

## Perpetual Investment Funds

# PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

February 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:** \$596.6 million as at 31 December 2025  
**APIR:** PER8045AU  
**Mgmt Fee:** 0.40% pa\*  
**Suggested minimum investment period:** Three years or longer

### TOTAL RETURNS % (AFTER FEES) AS AT 28 February 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 <sup>1,3</sup>	0.86	0.58	0.17	3.81	4.64	4.76	1.19	1.88	2.55
Perpetual Active Fixed Interest Fund Class W <sup>2,3</sup>	-	-	-	-	-	-	-	-	4.70
Bloomberg Ausbond Composite Index	0.88	0.46	0.03	3.15	3.66	3.61	0.60	1.25	-

<sup>1</sup> 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.

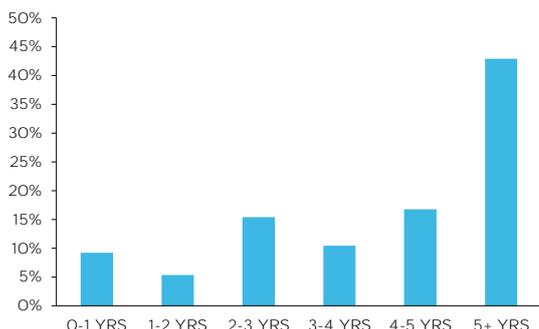
<sup>2</sup> To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has been calculated by subtracting the fees for Class A from the actual gross past performance for Class W.

<sup>3</sup> Past performance is not indicative of future performance.

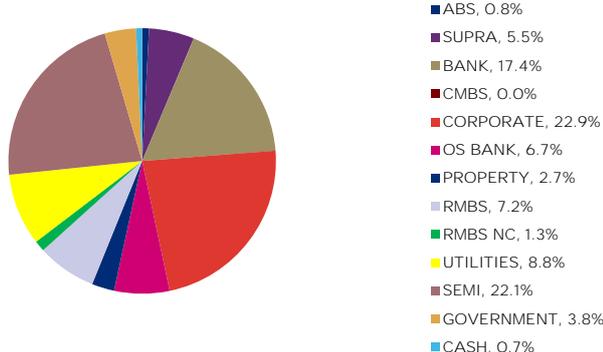
### POINTS OF INTEREST

- Geopolitical tensions escalate; US emergency tariffs struck down;
- Domestic bond yields rally despite elevated inflation;
- Domestic credit spreads soften; Private credit concerns mount;
- Tier 2 bank spreads widen reflecting elevated issuance;
- The credit outlook declined to negative

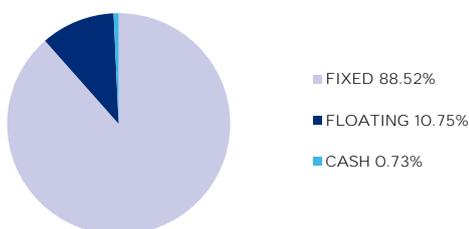
### MATURITY PROFILE



### PORTFOLIO SECTORS



### FIXED AND FLOATING RATE BREAKDOWN



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

### 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.

### PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	92.56%
Subordinated Debt	6.26%
Hybrid Debt	1.17%
Running Yield <sup>#</sup>	4.39%
Portfolio Weighted Average Life (yrs)	5.36 yrs
No. Securities	190
Modified Duration	4.82

<sup>#</sup>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 spreads softened and equities saw elevated volatility as markets priced rising geopolitical tensions, concerns around private credit markets, US trade policy uncertainty and the impact of agentic AI disruption. Escalating tensions in the Middle East in the second half of the month saw oil prices rise sharply contributing to inflationary pressure.

Domestic bond yields rallied in February reflecting the broader risk-off sentiment, improving labour market data and in spite of persistently elevated headline inflation. The RBA raised the cash rate by 25bps to 3.85% in February, citing stronger-than-expected private demand and mounting capacity pressures as inflation accelerated into the second half of 2025. Headline inflation lifted to 3.6% however long-term breakeven inflation levels moved lower implying that the current elevated inflation is viewed as a short-term trend. Labour market conditions remained resilient, with unemployment steady at 4.1% and wages growth tracking expectations. At month end, another 0.25% rate hike was fully priced in for the first half of 2026.

Domestic credit spreads were mixed with spreads widening modestly in aggregate over the month. Domestic regional and major banks widened while offshore banks performed better, supported by robust corporate earnings results. Tier-2 domestic banks spreads underperformed as record volumes of subordinated and additional tier-1 hybrid issuance were ingested while secondary markets were busy with a spike in switching activity. In the US, investment-grade and high-yield spreads widened from their 10-year lows while private credit and liquidity mismatch concerns were highlighted by a prominent US manager halting redemptions for their retail fund.

Primary market issuance remained very strong in February. Subordinated bank issuance was prominent with Westpac (\$1.5B), Credit Agricole (\$1B), ANZ (\$1B), Macquarie (\$1.25B) & CBA (\$1.85 including a 20-year fixed rate bullet). This was supplemented by a new hybrid deal from UBS (\$1B) and senior issuance from Westpac (\$5.5B across multiple transactions), Credit Agricole (\$1.25B), DBS Bank (\$2B) & ING (\$2.25B).

## PORTFOLIO COMMENTARY

**The Fund's income premium above benchmark was constructive for return over the month. The Fund's running income attributable to overweight allocations to non-financial corporates, banks and off benchmark exposure to securitised sectors. The portfolio running yield at month end was 4.4% with the spread measured at 0.8%.**

Duration positioning was the key contributor to relative performance over the month with bond yields rallying as investors moved to reduce risk as geopolitical risks rose. The Fund began the month with a small long duration position relative to benchmark which performed well as yields rallied. The Manager is cognisant of inflation risks and continues to monitor the situation in Iran and the reduced shipping volume in the strait of Hormuz. The active duration position was closed during the month with the Fund ending February close to benchmark duration.

Credit spread dynamics detracted slightly from performance over the month. Credit spreads moved moderately wider, led by domestic subordinated banks. Issuer and security selection within Domestic banks and utilities detracted slightly. Sector allocation was marginally positive **with the fund's underweight** allocation to semi-government bonds contributing as semi spreads widened.

The Manager remained selective in adding new issues to the Fund with only a small number of deals offering attractive relative value as issuance volumes – led by subordinated banks – spiked. An example of a subordinated bond added in primary during the month was the 10NC5 tier 2 bond from IMB bank, the deal was a rare AUD issuance, offered an attractive spread relative to peers and tightened on issue. The Fund also invested in the 5.5y deal from New Zealand quasi-council utilities provider Watercare. The deal was competitively priced, offering an attractive inaugural deal concession and traded marginally tighter in secondary.

The outlook for credit declined during February reflecting geopolitical tension alongside softening macroeconomic and credit supply indicators. The Fund remains defensively positioned while retaining the capacity to add risk where it is best rewarded and will continue to look for active duration opportunities along the curve.

## OUTLOOK

The credit outlook improved in early February before declining over the remainder of the month to reach a negative reading by the first week of March.

Valuation indicators remained stable with spread widening across AU investment grade, US Investment Grade and US High Yield only modest thus far. Despite the rising geopolitical tensions towards the end of the month, conditions remain supportive for borrowers and the rise in opportunistic issuers is a near term headwind for spreads.

The macroeconomic backdrop has become increasingly cautious with uncertainty around the impact of the conflict in Iran on oil prices and the growth outlook. At the same time credit fundamentals remain supportive with a positive ratio of upgrades to downgrades among US investment grade issuers.

Supply and demand indicators are marginally negative reflecting elevated recent supply and weakening demand. A number of recent deals have drifted wider in secondary with softening demand for high beta credit in particular reflecting both the broader risk off trend and the very high volume of tier-2 and longer dated senior supply.

Technical indicators declined materially over the month as US credit and Equity volatility indicators moved into negative territory. Meanwhile, intermediaries moved to reduce risk aggressively in late February and early March even as flows into investment grade funds continue to be supportive.

---

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The product disclosure statement (PDS) for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website [www.perpetual.com.au](http://www.perpetual.com.au). No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

---

## MORE INFORMATION

Investor Services 1800 022 033  
Email [PerpetualUTqueries@cm.mpms.mufg.com](mailto:PerpetualUTqueries@cm.mpms.mufg.com)  
[www.perpetual.com.au](http://www.perpetual.com.au)

