

PERPETUAL HIGH GRADE FLOATING RATE FUND

March 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: | 4.117% as at 31 March 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 31 March 2026

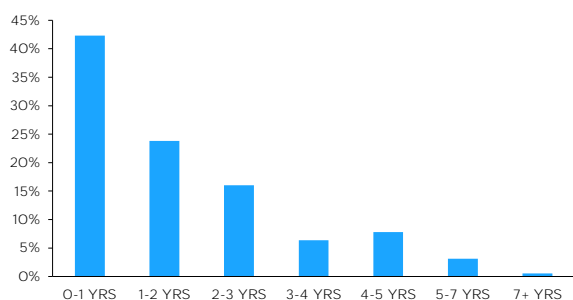
| | 1 MTH | 3 MTHS | 6 MTHS | 1 YR | 2 YRS PA | 3 YRS PA | 5 YRS PA | 7 YRS PA | INCEPT PA |
|---|-------|--------|--------|------|----------|----------|----------|----------|-----------|
| Perpetual High Grade Floating Rate Fund | 0.17 | 0.95 | 2.09 | 4.91 | 5.45 | 5.79 | 3.95 | 3.49 | 4.42 |
| Bloomberg AusBond Bank Bill Index | 0.32 | 0.91 | 1.82 | 3.80 | 4.13 | 4.15 | 2.89 | 2.25 | 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

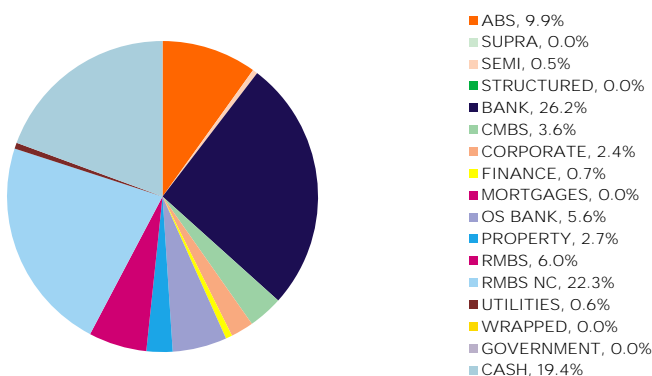
POINTS OF INTEREST

- War in Iran and rising oil prices contribute to market volatility;
- Credit spreads widen on geopolitical, inflation and growth concerns;
- RBA raises rates; bond yields rise along the curve;
- New issuance disrupted; securitisation volumes resilient
- The credit outlook is negative.

MATURITY PROFILE



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

| | BREAKDOWN |
|---------------------------------|-----------|
| Senior Debt | 78.75% |
| Subordinated Debt | 21.25% |
| Running Yield [#] | 4.98% |
| Portfolio Weighted Average Life | 1.71 yrs |
| Modified Duration | 0.17 |
| No. Securities | 116 |

* 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

March proved a challenging month for Australian fixed income, as geopolitical turmoil in the Middle East dominated sentiment and forced a significant repricing of the rate outlook. The US-Israel conflict with Iran effectively closed the Strait of Hormuz — a chokepoint for roughly 20% of global oil supply — sending oil prices sharply higher and reigniting stagflation concerns. The war created volatility across energy, rates, equities and credit markets as inflation was re-priced, as was central bank paths and recession risks.

Against this backdrop, the RBA delivered a 0.25% rate hike, albeit on a narrow 5–4 vote, reinforcing its view that the economy has been running above potential and that inflation remains uncomfortably elevated. The decision was framed as a response to pre-existing domestic inflationary pressures rather than the oil shock directly, though the two are difficult to disentangle. Australian government bond yields moved sharply higher across the curve. Market pricing for the end-2026 cash rate peaked near 4.8% — around 2.5 additional hikes — up sharply from February's close. With Q1 CPI due ahead of the May RBA meeting — where markets are currently pricing a 60% probability of another hike to 4.35% — volatility looks set to persist into April.

Domestic credit spreads widened materially over the month reflecting uncertain economic and geopolitical conditions alongside rising concerns around the private credit sector. Higher beta sectors including subordinated major banks widened more sharply.

Primary market issuance paused briefly following the commencement of strikes in Iran before resuming albeit at a lower volume than previous months. Securitisation activity dominated deal flow, contributing to pressure on spreads as the market digested robust volumes in an uncertain economic climate.

PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark remained the most substantial contributing factor to outperformance over the month partially offsetting the impact of spread expansion. Income return was led by allocation to securitised sectors and domestic banks. The portfolio running yield at month end was 5.0%, with the average credit spread measured at 0.9%.

Credit spread widening was the key determinant of relative performance over the period. Allocation to domestic banks including higher beta subordinated exposures detracted as spreads widened in a risk off environment. Supply dynamics also contributed to spread expansion with recent elevated levels of securitisation and tier 2 bank issuance weighing on performance.

The Fund's conservative positioning mitigated the impact of the selloff in credit with credit rating positioning (more than 38% of the Fund deployed in AAA rated credit), relatively short spread duration (less than 1.8 years), low capital structure risk (almost 80% of the portfolio was allocated to senior debt by month end) and healthy cash allocation (almost 20%) helping to limit the impact of widening spreads.

The outlook for credit remains negative reflecting uncertain geopolitical, economic and monetary policy factors. In these conditions risk management remains paramount. The Fund maintains its defensive positioning supported by a relatively short credit duration and limited exposure to subordinated paper. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities presented by recent volatility.

OUTLOOK

The credit outlook declined in March to end the month with a strong negative reading.

Valuation indicators neutral despite spread widening across AU investment grade, US Investment Grade and US High Yield. The disruption of primary markets as a result of the war in Iran and associated uncertainty saw decline in opportunistic issuance. AUD credit is still offering reasonable relative value.

The ongoing Middle East conflict remains the key driver of the macroeconomic outlook. Even if traffic through the Strait of Hormuz normalizes, damage to production infrastructure is expected to limit supply recovery and sustained high oil prices will slow global growth. The ratio of upgrades to downgrades remains in positive territory despite the uncertain economic and monetary policy outlook.

Market demand has been impacted by the geopolitical volatility with persistent selling observed and buyers predominantly active at discounted levels with bid depth inconsistent. Year to date issuance remains elevated despite the easing observed in March.

Technical indicators have worsened contributing to the negative credit outlook. While cash balances among real money accounts have increased and dealer inventories remain neutral, US credit, Equity and Equity volatility indicators are all marginally negative.

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