Perpetual Private

PERPETUAL SELECT CASH FUND

December 2025

FUND FACTS

Investment objective: Capital stability through investments in deposits, money market and fixed income securities.

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.

BENEFITS

Provides investors with a relatively consistent rate of return through regular interest payments, generally in line with short-term interest rates. In addition, the fund is widely considered a low risk investment option.

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

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Super Cash Fund	WDL0004AU	0.3	0.8	1.6	3.4	3.5	2.3
Perpetual Select Pension Cash Fund	WDL0014AU	0.3	0.9	1.9	4.0	4.1	2.7
Bloomberg AusBond Bank Bill Index		0.3	0.9	1.8	4.0	4.1	2.7

Past performance is not indicative of future performance

MARKET COMMENTARY

The Reserve Bank of Australia (RBA) held the official cash rate steady at 3.60% throughout the December quarter, extending the pause that began in September. While markets had entered the quarter expecting the RBA to continue its earlier cadence of a cut a quarter, a renewed lift in inflation and signs of ongoing capacity pressures prompted a clear shift in both policy tone and market expectations.

The October monthly CPI surprised sharply to the upside, rising to 3.8% year-on-year. Much of the increase was driven by a surge in electricity prices, following the roll-off of state and federal energy rebates, alongside ongoing strength in housing-related costs such as rents and new dwelling construction. November's monthly CPI release moderated to 3.4%, but inflation remained above the RBA's 2–3% target band. The unemployment rate held steady at 4.3% in November, marginally below expectations. However, this stability masked softer underlying dynamics, with employment falling by 21,000 and participation declining to 66.7%. The RBA continued to assess the labour market as "a little tight," with limited spare capacity putting upward pressure on wages and prices.

At its December meeting, the RBA struck a noticeably more hawkish tone than earlier in the year. Members acknowledged that recent data had reduced confidence that monetary policy remained clearly restrictive, with views split on whether conditions were still mildly tight or closer to neutral. Importantly, the Board discussed the circumstances under which a rate increase might need to be considered in 2026, citing persistent above-target inflation and signs that excess demand in the economy may be more durable than previously expected. In response, market pricing shifted materially, moving from expectations of further easing to pricing in the possibility of rate hikes next year.

PRODUCT FEATURES

	SUPER	PENSION
Inception date	Jul 92	Jul 92
Investment Fee (p.a.)*	0.00%	0.00%
Admin fee	0.10%	0.10%
Buy spread	0.00%	0.00%
Sell spread	0.00%	0.00%
Contribution fee	0.00%	0.00%
Withdrawal fee	0.00%	0.00%
Monthly member fee	0.00%	0.00%
Min. initial contribution	$3,000	$20,000
Min. additional contribution	$0.00	$0.00
Savings plan	Yes	No
Withdrawal plan	No	No
Distribution frequency	N/A	N/A
Contact information	1800 677 648	

*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

PORTFOLIO COMMENTARY

The Perpetual Select Cash Fund invests in the Perpetual Cash Management Trust. The strategy's performance remains consistent with the RBA Cash Rate benchmark, which was decreased over the quarter and is currently yielding 3.6%. Inflation has reaccelerated over the quarter coming in at 3.2% and is now above the RBA targeted band. Given the changed inflation outlook, yields are expected to remain at current levels at least until inflation moderates.

OUTLOOK

Looking ahead, the RBA finds itself at a delicate stage of the policy cycle. In its November Statement on Monetary Policy, the Bank forecast that underlying inflation would remain above the 2–3% target range until the second half of 2026 and settle above the midpoint thereafter. That assessment, reaffirmed in December, represents a meaningful extension of the timeline for returning inflation to target and underscores the difficulty of the final leg of disinflation.

While inflation has fallen substantially from its peak, the economy continues to operate with limited spare capacity. Private demand has proven stronger than expected, labour market conditions remain tight, and cost pressures in housing and services are proving sticky. These persistent pressures are increasingly testing the RBA's patience, and the case for further tightening has strengthened. Given considerable uncertainty around the new monthly CPI series and its volatility, the quarterly CPI remains the primary gauge for assessing inflation momentum, with the December quarter print due ahead of the February 2026 meeting.

The RBA has made clear that policy will need to remain restrictive for some time to ensure inflation returns sustainably to target, and the risks are now skewed towards further rate hikes rather than cuts. While market pricing has moved quickly to anticipate rate increases in 2026, the Bank appears content to remain patient for now, watching how inflation, labour market conditions and financial settings evolve before taking its next step. However, the window for tolerance is narrowing, and another rate increase looks increasingly likely if inflation proves more persistent than hoped.

MORE INFORMATION
Adviser Services 1800 677 648
Email Selectqueries@cm.mpms.mufg.com
www.perpetual.com.au