Perpetual Investment Funds

PERPETUAL HIGH GRADE FLOATING RATE FUND

February 2026

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 fund:	$199.8 million as at 31 December 2025**
APIR:	PER0265AU
Mgmt Fee:	0.226% pa*
Benchmark Yield:	3.883% as at 28 February 2026

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 28 February 2026

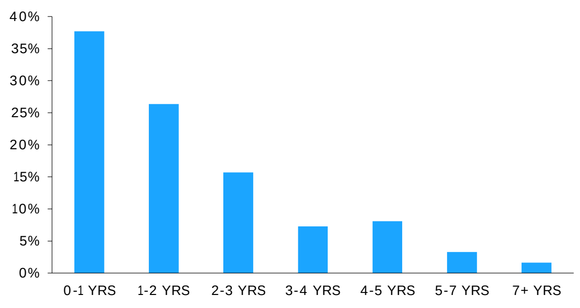
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.33	1.16	2.40	5.13	5.64	5.79	3.95	3.52	4.43
Bloomberg AusBond Bank Bill Index	0.28	0.90	1.80	3.83	4.15	4.14	2.83	2.23	3.64

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

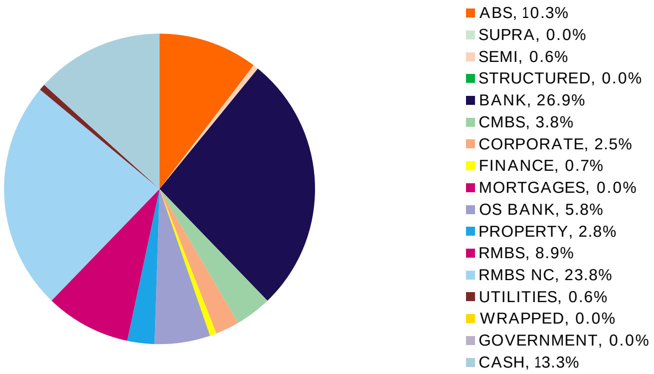
POINTS OF INTEREST

•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



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	75.24%
Subordinated Debt	24.76%
Running Yield#	4.94%
Portfolio Weighted Average Life	2.12 yrs
Modified Duration	0.17
No. Securities	119

* 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

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 yield premium above bank bills was the key contributing factor to outperformance over the month. Portfolio running yield remains predominantly attributable to RMBS, ABS and domestic banks. The Fund's floating rate structure minimises the impact of interest rate volatility while rising base rates supports the income distributable to unitholders as coupons are reset at higher rates. The portfolio running yield at month end was 4.9%, with the average credit spread measured at 0.8%.

Credit spread return was positive over the month despite spreads widening marginally on aggregate. Security selection was rewarded with positive contributions from non-financial corporate alongside domestic and offshore banks.

Sector allocations were actively managed over the month with the Manager electing to deploy a portion of the Mandate's cash position to add exposure to RMBS.

Perpetual's proprietary credit outlook score softened over the month before reaching a negative score in early March following the commencement of strikes in Iran. The Manager continues to monitor the situation carefully and the Fund remains defensively positioned, supported by a relatively short credit duration and limited exposure to subordinated paper. Notwithstanding a slight reduction in the cash position over the month, the Fund retains the capacity to take advantage of relative value opportunities presented by elevated market volatility.

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.

MORE INFORMATION

Investor Services 1800 022 033
Email PerpetualUTqueries@cm.mpms.mufg.com
www.perpetual.com.au