

INSTITUTIONAL UPDATE

September 2026

AUSTRALIAN EQUITIES STRATEGIES

The S&P/ASX 300 Accumulation Index fell 2.43% in September, snapping a five-month winning streak in the weakest month since March. A global bond rout dominated, with Australian three and ten-year yields climbing to 15-year highs as Treasury Secretary Bessent's expanded buyback programme failed to calm markets. Renewed US-Iran tensions pushed oil higher, adding to inflation concerns. The RBA raised the cash rate 25bp to 4.60%, its fourth hike this year, citing persistent inflation, higher energy costs and weak productivity. Headline CPI rose to 4.0% in August, driven by fuel and electricity, although trimmed mean inflation held at 3.6%. Q2 GDP beat expectations while unemployment rose to a five-year high. Health Care (+3.90%) led, supported by CSL, Ansell and Ramsay, with Energy (+0.49%) also positive. Industrials, Financials and Consumer Staples outperformed. Rate-sensitive sectors lagged, with Information Technology (-9.84%) weakest as WiseTech, Xero and NextDC sold off, while Materials (-5.86%) fell on critical minerals weakness.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual Australian Share Fund	-3.0	1.4	7.5	3.7	3.8	7.7	5.9	7.9	7.9
S&P/ASX 300 Accumulation Index	-2.4	1.3	5.5	2.4	6.5	11.3	7.5	7.8	9.0
Excess	-0.5	+0.2	+2.0	+1.3	-2.7	-3.6	-1.5	+0.1	-1.1
Perpetual Concentrated Equity Fund	-2.3	2.0	8.3	5.1	4.8	8.5	7.6	7.9	8.6
S&P/ASX 300 Accumulation Index	-2.4	1.3	5.5	2.4	6.5	11.3	7.5	7.8	9.0
Excess	+0.2	+0.7	+2.9	+2.7	-1.7	-2.8	+0.1	+0.1	-0.4
Perpetual ESG Australian Share Fund - Class A	-0.4	4.0	13.0	3.4	5.8	10.1	7.8	10.0	8.6
S&P/ASX 300 Accumulation Index	-2.4	1.3	5.5	2.4	6.5	11.3	7.5	7.8	9.0
Excess	+2.1	+2.8	+7.5	+1.0	-0.7	-1.2	+0.3	+2.2	-0.4
Perpetual Pure Equity Alpha Fund - Class A	-1.4	-1.2	0.4	2.9	7.4	8.2	7.4	9.7	8.7
RBA Cash Rate Index	0.4	1.1	2.2	4.1	4.1	4.2	3.4	2.5	2.2
Excess	-1.7	-2.3	-1.8	-1.2	+3.3	+4.0	+4.0	+7.3	+6.6
Perpetual Share-Plus Long-Short Fund	-3.2	-0.8	3.6	1.7	6.1	10.1	8.7	9.9	10.0
S&P/ASX 300 Accumulation Index	-2.4	1.3	5.5	2.4	6.5	11.3	7.5	7.8	9.0
Excess	-0.7	-2.0	-1.9	-0.6	-0.4	-1.2	+1.3	+2.1	+1.0
Perpetual Smaller Companies Fund	-3.8	0.8	7.6	0.7	10.6	10.5	7.7	10.9	10.2
S&P/ASX Small Ordinaries Accumulation Index	-2.3	-0.5	2.8	-6.7	6.4	10.4	2.2	5.0	6.1
Excess	-1.5	+1.3	+4.8	+7.4	+4.1	+0.1	+5.5	+5.9	+4.1
Perpetual Strategic Capital Fund - Class S	-1.7	4.9	10.7	7.6	6.9	-	-	-	-
S&P/ASX 300 Accumulation Index	-2.4	1.3	5.5	2.4	6.5	-	-	-	-
Excess	+0.7	+3.6	+5.3	+5.2	+0.4	-	-	-	-

GLOBAL EQUITIES STRATEGIES

Global equities slipped in September as the rate repricing that had been building through the summer finally reached the front end of the curve. The Federal Reserve delivered its first hike in more than three years, developed market yields climbed to multi-decade highs, and Brent crude held near triple digits as the U.S.-Iran conflict entered its seventh month. For the third quarter, MSCI World still gained 1.9%, with August doing most of the work. Technology was again the market's shelter. Semiconductors rose 7.2% even after a sharp selloff on September 14, when Anthropic CEO Dario Amodei called for slowing the growth of frontier capabilities and several other AI leaders echoed him. The pullback proved short-lived. The release of OpenAI's GPT-6 Astra, record orders at Dell, and conference commentary describing compute demand as still supply constrained restored confidence. Meta's debut of the Muse personal AI agent shifted attention from model training toward a broader, steadier source of demand for chips, memory and cloud capacity. Muse also cut the other way, reviving disruption fears across industries like insurance brokers, insurers, businesses relying on cancellable personal subscriptions, and wealth management platforms. The market continues to separate the suppliers of AI from the businesses it may displace.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Barrow Hanley Emerging Markets Fund	0.8	-1.1	34.8	47.1	36.7	26.1	-	-	-
MSCI Emerging Markets Net Total Return (AUD)	2.4	-0.8	21.7	23.1	23.0	21.0	-	-	-
Excess	-1.6	-0.4	+13.1	+24.0	+13.8	+5.1	-	-	-
Barrow Hanley Global Share Fund - Class A	-1.0	1.1	9.6	11.7	15.0	15.6	12.4	13.4	14.1
MSCI World Net Total Return Index (\$A)	1.8	1.5	14.1	9.8	16.1	18.4	12.7	13.4	13.9
Excess	-2.8	-0.4	-4.5	+2.0	-1.0	-2.8	-0.3	0.0	+0.2

CASH & FIXED INCOME STRATEGIES

September saw credit markets soften modestly 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, and attacks on shipping and Saudi energy infrastructure saw

oil prices rise strongly over the month. Higher energy prices, strong US growth, heavy debt issuance to fund the AI investment build-out and persistent fiscal deficits pushed yields higher across the 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, a unanimous decision and its fourth increase this year, citing higher energy prices and inflation risks that had begun to materialise. Governor Bullock struck a more cautious tone at her press conference and the August monthly CPI was softer than expected which saw expectations for further 2026 rate increases 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 despite trailing 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 by year end. The ECB, Bank of Japan and Reserve Bank of New Zealand also tightened.

Credit spreads were modestly wider in September, though 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 a number of 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 into 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 (\$1.5B) priced a covered bond while Macquarie issued a \$1.4B Tier 2 deal across 10.5yr non-call 5.5yr and 15yr non-call 10yr maturities. Corporate supply was steady after results season, including ElectraNet, ARTC, The Lottery Corporation, Aurizon and Kangaroo deals from E.ON and Anglian Water.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual High Grade Floating Rate Fund	0.4	1.4	2.9	5.1	5.5	5.9	4.6	3.9	3.7
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.2	4.1	4.1	4.2	3.3	2.5	2.3
Excess	+0.1	+0.3	+0.7	+1.1	+1.4	+1.7	+1.3	+1.4	+1.4
Perpetual Credit Income Fund	0.3	1.7	4.2	6.5	6.7	7.6	5.8	5.2	5.0
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.2	4.1	4.1	4.2	3.3	2.5	2.3
Excess	-0.1	+0.6	+2.0	+2.5	+2.6	+3.4	+2.5	+2.7	+2.7
Perpetual Active Fixed Interest Fund	-0.9	-1.5	1.4	0.0	2.8	4.9	1.0	1.2	2.5
Bloomberg AusBond Composite Index	-0.9	-1.5	1.1	-0.4	1.8	3.6	0.0	0.2	1.5
Excess	-0.1	0.0	+0.3	+0.4	+0.9	+1.3	+1.0	+1.0	+1.0
Perpetual ESG Credit Income Fund- Class A	0.3	1.7	4.1	6.3	7.0	7.8	6.1	5.3	-
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.2	4.1	4.1	4.2	3.3	2.5	-
Excess	0.0	+0.6	+1.9	+2.2	+2.9	+3.6	+2.7	+2.8	-
Perpetual Pure Credit Alpha Fund - Class W	0.4	1.7	3.7	6.9	7.2	8.0	6.8	6.1	6.1
RBA Cash Rate Index	0.4	1.1	2.2	4.1	4.1	4.2	3.4	2.5	2.2
Excess	+0.1	+0.6	+1.6	+2.8	+3.1	+3.8	+3.5	+3.6	+3.9

MULTI-ASSET STRATEGIES

The September quarter was marked by renewed geopolitical and inflation tensions, as the breakdown of US-Iran diplomacy pushed Brent crude back above US\$100 per barrel and central banks across the developed world resumed tightening. Global bond markets sold off sharply, with long-dated yields reaching multi-decade highs amid higher energy prices, heavy sovereign issuance and record debt-financed AI investment. Equity markets nonetheless proved resilient, with exceptionally strong corporate earnings allowing several indices to reach record highs in August and early September, before rising yields, higher oil prices and a stronger US dollar weighed on most markets late in the quarter. Beneath the surface, market leadership swung sharply — from a broadening rotation into value and cyclical in July to a renewed narrowing around AI-related technology late in the period.

- Developed market (MSCI World +1.8%) and US equities (S&P 500 +2.3%) rose modestly over the quarter as strong earnings growth outweighed higher bond yields.
- Value, cyclical and the equal-weighted S&P 500 outperformed in July as investors rotated out of AI supply-chain names. However, AI-related technology reasserted itself in September as bond yields rose and numerous central banks tightened rates, leaving Information Technology and Communication Services as the only sectors to advance.
- Japanese equities were volatile, with the Nikkei 225 (-4.1%) falling in July as the semiconductor correction spread across Asia, before recovering in August and September, supported by strong earnings growth, accelerating buybacks and ongoing governance reforms.
- Emerging markets were dominated by the AI semiconductor cycle. The Korean KOSPI 200 index (-20.9%) experienced heavy losses, albeit after an 84% rise in Q2 2026, while the Taiwanese TAIEX (+4.9%) recovered after an initial price decline in July. Chinese equities (MSCI China +3.0%) gave up a portion of their recent gains in September, weighed down by soft retail sales, fixed investment and property activity.
- European equities (Euro Stoxx 50 -0.7%) lagged as a hawkish ECB resumed hiking and investors questioned the earnings outlook with both monetary policy and higher oil prices set to weigh on activity. UK equities held up better, with the FTSE 100 (+1.8%) supported by its greater exposure to energy and commodity-related sectors and stronger dividend support.

- Australian shares (+1.3%) rose in July and August before falling in September, as rising bond yields and the RBA's fourth rate hike of 2026 weighed on rate-sensitive sectors. Meanwhile, the Australian dollar weakened substantially against the US dollar as markets priced in an increasingly aggressive Fed hiking cycle, although the outlook remains data dependent.
- Global bond markets endured a challenging quarter. US 2-year yields rose 72bps to around 4.89% as the Fed delivered its first hike since 2023, and the dot plot indicated two further hikes in 2027 beyond the guidance provided in June. Meanwhile, the US 10-year yield rose around 80bps to above 5.3%, its highest level in almost a quarter of a century. The Australian 10-year yield followed the global move higher and closed the quarter at 5.35%, its highest level since 2011, as investors fretted over Australia's poor productivity record over the past decade. UK 30-year gilt yields approached 6% for the first time since 1998.
- Commodities had a very strong quarter, led by oil (+42.0%) amid developments in the Middle East, copper (+6.9%) in response to rising AI data-centre build-outs and gold (+3.8%), for which quarterly capital growth was front-loaded.

Total returns shown have been calculated using gross performance and assuming reinvestment of distributions. No allowance has been made for fees or taxation. Past performance is not indicative of future performance. Due to rounding, the reported excess return may not precisely equal the difference between the reported Fund and Benchmark returns.

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* Due to CPI data being released by the Australian Bureau of Statistics later in the month after quarter end, CPI figures reported are lagged by one month.
