

Perpetual Investment Funds

PERPETUAL CREDIT INCOME FUND

January 2026



FUND FACTS

Investment objective: Aims to provide investors with regular income by investing in a diversified range of income generating assets, and outperform the Bloomberg AusBond Bank Bill Index** over rolling three-year periods before fees and taxes.

Benchmark: Bloomberg AusBond Bank Bill Index**
Inception date: November 2004
Size of fund: \$157.9 million as at 31 December 2025
APIR: PER0263AU
Mgmt Fee: Please contact us for a copy of the disclosure document.
Benchmark Yield: 3.728% as at 31 January 2026
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Provides investors with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed and liquid investment.

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 January 2026

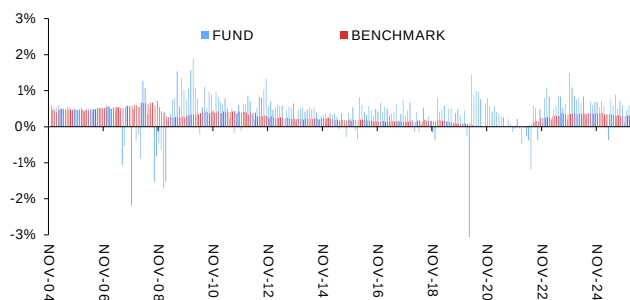
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Credit Income Fund	0.59	1.18	3.03	5.67	6.81	7.49	5.06	4.68	4.78
Bloomberg AusBond Bank Bill Index**	0.30	0.91	1.83	3.89	4.18	4.12	2.77	2.21	3.44

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.

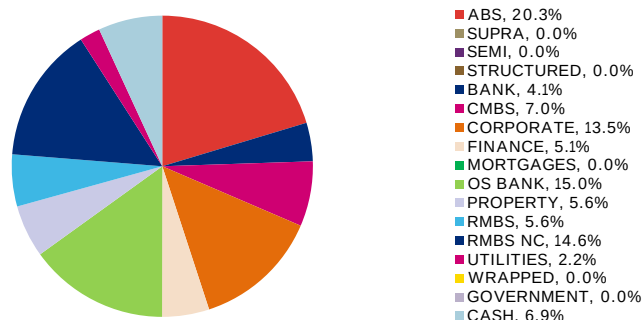
POINTS OF INTEREST

- Geopolitical and trade risks heightened; US Dollar weakness;
- Inflation above expectations; Labour data resilient;
- Bond yields sell off; Domestic yield curve steepens;
- Domestic credit spreads rally; Subordinated debt outperforms;
- Primary market returns with elevated volume.
- The credit outlook is neutral;

MONTHLY PERFORMANCE SINCE INCEPTION



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	27.03%
Subordinated Debt	52.20%
Hybrid Debt	20.77%
Modified Duration	0.82
Running Yield [#]	5.61%
Portfolio Weighted Average Life	3.18 yrs
No. Securities	101

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

MARKET COMMENTARY

Credit spreads tightened as bond yields rose during a month hallmarked by rising geopolitical risks, tariff threats, US Dollar weakness, surging Japanese bond yields, and the pricing of 2026 RBA rate hikes. While volatility was elevated, equity markets advanced, supported by earnings growth expectations and the benign economic outlook.

Bond yields rose across developed markets as resilient labour market data and economic growth saw markets continue to reappraise the probability of near-term monetary easing. Australian government bond yields rose over the month, at times underperforming global counterparts. The December inflation report was hotter than expected, headline inflation rising to 3.8% year on year. The Yield curve flattened as the policy sensitive short end rose more sharply. By month end, the early February rate hike was 70% priced in by markets with at least one further rate hike fully priced in for 2026. Offshore, the most substantial movement was in Japanese long-term bond yields which rose sharply reflecting inflation concerns arising from aggressive fiscal policy expansion.

Despite higher government bond yields, Australian investment-grade credit remained well supported, with tight spreads and strong demand from both domestic and offshore investors. Global IG spreads reached their tightest levels since 1998. Australian physical credit spreads were 6bps tighter on average led by utilities and real estate. Subordinated bank spreads performed well reflecting both the broader rally in credit and supply dynamics with no tier 2 issuance since early November.

Primary market issuance volumes were strong to start the year with wide variety of issuer diversity. Elevated volumes reflected supportive conditions for issuers with spreads near all-time tight, light dealer inventories and attractive pricing relative to offshore credit. Commonwealth bank issued \$5B in senior debt across 3 and 5 year tranches while Banco Santander (\$1B) and Rabobank (\$1.25B) issued 5-year senior paper. Non-financial corporate issuance accelerated towards month end with AusNet Services issuing a \$1.1B hybrid deal while Aroundtown (\$600M) and MTR corporation (\$2B) issued kangaroo bonds reflecting the accommodative conditions for AUD issuers.

PORTFOLIO COMMENTARY

Credit spread dynamics were strongly positive for performance over the month. Spreads contracted across sectors and the Fund's allocation to non-financial corporates, banks and utilities performed well. Exposure to higher beta parts of the capital structure benefitted the portfolio as spreads contracted with hybrid and subordinated exposures contributing to outperformance.

Duration positioning detracted from performance over the month. Bond yields continued to rise, and curve steepened as markets priced in a February rate hike. The Portfolio remains close to its active duration limit maintaining 0.8 years of duration throughout January. Manager sees government bond yields as offering attractive relative value and the Fund retains its long duration position utilising government bond futures and fixed rate corporate bonds. The Fund continued to increase its allocation to fixed rate bonds over the month, to lock in elevated yields.

Income return remained a key contributing factor to performance over the period more than offsetting the impact of rising bond yields. Despite a healthy cash allocation, the Fund retains a yield premium above benchmark, attributable primarily to RMBS and offshore bank allocations. The Portfolio's running yield was 5.6% at month end, with the spread (credit yield premium) measured at 1.6%.

The Manager continued to selectively increase credit risk during the period. The Fund's AAA exposure was trimmed as the Manager elected to reduce exposure to the highest tranches of a number of RMBS issues. Sector allocations were rotated with the cash generated from reducing RMBS exposures deployed among domestic and offshore banks. The Manager was active in secondary markets throughout the month as well as taking part in a new \$2B deal from United Overseas Bank, electing to add the fixed rate tranche to the portfolio.

The outlook for credit remained in neutral territory throughout January. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities and attractively priced issues as the outlook continues to improve.

OUTLOOK

The credit outlook remained balanced throughout January with a neutral reading at month end.

Valuation indicators worsened slightly as US High Yield rallied below its historical fair value range. Attractive conditions for credit issuance saw an uptick in elevated issuance volumes from opportunistic and kangaroo issuers weighing on the outlook. Negative swap to bond spreads continue to detract from the valuation outlook.

The macroeconomic outlook remained neutral during January. While soft global growth expectations continue to weigh slightly on the outlook, the ratio of upgrades to downgrades is in positive territory. The credit rating outlook is benign with market participants anticipating further upgrades in 2026.

Supply and demand indicators declined marginally. Upcoming maturity volumes have normalised however elevated recent issuance volumes continue to detract from the outlook. The 2026 issuance pipeline is also building steadily, weighing on the outlook for spreads.

Technical indicators are strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts and intermediary positioning shows a capacity to take on credit risk.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that 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 any investor's capital.

Total return shown for the fund(s) have been calculated using exit prices after taking into account of Perpetual's ongoing fees and assuming reinvestment of distributions.

No allowance has been made for entry or exit fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

* Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

** UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

MORE INFORMATION

Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpms.mufig.com

www.perpetual.com.au

