Perpetual Investment Funds

PERPETUAL HIGH GRADE FLOATING RATE FUND

For Institutional Investors

December 2025

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:	October 2001
Size of class:	$30.7 million as at 30 September 2025
Size of fund:	$197.4 million as at 30 September 2025**
APIR:	PER0265AU
Mgmt Fee:	0.226% pa*
Benchmark Yield:	3.630% as at 31 December 2025

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 31 December 2025

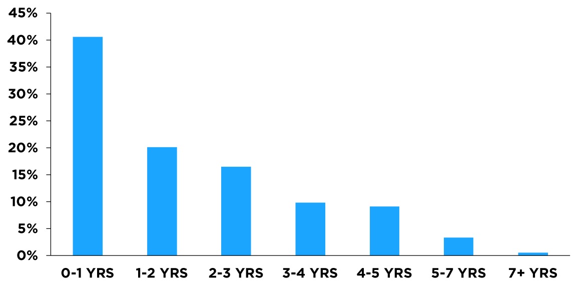
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.37	1.13	2.69	5.29	5.76	5.88	3.87	3.50	4.42
Bloomberg AusBond Bank Bill Index	0.31	0.90	1.83	3.97	4.22	4.11	2.71	2.20	3.64

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

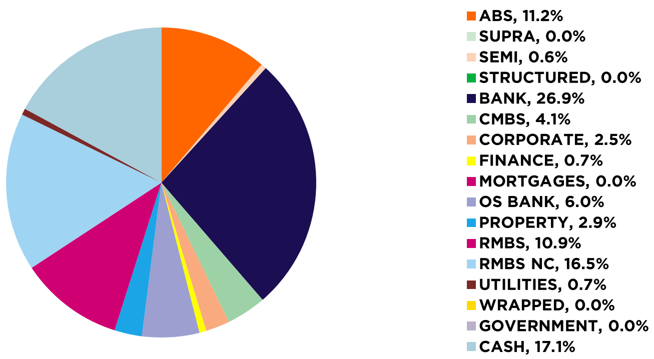
POINTS OF INTEREST

•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



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	75.55%
Subordinated Debt	24.45%
Hybrid Debt	0.00%
Running Yield#	4.63%
Portfolio Weighted Average Life	1.83 yrs
Modified Duration	0.16
No. Securities	114

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

**The total size of the Fund includes all unit classes of the Fund. This includes a retail class.

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

The Fund's yield premium above benchmark remained the most substantial contributing factor to outperformance over the month, led by allocation to securitised sectors and domestic banks. The portfolio running yield at month end was 4.6%, with the average credit spread measured at 0.8%.

Credit spread contraction contributed marginally to relative performance during a month where credit spreads traded in a relatively tight range. Allocation to domestic banks was constructive while securitised spreads widened marginally, detracting from performance.

The Manager remained very selective in adding new issues to the portfolio during a quiet month for primary issuance. The Fund's ABS exposure was increased via a new automotive securitisation.

The outlook improved over the month to end the year in neutral territory. The Fund maintains its defensive positioning supported by a relatively short credit duration and limited exposure to subordinated paper. The Fund retains the capacity to take advantage of relative value opportunities as the outlook continues to improve.

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.

MORE INFORMATION

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