

PERPETUAL DIVERSIFIED INCOME FUND

June 2026

FUND FACTS

Investment objective: Aims to provide 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.

Benchmark: Bloomberg AusBond Bank Bill Index**
Inception date: October 2005
Size of fund: \$2,467.1 million as at 31 March 2026
APIR: PER0260AU
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 with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed, highly diversified 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 30 June 2026

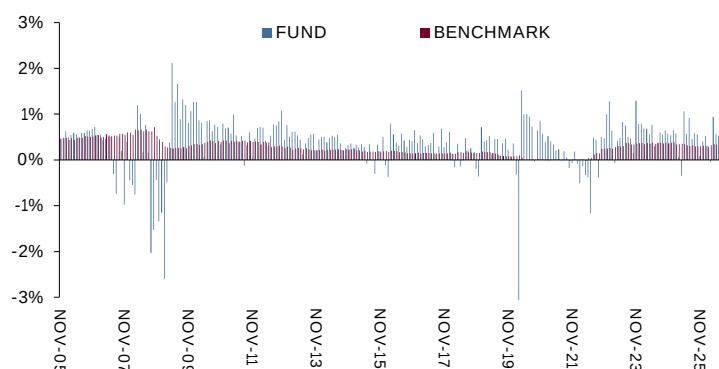
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Diversified Income Fund	0.53	2.05	2.84	5.97	5.97	6.65	4.70	4.29	4.49
Bloomberg AusBond Bank Bill Index**	0.39	1.07	1.99	3.86	4.12	4.21	3.11	2.34	3.35

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.

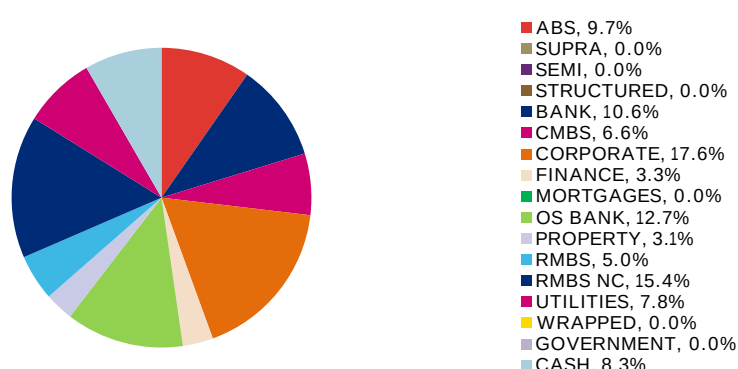
POINTS OF INTEREST

- 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.

MONTHLY PERFORMANCE SINCE INCEPTION



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	36.27%
Subordinated Debt	44.32%
Hybrid Debt	19.42%
Core Component	96.64%
Plus Component	3.36%
Running Yield [#]	5.83%
Average Credit Rating	A
Portfolio Weighted Average Life	3.60 yrs
No. Securities	183

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

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 5.8% at month end, with the spread (credit yield premium) measured at 1.4%.

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 return 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. Alongside the aforementioned increase in telco exposure, the Manager elected to add to utilities exposures, taking part in a new hybrid tranche of the inaugural deal from French Multinational utility company Engie SA. 2026 has seen an increase in hybrid issuance in the utilities sector as corporates 'fill the gap' left by APRA's sunset of additional Tier 1 bank capital. The Manager sees attractive value in the sector with the strong regulatory environment and predictable cashflows providing comfort despite the relatively higher leverage of these issuers. Elsewhere, 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. While the Manager elected to deploy a portion of the Fund's cash position during June, the Fund retains ample dry powder to take advantage of relative value opportunities presented as the outlook improves.

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.

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.

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.

** 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.mufg.com

www.perpetual.com.au

