

# PERPETUAL ESG CREDIT INCOME FUND - CLASS A

September 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:** \$107.5 million as at 30 June 2026  
**APIR:** PER1744AU  
**Mgmt Fee:** 0.59% pa\*  
**Benchmark Yield:** 4.588% as at 30 September 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 September 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 | 0.28  | 1.55   | 3.79   | 5.76 | 6.46     | 7.31     | 5.51     | 4.70     | 4.43      |
| Bloomberg AusBond Bank Bill Index          | 0.36  | 1.11   | 2.20   | 4.06 | 4.12     | 4.22     | 3.34     | 2.46     | 2.36      |

Please note: Performance for Perpetual's complete list of investment funds is available on [www.perpetual.com.au](http://www.perpetual.com.au). Past performance is not indicative of future performance.

## POINTS OF INTEREST

- Middle East escalation lifts oil; global bond yields reach multi-year highs;
- Fed, ECB, BoJ, RBNZ and RBA all raise rates;
- Credit spreads modestly wider; Kangaroo issuance remains heavy;
- Stress emerges in domestic private credit; French credit under pressure;
- Credit outlook unchanged, remains 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.

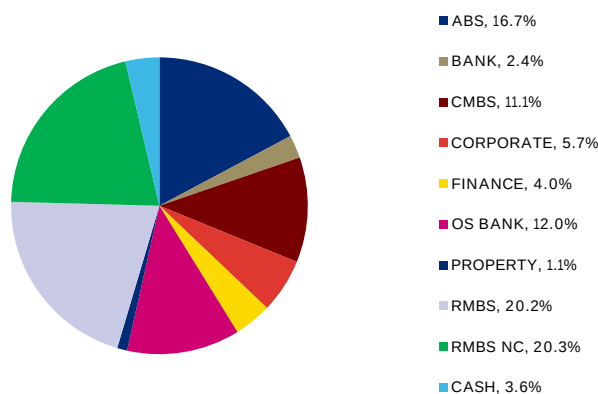
## PORTFOLIO COMPOSITION

|                                       | BREAKDOWN |
|---------------------------------------|-----------|
| Senior Debt                           | 13.14%    |
| Subordinated Debt                     | 70.10%    |
| Hybrid Debt                           | 16.76%    |
| Running Yield <sup>#</sup>            | 6.32%     |
| Average Credit Rating                 | A         |
| Portfolio Weighted Average Life (yrs) | 4.33 yrs  |
| No. Securities                        | 117       |
| Modified Duration                     | 0.82      |

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

<sup>#</sup>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

Credit markets softened modestly in September as a sharp rise in global bond yields tested investor appetite for risk. The month began with the US and Iran exchanging strikes for the first time in almost a month, while attacks on shipping and Saudi energy infrastructure drove oil prices sharply higher. Higher energy prices, strong US growth, heavy debt issuance to fund the AI investment build-out and persistent fiscal deficits pushed yields higher across major markets. The US 10-year yield rose 0.54% to 5.29%, touching its highest level since 2007 during the month.

The RBA raised the cash rate by 0.25% to 4.60% at its 29 September meeting. The unanimous decision marked its fourth increase this year, with the RBA citing higher energy prices and inflation risks that had begun to materialise. Governor Bullock struck a more cautious tone at her press conference, while the softer-than-expected August monthly CPI led expectations for further 2026 rate increases to moderate. Domestic data were generally soft, with unemployment rising from 4.5% to 4.6% and NAB business conditions falling below zero for the first time since 2020. Australian bond yields rose materially over the month, although by less than US yields, which sold off sharply. The Federal Reserve raised rates to 3.75–4.00%, its first increase since 2023, signalling at least one more increase by year end. The ECB, Bank of Japan and Reserve Bank of New Zealand also tightened policy.

Credit spreads were modestly wider in September, although they remained resilient given the scale of the move in government bond yields. Spread dynamics were mixed by sector and geography. French bank and corporate paper underperformed, reflecting political uncertainty and rising risk premia. Sentiment towards domestic private credit also deteriorated following the August insolvency of property developer Bathla Group, with several managers restricting redemptions and ASIC warning that the sector should prepare for enforcement action.

Primary issuance was heavy through the first three weeks of September before slowing towards quarter end as global yields spiked and the RBA decision approached. Issuance volumes were led by a record month for securitised sectors. While the domestic major banks were largely absent, ING priced a \$1.5 billion covered bond, while Macquarie issued a \$1.4 billion Tier 2 deal across 10.5-year non-call 5.5-year and 15-year non-call 10-year maturities. Corporate supply was steady following reporting season and included ElectraNet, ARTC, The Lottery Corporation and Aurizon, as well as Kangaroo deals from E.ON and Anglian Water.

## PORTFOLIO COMMENTARY

The Fund marginally underperformed its benchmark in September as the sharp rise in bond yields weighed on returns. Income remained the key positive contributor, with the Fund's yield premium above the benchmark attributable primarily to securitised and bank allocations. The portfolio's running yield was 6.3% at month end, with the spread (credit yield premium) measured at 1.8%.

Duration was the largest detractor from relative performance. The Manager added duration in stages through the month as three-year government bond yields rose, viewing this as an attractive entry point with the RBA's hiking cycle close to its peak, lifting the Fund's modified duration from 0.6 to 0.8 years. Yields continued to rise through the month as global bonds sold off, detracting from performance.

Credit spread return was marginally positive despite spreads widening during the month. Securitised holdings were the standout contributor, with spreads on ABS tightening, while offshore telecommunications issuers detracted, with Verizon hybrid spreads widening.

The Manager rotated the portfolio further into securitised assets, taking advantage of a record month of primary issuance to add mezzanine and subordinated tranches across a number of new deals. Increased allocations to RMBS and ABS were funded by cash and reductions in corporate and bank exposures. French exposures were reduced through sales of BFCM, BPCE and Credit Agricole securities, alongside long-dated major bank Tier 2 and USD-denominated corporate bonds. The Fund also participated in new issues from Macquarie Bank (Tier 2) and Transgrid.

The credit outlook was unchanged through September and remains in negative territory, reflecting soft supply and demand indicators and macroeconomic headwinds from higher oil prices and slowing growth. The Fund remains relatively defensively positioned with a high allocation to floating rate securitised assets, although cash was reduced over the month as new issues were added.

The Fund invests in quality issuers that meet Perpetual's ESG and values-based criteria, which assess both the nature of a company's business activities and how its operations are conducted. Applying these criteria results in several bond issuers being screened out.

## OUTLOOK

The credit outlook was unchanged through September and remains in negative territory.

Valuation indicators improved modestly as spreads widened, with US high yield and Australian swap measures moving from negative to neutral. The basis swap and the relative value of domestic versus offshore spreads continue to contribute positively, while opportunistic issuer activity is neutral.

The macroeconomic outlook is neutral. Higher oil prices and softening growth remain headwinds, while the ratio of upgrades to downgrades is strongly positive, reflecting robust US earnings growth and indicating a broader strengthening in credit quality.

Supply and demand indicators remain negative. Market demand softened to neutral as bond yields rose, while the pipeline of upcoming supply improved. The maturity schedule and elevated recent issuance continue to weigh on the near-term outlook for spreads.

Technical indicators eased to neutral from marginally positive. Domestic and intermediary positioning indicators turned negative, offsetting positive contributions from US credit, equity and equity volatility indicators.

The Team remains risk aware as rising yields increasingly test credit markets, with more leveraged borrowers the most exposed.

---

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 whether the information is suitable for your circumstances and we recommend that you seek professional advice. The product disclosure statement (PDS) for the Fund, issued by PIML, should be considered before deciding whether to acquire, dispose, 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](http://www.perpetual.com.au).

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.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. 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. All investing involves risk including the possible loss of principal.

---

## MORE INFORMATION

Investor Services 1800 022 033  
Email [PerpetualUTqueries@cm.mpms.mufg.com](mailto:PerpetualUTqueries@cm.mpms.mufg.com)  
[www.perpetual.com.au](http://www.perpetual.com.au)

