

Fund Profile - 31 March 2026

Implemented Fixed Income Portfolio

Fund facts

APIR code	PER0710AU
Inception date	9 December 2013
Asset class	Diversified Fixed Income
Investment style	Multi manager blend
Benchmark	Fixed Income Composite Benchmark [#]
Suggested length of investment	Three years or more
Unit pricing frequency	Daily
Distribution frequency	Quarterly
Legal type	Unit trust
Product type	Wholesale Managed Investment Scheme
Status	Open
Management fee*	0.47%
Buy/Sell spread	0.24% / 0.00% as at September 2025
Issuer	Perpetual Investment Management Limited

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

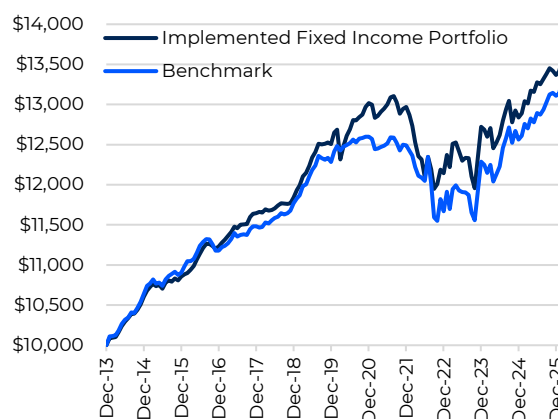
Investment objective

To provide investors with income through investment in a diversified portfolio of fixed income instruments, aiming to outperform the stated benchmark over rolling three-year periods.

Benefits

Provides investors with the potential for maximising income and capital stability, with broad market exposure.

Growth of \$10,000 since inception



Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance.

Net performance

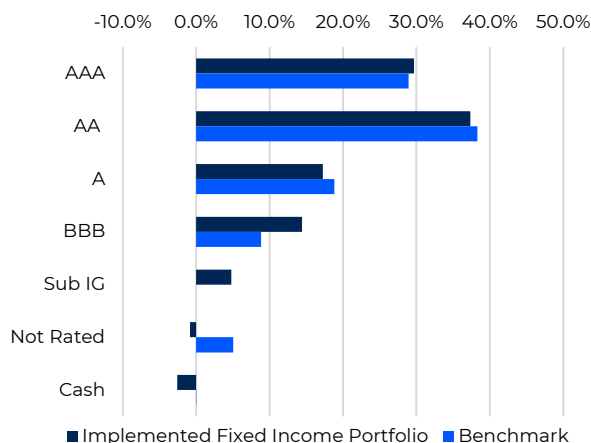
As at March 2026

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	-2.2%	-0.8%	1.9%	2.0%	0.6%	2.4%
Growth return	-4.3%	-2.9%	-1.3%	0.4%	-1.4%	-0.2%
Distribution return	2.1%	2.1%	3.2%	1.6%	2.0%	2.6%
Benchmark	-1.7%	-0.3%	2.9%	3.0%	1.0%	2.3%
Excess Return	-0.5%	-0.5%	-1.0%	-1.1%	-0.3%	0.1%

Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance. *Since Inception.

Ratings breakdown

As at March 2026[^]



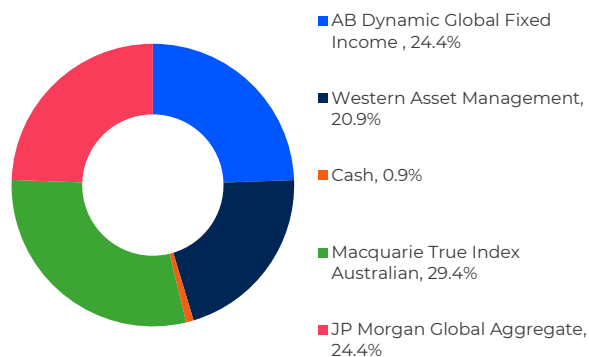
Source(s): State Street, External Manager Reports.

Exposures may appear as negative due to the use of Interest Rate Derivatives and Derivative Offsets.

[^]Portfolio exposures can be lagged by up to 3 months.

Portfolio exposure by manager

As at March 2026



Source(s): State Street, FactSet.

Investment approach

A multi-manager framework is utilised, where specialist investment managers are selected to form a diverse and complementary mix of investment strategies and styles. This can help reduce volatility by avoiding over exposure to a particular specialist investment manager. Derivatives may be used in managing the portfolio.

Investment strategy

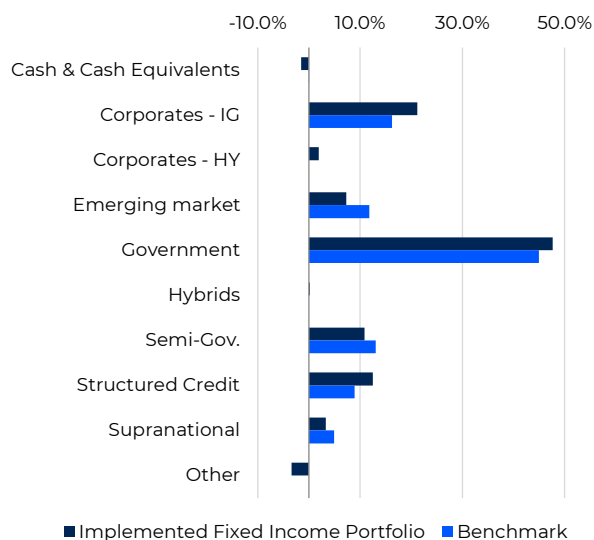
The Implemented Fixed Income Portfolio invests in both Australian and International fixed income markets, as well as diversified credit markets.

The managers within the Implemented Fixed Income Portfolio will invest across the broad spectrum of available debt instruments diversified by industry, maturity and credit rating (the majority of which will be investment grade as assigned by a recognised global ratings agency).

Their portfolios tend to be diversified across hundreds of positions both in physical securities and through the use of derivatives. The diversified nature of their portfolios aims to mitigate a large negative portfolio impact from any single position.

Sector Exposures

As at March 2026[^]



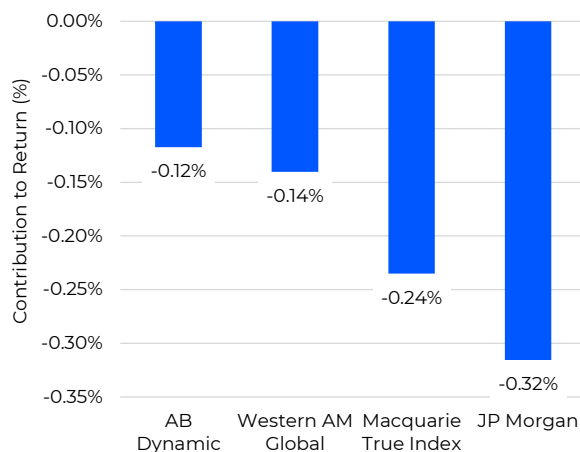
Source(s): State Street, External Manager Reports.

Exposures may appear as negative due to the use of Interest Rate Derivatives and Derivative Offsets.

[^]Portfolio exposures can be lagged by up to 3 months.

Contribution by manager

For the Quarter to March 2026



Source(s): State Street, FactSet.

Manager line-up and approach

As at March 2026

Manager	Approach
AB Dynamic Global Fixed Income Mandate	Sector rotation, relative value.
JP Morgan Global Fixed Income Mandate	Core fixed income.
Western Asset Management Global Bond Mandate	Sector rotation, relative value.
Macquarie True Index Australian Fixed Interest	Australian passive core fixed income and True indexing fund.

Market Commentary

The first quarter of 2026 saw fixed income markets contend with a deteriorating inflation outlook, as the outbreak of conflict in the Middle East in late February transformed what had been a modestly constructive start to the year. The onset of the war led to surging oil prices and rapidly shifted the focus from growth and central bank easing to inflation and supply shocks.

In Australia, the Reserve Bank of Australia (RBA) had already moved to address persistent inflationary pressures before the conflict emerged. The rate hike in February 2026, the first increase since November 2023, reflected the Board's view that inflationary pressures had picked up materially in the second half of 2025. A second consecutive 25 basis point increase followed at the March meeting, taking the cash rate to 4.10%. The data underpinning that decision was difficult to ignore. Inflation printed at 3.7%¹ year-on-year in February, well above the RBA's 2–3% target band, while the unemployment rate of 4.3% signalled that the labour market remained tight by historical standards. Notably, the March decision was a closely contested 5:4 vote in favour of a hike, with the Board citing a combination of concerns: that higher oil prices from the Middle East conflict would feed into longer-term inflation expectations, and that ongoing capacity constraints in the domestic economy left limited confidence that inflation would return to target without more restrictive monetary policy. As was the case in prior periods of RBA tightening, bond prices fell to absorb the higher rate environment, with the Bloomberg AusBond Composite (0+Y) returning -0.3%² for the quarter. Annual returns of just 1.5% reflect how income has only partially offset capital losses from the tightening cycle. The Bloomberg AusBond Credit (0+Y) returned -0.2%³ for the quarter and 2.6% over the year, while the Bloomberg AusBond Credit FRN (0+Y) returned a positive 1.0%⁴ for the quarter and 4.7% over the year, with its floating rate structure providing investors with a natural buffer against the RBA's moves.

Turning to global markets, even before the war-driven jump in oil prices, inflation was on the high side, raising doubts about how quickly the US Federal Reserve would deliver expected rate cuts. By quarter's end, the war had ended expectations for any rate cuts in 2026, driving yields upward. The 10-year US Treasury yield ended March near 4.32%, having briefly touched 4.45% in late March. European government bonds also came under pressure, as the ECB left rates unchanged at its March meeting but strongly signalled the possibility of rate hikes. The Bloomberg Global Aggregate returned -0.3%⁵ for the quarter. Global credit markets weakened alongside rates, with the ICE BofA Global Corporate (AUD Hedged) returning -0.6%⁶ and Bloomberg Global High Yield (AUD Hedged) falling -1.0%⁷ for the quarter.

Portfolio Commentary

The Implemented Fixed Income Portfolio underperformed its benchmark by 0.50% over the March 2026 quarter. Overweight Australian and UK duration positions detracted from value. The Fund was also overweight Credit and High Yield, which underperformed government bonds of the period

Alliance Bernstein Global Plus Mandate returned -0.48% for the quarter, underperforming its benchmark over the period. Overweight US duration and underweight European duration added value. Latin American currency and Australian dollar positions also added value. UK and Australian duration positions were the biggest detractors for the quarter.

JPMorgan Global Bond Mandate returned -1.29% for the quarter, underperforming the Bloomberg Global Aggregate (AUD Hedged) Index return of -0.25%. Overweight UK and Australian duration contributed to losses, as did overweight positions to investment grade credit, high yield and hard currency emerging market debt.

¹ Australian Bureau of Labour Statistics (ABS)

² As measured by the Bloomberg AusBond Composite (0+Y) index

³ As measured by the Bloomberg AusBond Credit (0+Y) index

⁴ As measured by the Bloomberg AusBond Credit FRN (0+Y) index

⁵ As measured by the Bloomberg Global Aggregate (AUD hedged)

⁶ As measured by the ICE BofA Global Corporate (AUD hedged) index

⁷ As measured by the Bloomberg Global High Yield (AUD Hedged) index

Western Asset Global Bond Mandate -0.67% for the quarter, underperforming the Bloomberg Global Aggregate (AUD Hedged) Index return of -0.25%. Overweight allocations to Structured Credit added relative value for the period. These gains offset by relative losses from overweight credit, high yield and emerging market positions.

Macquarie True Index Australian Fixed Index Fund returned -0.34% during the quarter, in line with the Bloomberg AusBond Composite 0+ Year Index. Australian government bond yields were volatile, while a material reacceleration of inflation is giving the markets cause for concern.

Manager Insights and Outlook

The energy price shock stemming from the Middle East conflict has been the dominant theme shaping our fixed income views entering the second quarter of 2026. The inflationary consequences of high oil prices are, in practice, neither straightforward nor uniform. They are both inflationary and disinflationary, depending on the time horizon and the starting conditions of the economy in question. In the near term, higher energy prices feed directly into headline inflation through transport costs, utilities and broader input costs across the economy. However, sustained elevated oil prices also act as a tax on households and businesses, suppressing demand and ultimately weighing on growth, a disinflationary force over the medium term. The size of each effect, and which dominates, depends heavily on how long the supply shock persists and how stretched the economy already is when it arrives. With Australian inflation already running at 3.7%, well above the RBA's 2–3% target band, and the labour market still tight, the near-term inflationary impulse is the more pressing concern for policymakers here.

This creates the difficult balancing act now facing both central banks and governments. We are watching closely for any fiscal policy responses to slowing growth. Government spending deployed to cushion a slowdown could entrench inflation expectations further, putting upward pressure on long-end yields. Conversely, insufficient support risks tipping economies into contraction, an outcome that, while supportive of duration positions, would likely prove damaging for credit markets, particularly in the sub-investment grade space. Markets are currently pricing approximately a 60% probability of a further 25 basis point RBA hike in May, with rates expected to peak around 4.6% later in 2026. While the near-term policy path appears skewed toward further tightening, we note that the long end of the Australian curve is increasingly anchored by longer-term growth expectations. The narrowing gap between short and long-dated Australian yields has put traders on watch for a potential yield curve inversion, a dynamic historically associated with recessionary conditions, though our base case remains for a slowdown rather than outright recession. Absolute yield levels remain elevated relative to historical norms, and we continue to see value in selectively positioning across the curve. And as recent weeks have demonstrated, the geopolitical and economic landscape can shift with remarkable speed in either direction.

In credit, spreads have widened modestly from their recent tights, but default rates remain low and corporate balance sheets are generally in good shape. Within portfolios, we have maintained a duration posture similar to the benchmark, while remaining constructive on credit selection, with a continued preference for investment grade over high yield given the current environment. We remain vigilant for opportunities that may emerge should volatility create more attractive entry points further out the curve.

More information

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perpetual.com.au/managed-accounts

#Effective from 8th December 2025, the Fixed Income Composite benchmark comprises:

- Bloomberg Global Aggregate Bond Index (AUD Hedged) and,
- Bloomberg Ausbond Composite 0+ YR Index.

The composite benchmark reflects the Portfolio's target allocation at any time to the various asset types. Please refer to the Product Disclosure Statement for further details.

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