Perpetual Investment Funds

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

June 2026

FUND FACTS

Investment objective: The Perpetual Active Fixed Interest Fund aims to outperform the Bloomberg AusBond Composite Index (before fees and taxes) by actively investing in fixed interest securities, primarily corporate bonds.

Benchmark: Bloomberg Ausbond Composite Index
Inception date: February 2017
Size of fund: $613.1 million as at 31 March 2026
APIR: PER8045AU
Mgmt Fee: 0.40% pa*
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Active management of credit risk through sector and sub sector rotation, curve positioning and relative value trading. Strategically maintain duration at benchmark, tactical overlay at extremes.

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 Active Fixed Interest Fund Class A [1,3]	1.06	2.82	2.36	1.99	4.82	5.02	0.96	1.30	2.59
Perpetual Active Fixed Interest Fund Class W [2,3]	-	-	-	-	-	-	-	-	4.68
Bloomberg Ausbond Composite Index	0.96	2.65	2.30	1.53	4.14	3.98	0.37	0.73	-

[1] Class A of the Perpetual Active Fixed Interest Fund (Fund) has been operating since February 2017. This row represents the actual past performance of Class A of the Fund.

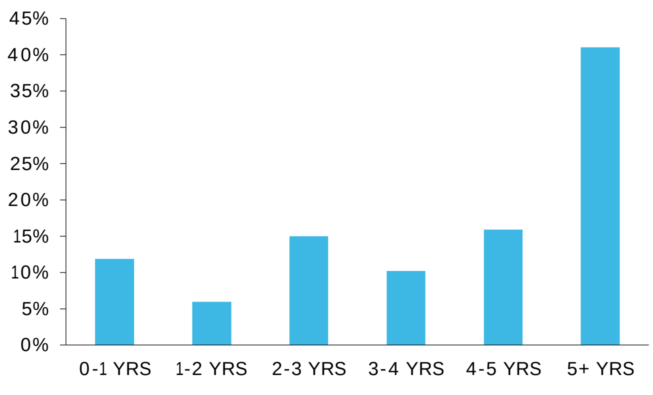
[2] To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has been calculated by subtracting the fees for Class A from the actual gross past performance for Class W.

[3] Past performance is not indicative of future performance.

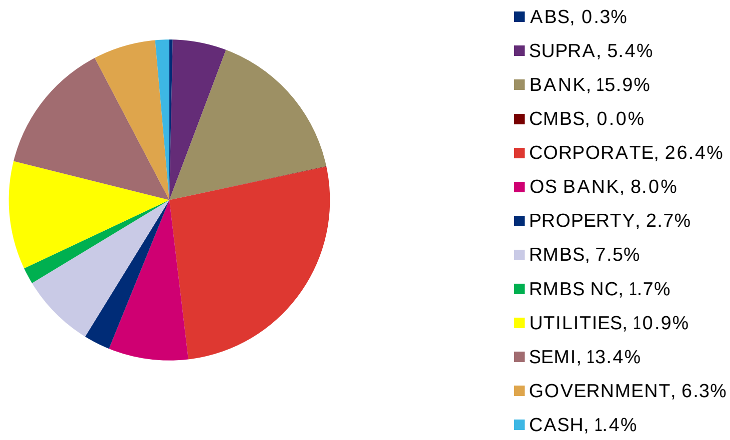
POINTS OF INTEREST

•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.

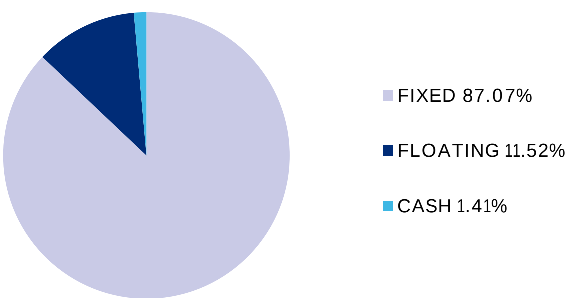
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	91.32%
Subordinated Debt	6.61%
Hybrid Debt	2.07%
Running Yield#	4.75%
Average Credit Rating	A
Portfolio Weighted Average Life (yrs)	5.05 yrs
No. Securities	176
Modified Duration	4.82

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

*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.

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's yield premium above benchmark remains led by overweight allocations to non-financial corporates, banks and off benchmark exposure to securitised sectors. The portfolio running yield at month end was 4.6% with the spread measured at 0.9%.

Duration was the biggest contributor to absolute performance over the month as bond yields rallied reflecting softer economic data and moderating inflation. Curve positioning was benign for relative performance however, with the Fund remaining close to benchmark duration. In a climate of economic and geopolitical uncertainty, the Fund remains cautiously positioned to limit the impact of bond yield volatility.

Credit spread dynamics were constructive for relative performance during June. While trading in a relatively tight range, credit spreads tightened marginally. Overweight allocation to credit contributed, supported by security and issuer selection within the non-financial corporate and domestic bank sectors.

Sector and risk allocations were actively managed throughout the month with the Manager electing to increase allocation to BBB as the credit outlook improved. Sem-government exposures were trimmed while the fund increased allocation to non-financial corporates and offshore bank paper.

The Fund was active in primary markets during a month hallmarked by elevated kangaroo and domestic corporate activity. The Fund took part in a new 7-year deal from Adelaide Airport which offered attractive pricing relative to the airport curve, backed by a solid infrastructure asset. The Fund took part in a new subordinated note from CDC Data Centres in early 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. During a busy month for kangaroo issuance, the Fund took part in the senior unsecured and hybrid tranches of the inaugural AUD deal from French Multinational utility company Engie SA which offered attractive yields. The Manager also took the opportunity to further diversify exposures in the telecommunications sector investing in 6 and 10-year tenors of the new senior deal from Spanish multinational telecommunications company Telefonica Emisiones.

The credit outlook improved towards the end of June while remaining in marginally negative territory reflecting soft valuation, growth and credit supply indicators. The Manager remains focused on identifying relative value opportunities presented by the current conditions and will continue to look for active duration opportunities along the curve.

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

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