

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

December 2025

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: \$575.7 million as at 30 September 2025
APIR: PER8045AU
Mgmt Fee: 0.40% pa*

Suggested minimum investment period: Three years or longer

TOTAL RETURNS % (AFTER FEES) AS AT 31 December 2025

	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}	-0.59	-1.14	-0.37	3.91	4.12	5.08	0.23	1.94	2.46
Perpetual Active Fixed Interest Fund Class W ^{2,3}	-	-	-	-	-	-	-	-	4.68
Bloomberg Ausbond Composite Index	-0.63	-1.15	-0.75	3.17	3.05	3.72	-0.43	1.32	-

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.

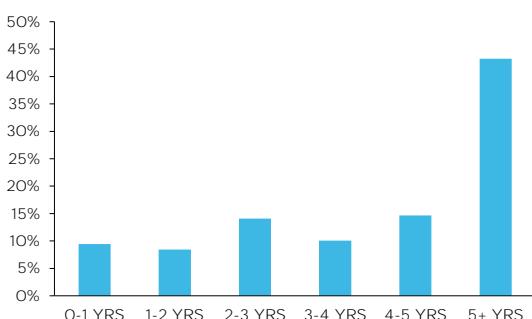
² To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has been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

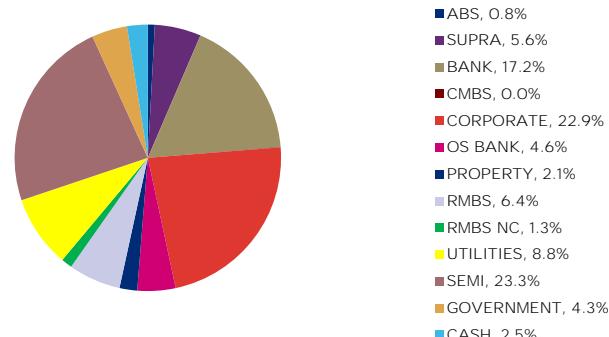
POINTS OF INTEREST

- Credit Spreads rangebound; USD spreads outperform;
- RBA on hold; Bond yields move higher on anticipated tightening;
- New issuance slows into year end;
- The credit outlook improves to neutral.

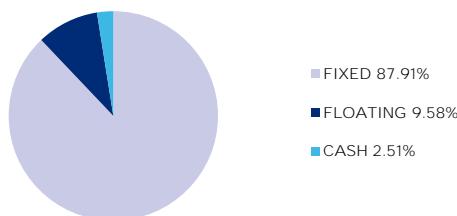
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	93.17%
Subordinated Debt	5.79%
Hybrid Debt	1.04%
Running Yield [#]	4.22%
Portfolio Weighted Average Life (yrs)	5.36 yrs
No. Securities	180
Modified Duration	5.09

* 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

December saw slightly increased volatility as financial markets behaved in a 'risk on' manner despite uncertain economic conditions – exacerbated by data limitations following the US government shutdown. Global bond yields rose sharply while credit spreads were more resilient and equities moved higher. Central banks worldwide navigated challenging inflation data, with the Federal Reserve delivering a 25bp cut amid dissenting voices and concerns around upcoming nominations. Elsewhere the ECB remained on hold while the Bank of Japan raised its policy rate to 0.75%.

Domestic bond yields continued to sell off through December in line with the broader global trend and reflecting the increasingly hawkish monetary policy outlook. This upward pressure was fuelled by robust household spending and a notable rebound in private investment growth. As inflation concerns mounted, market participants began to fully price in a rate hike by year-end 2026, with RBA Governor Bullock signalling readiness to tighten policy should inflation remain elevated. By mid-December, expectations for a February rate increase gained traction. The latest RBA minutes revealed a divided board, with some members viewing monetary conditions as no longer restrictive, while others maintained a more cautious stance.

Domestic credit spreads traded in a tight range throughout December tightening very marginally on aggregate. Robust US economic data alongside better than expected domestic consumer spending were supportive. Spreads remain tight relative to historical levels and credit fundamentals are supportive reflecting accommodative liquidity conditions and conservative corporate balance sheets.

December concluded a record year for issuance volumes in the Australian credit market. While the latter half of the month was affected by the seasonal shutdown, a number of new corporate deals were priced in the first week of the month. NatWest's \$1B senior deal reflected the trend towards elevated kangaroo financial issuance that has been observed throughout 2025. Ausgrid came to market for \$750M across 5 and 10-year fixed rate tranches while Dexus raised \$500M in subordinated paper. Securitisation markets continued in earnest, with issuance stretching into the second week of December before primary markets closed for the year.

PORTFOLIO COMMENTARY

Credit spread dynamics were constructive for performance over the month. While spreads traded in a relatively tight range during December, the Fund's longer than benchmark spread duration and overweight allocation to non-financial corporates and utilities contributed to outperformance. Security selection within the semi-government sector contributed to performance with the Managers preference for fiscally responsible state governments including New South Wales and Western Australia was rewarded.

Active duration positioning was the key contributing factor to relative performance over the month. Bond yields moved higher along the curve as the market revised expectations of the path of domestic monetary policy. The Fund began the month with close to benchmark duration, lengthening in early December as the Manager felt yields were oversold. After lengthening, the duration positioning contributed to performance as yields retraced marginally. The Fund maintains a slightly longer than benchmark duration position at month end. The Fund's overweight allocation to the short end detracted as the curve flattened, however.

Income return continued to contribute to outperformance during December. The Fund's yield premium 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 4.2% with the spread measured at 0.8%.

The Manager was very selective in adding new issues to the portfolio December. The outlook improved over the month to end the year with a neutral reading. While the global growth outlook has softened, investment grade credit continues to offer attractive yields and declining interest rates have been supportive for credit fundamentals. 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 over December returning to a neutral reading by year end.

Valuation indicators worsened slightly, reflecting swap to bond spreads which moved further negative in mid-December. Opportunistic issuance and domestic vs offshore spreads remain balanced while US investment grade and high yield and domestic investment grade spreads are neutral despite remaining near the bottom of their historical fair value range.

The macroeconomic outlook improved over the month. While soft global growth expectations continue to weigh slightly on the outlook, the ratio of upgrades to downgrades has entered positive territory. The credit rating outlook is benign with market participants anticipating further upgrades in 2026.

Supply and demand indicators improved marginally to neutral. Upcoming maturity volumes have normalised while elevated recent issuance volumes continue to detract from the outlook. Market demand remained resilient into year end.

Technical indicators improved to marginally positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts are neutral while intermediary positioning is conservative.

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Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpmms.mufg.com

www.perpetual.com.au

