDC is a preferred issuer in the datacentre space as development is associated with existing contracted revenues and the high security requirements for their government contracts provide an attractive moat. Both positions performed well, tightening on issue and positively contributing to relative performance.

Sector and risk allocations were actively managed over the month. Allocation to USD denominated domestic and offshore bank paper was trimmed, locking in profits and rotating into AUD denominated bonds with USD spreads at decade lows.

The credit outlook improved towards the end of June while remaining in marginally negative territory reflecting soft valuation, growth and credit supply indicators. The Fund remains relatively defensively positioned. The Fund retains a material cash allocation ensuring the Manager has ample dry powder to take advantage of relative value opportunities presented 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 improved marginally towards the end of June while remaining in negative territory.

US high yield spreads continue to weigh on our valuation measure, reflecting spread levels that offer insufficient compensation against an uncertain macro backdrop impacted by geopolitical and oil price risks. Opportunistic issuers – including SSAs and kangaroo corporate issuers continue to tap the AUD market indicative of the prevailing richness of spreads in our local market. .

The macroeconomic outlook improved over the month. Softening global growth remains a headwind while easing oil prices was constructive. The ratio of upgrades to downgrades remains finely balanced.

Supply and demand indicators are very marginally negative after improving during the month. The pipeline of upcoming supply has moderated contributing to the improved outlook. Elevated recent issuance continues to detract however while the maturity schedule and market demand indicators are benign.

Technical indicators remain positive. While intermediary positioning and cash balances among real money accounts are neutral, US credit, equity and equity volatility indicators are all positively contributing to the outlook.

MORE INFORMATION

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