

Perpetual Investment Funds

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

September 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: \$511.4 million as at 30 June 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 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 Active Fixed Interest Fund Class A ^{1,3}	-0.97	-1.61	1.16	-0.43	2.31	4.42	0.58	0.77	2.35
Perpetual Active Fixed Interest Fund Class W ^{2,3}	-	-	-	-	-	-	-	-	4.55
Bloomberg Ausbond Composite Index	-0.86	-1.51	1.10	-0.40	1.82	3.56	0.00	0.23	-

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.

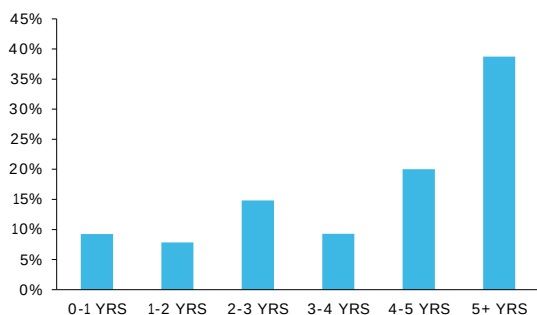
² To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has been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

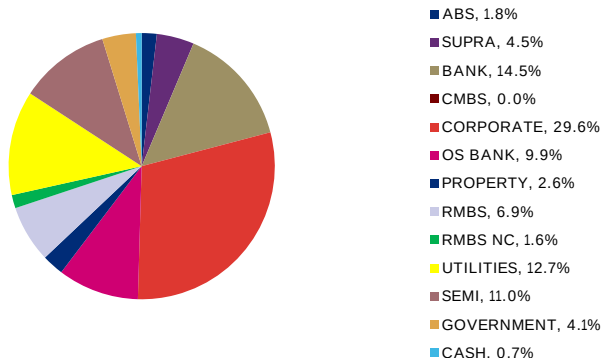
POINTS OF INTEREST

- Middle East 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.

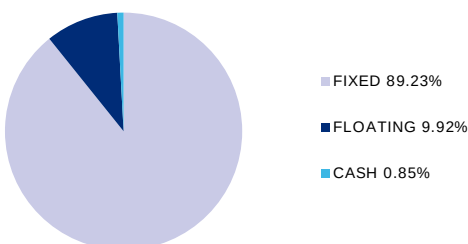
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	90.50%
Subordinated Debt	7.45%
Hybrid Debt	2.05%
Running Yield [#]	5.16%
Average Credit Rating	A
Portfolio Weighted Average Life (yrs)	5.22 yrs
No. Securities	177
Modified Duration	5.25

* 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

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

Income was the key positive contributor to relative performance over the month. The Fund's yield premium above the benchmark remained driven by overweight allocations to non-financial corporates and banks, as well as off-benchmark exposure to securitised sectors. At month end, the portfolio's running yield was 5.2%, with the spread measured at 1.0%.

Duration positioning detracted slightly from relative performance over the month. Domestic bonds sold off in sympathy with global bond markets, where yields spiked due to a combination of rising energy costs and an improving global growth outlook. While the Fund remained close to benchmark duration, a modest long position centred on the three-to-five-year tenor detracted from relative performance.

Credit spread dynamics were broadly benign for performance during the month. Spreads remained resilient despite elevated volatility in bond markets. Sector-level performance was mixed, with the overweight allocation to non-financial corporates and underweight exposure to semi-government bonds contributing positively to relative performance.

Sector and risk allocations were broadly maintained over the month. The Manager increased exposure to utilities while trimming exposure to semi-government and supranational bonds. The Fund participated in new financial issuance during a busy month in primary markets, adding allocations to Macquarie's new subordinated deal and ING Bank's covered bond issue. The Fund also added an allocation to the new bond from The Lottery Corporation, an issuer with infrastructure-like cash flows generated under long-dated licences.

Perpetual's proprietary credit outlook score was unchanged through September and remained in negative territory, weighed down by negative supply and demand indicators. The Manager remains focused on identifying relative value opportunities in the current environment and will continue to seek active duration opportunities along the curve.

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.

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