Perpetual Investment Funds

PERPETUAL HIGH GRADE FLOATING RATE FUND - CLASS R

June 2026

FUND FACTS

Investment objective: Aims to provide investors with regular income by investing in deposits, money market and fixed income securities, and outperform the Bloomberg AusBond Bank Bill Index on an ongoing basis before fees and taxes.

Benchmark:	Bloomberg AusBond Bank Bill Index
Inception date:	March 2011
Size of fund:	$182.9 million as at 31 March 2026
APIR:	PER0562AU
Mgmt Fee:	0.30% pa*
Benchmark Yield:	4.328% as at 30 June 2026

Suggested minimum investment period: One year 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 30 June 2026

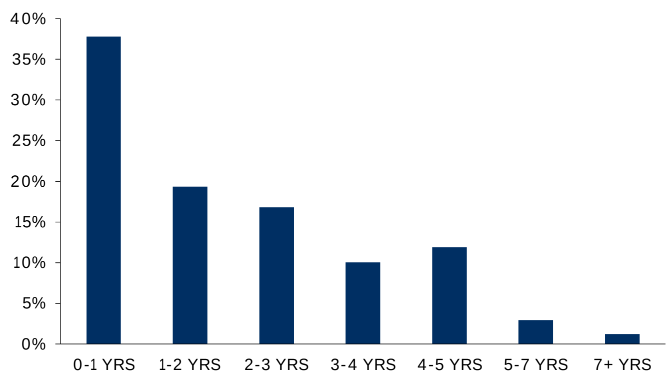
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund - Class R	0.47	1.41	2.36	5.07	5.27	5.68	4.10	3.50	3.77
Bloomberg AusBond Bank Bill Index	0.39	1.07	1.99	3.86	4.12	4.21	3.11	2.34	2.55

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.

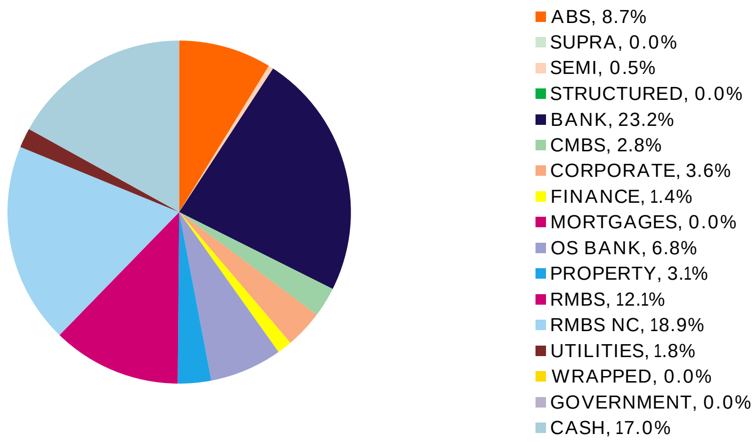
POINTS OF INTEREST

- 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.

MATURITY PROFILE



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	77.22%
Subordinated Debt	22.78%
Hybrid Debt	0.00%
Running Yield#	5.52%
Average Credit Rating	AA
Portfolio Weighted Average Life	2.03 yrs
Modified Duration	0.15
No. Securities	127

* 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

The Fund's yield premium above benchmark remained the most substantial contributing factor to outperformance over the month, led by income return attributable to domestic banks and securitised sectors. The portfolio running yield at month end was 5.5%, with the average credit spread measured at 0.9%.

Credit spread dynamics were benign for performance during the month. Senior spreads traded in a relatively tight range and non-financial corporate and domestic bank exposures contributed marginally while securitised spreads widened slightly. The Fund's small allocation to domestic bank subordinated paper performed well, reflecting supportive issuance supply dynamics.

The Manager was active during June, adding ABS and prime RMBS exposures in primary and secondary markets. Allocation to short dated domestic regional and offshore banks were trimmed.

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 maintains its defensive positioning supported by a relatively short credit duration and limited exposure to subordinated paper. The Fund retains a material cash allocation which the Manager is deploying opportunistically to take advantage of attractive 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.

MORE INFORMATION

Investor Services 1800 022 033
Email PerpetualUTqueries@cm.mpms.mufg.com
www.perpetual.com.au

Perpetual