

# Greg Stock: Now is not the time to be risk averse

---

By Perpetual Asset Management

30 April 2025



Now is a great time to start putting money to work and invest in quality credit assets, argues Perpetual senior portfolio manager and head of credit research Greg Stock.

- Global turmoil has repriced the fixed-income market
- Australian bonds and credit provide opportunities
- Find out about [Perpetual Active Fixed Interest Fund](#)

“We are seeing a structural increase in inflation,” says Stock. “We are also in a position where there is more credit risk in sovereigns globally.

“Governments have significantly increased spending promises, which need to be funded by extra taxes, or will result in deteriorating credit ratings.

“This has implications. Credit risk is building in government debt in the United States, Australia and other places. There is a huge debt burden that has to be serviced.

“So if you’re investing in longer-term debt, you require a larger-term premium.

“This is especially evident in US Treasuries, and to some extent in Australia,” says Stock, who manages Perpetual Active Fixed Interest Fund.

Over the past month, bond markets have priced in up to four interest rate cuts in Australia.

It’s an overly aggressive view of how many rate cuts are likely, Stock says.

Meanwhile, ratings agency Standard & Poor’s has cautioned both sides of politics that Australia’s AAA credit rating is at risk if big spending policies aren’t properly funded.

### **Opportunities in government bonds**

That market turmoil has provided opportunity for fixed-income investors, says Stock.

“In terms of the semi-government space – which is a big part of the index – it’s a bit cheaper.

“Most states have either been downgraded or are on negative ratings outlook, and the federal government is pushing the envelope.

“We’re starting to allocate more into the government bond space.”

Currently the yield curve is relatively steep – in other words the gap between short and long-term yields is relatively wide, Stock says.

“So you’re getting more return premium for longer-dated bonds in your portfolio, which you weren’t getting previously.

“This means that despite taking on some increased risk, you are getting better returns.”

### **Opportunities in corporate debt**

Meanwhile, corporate and bank credit spreads have also widened.

Stocks says corporate and bank credit has been performing better. Large companies have been watching debt levels and “treating credit stakeholders appropriately in terms of their capital structure.

“Even though the economy may be subdued, and revenues may struggle to grow, corporate Australia is in a suitable place to address the challenges,” he says.

“In Australia there are many large corporates that are well capitalised, have sensible debt levels and strong business profiles.

“The chance of bankruptcy is remote, and they have committed to investment grade ratings. Their bonds are good investments.”

### **Not a time to be risk-averse**

In short, it's not the time to be risk averse, argues Stock.

Though he cautions investors should look for experienced bond and credit managers who have successfully run a fund through multiple cycles.

“The mantra for us is be ‘risk aware’.

“Be mindful when there's risk and price risk appropriately. But when things are cheap, reach out and invest in them.”

### **About Greg Stock and Perpetual's Active Fixed Interest Fund**

Greg Stock is a Senior Portfolio Manager and Head of Credit Research with Perpetual's Credit and Fixed Income team.

Greg has more than 30 years of experience in investing, including 20 at Perpetual.

Perpetual Active Fixed Income Fund offers investors diversification and risk management via exposure to a hand-picked selection of mainly corporate and government bonds.

The portfolio invests across a wide universe of Australian debt securities. Greg and the team aim to identify quality credit investments while actively managing risk. The fund aims to provide regular income with quarterly distributions.

Find out more about [Perpetual Active Fixed Income Fund](#)

Browse [Perpetual's Credit and Fixed Income strategies](#)

Want to find out more? [Contact a Perpetual account manager](#)



## **Greg Stock**

Head of Credit Research, Senior Portfolio Manager  
BCom (Acc & Fin), ICAA, SIA, AFMA

This article has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426, as the issuer of the Perpetual Active Fixed Interest Fund ARSN 110 147 969 (Fund).

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 information is believed to be accurate at the time of compilation and is provided in good faith. It may contain information contributed by third parties. PIML does not warrant the accuracy or completeness of any information contributed by a third party.

Forward-looking statements and forecasts based on information available at the time of writing and may change without notice. No assurance is given that the forecast will prove to be accurate, as future events may impact actual results and these could differ materially from those anticipated. Any views expressed in this article are opinions of the author at the time of writing and do not constitute a recommendation to act.

The product disclosure statement (PDS) for the Perpetual Diversified Income 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](http://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. No allowance has been made for taxation and returns may differ due to different tax treatments. Past performance is not indicative of future performance.