

Perpetual Investment Funds

PERPETUAL DYNAMIC FIXED INCOME FUND

March 2026

FUND FACTS

Investment objective: Aims to provide capital stability and regular income by investing in a diversified range of income generating assets, and a positive return (before fees and taxes) irrespective of market conditions over a rolling three-year period.

Benchmark: 50% Bloomberg AusBond Composite Index/50% Bloomberg AusBond Bank Bill Index
Inception date: November 2010
Size of fund: \$29.7 million as at 31 December 2025
APIR: PER0557AU
Mgmt Fee: 0.45% pa*
Suggested minimum investment period: Three years or longer

FUND BENEFITS

The fund is designed to provide investors with a diversified fixed income solution that manages both credit risk (credit worthiness) and duration risk (sensitivity to changes in interest rates) in different economic conditions.

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

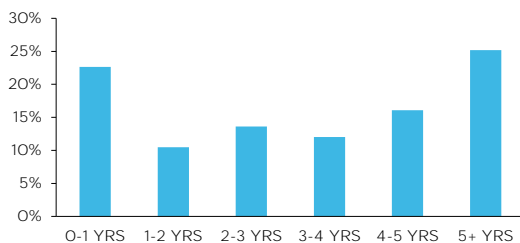
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Dynamic Fixed Income Fund	-0.58	0.35	0.29	3.21	4.11	4.78	2.55	2.80	4.12
Bloomberg AusBond Composite/Bank Bill Blend	-0.55	0.29	0.16	2.66	3.25	3.12	1.55	1.55	3.03

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 performance.

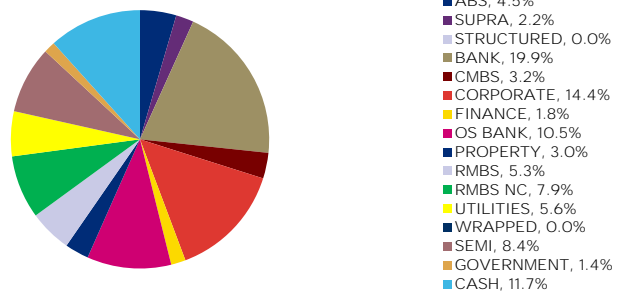
POINTS OF INTEREST

- 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.

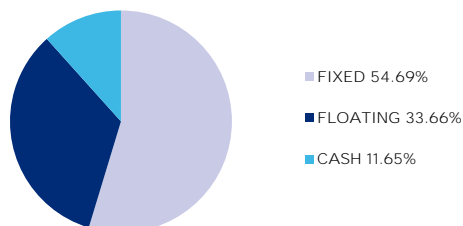
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	65.49%
Subordinated Debt	25.48%
Hybrid Debt	9.03%
Running Yield [#]	4.81%
Portfolio Weighted Average Life (yrs)	3.61
No. Securities	369
Modified Duration	1.86

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

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

Income return was the most substantial contributor to performance over the month offsetting the impact on rising bond yields. The Fund continues to collect a healthy running yield generated from the underlying fixed rate and floating rate income strategies alongside direct investments. The Fund's running income remains led by domestic and offshore banks, RMBS and non-financial corporates. The portfolio running yield was 4.7% at month end.

Credit spread dynamics were constructive for performance during the month. Although Australian Dollar denominated spreads traded in a tight range throughout the month, the Fund benefitted from exposure to offshore markets with allocation to USD denominated bank hybrids performing very well. Contracting semi-government spreads in New South Wales and Western Australia.

Duration was the key detractor from performance over the month. Bond yields moved higher along the curve as the market revised expectations of the **path of domestic monetary policy**. The Fund's **relatively short strategic target duration mitigated the impact of rising bond yields**. The Fund ended the month close to the lower bound of the 2-year strategic target allowing the Fund to participate in bond market rallies while limiting the impact of month-to-month yield volatility.

The outlook improved over the month to end the year with a neutral reading. While the global growth outlook has softened, investment grade credit continues to offer attractive yields and declining interest rates have been supportive for credit fundamentals. The Manager remains focused on identifying relative value opportunities presented by the current conditions and will continue to look for active duration opportunities along the curve.

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.

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 PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Group means Perpetual Trustees Australia Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any 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 entry or exit fees or taxation (except in the case of superannuation funds, as applicable).

Past performance is not indicative of future performance.

*** The benchmark for the Fund was previously reported as both the Bloomberg AusBond Bank Bill Index and the Bloomberg AusBond Composite Index. As at 29 April 2015, the benchmark for reporting was updated to a composite benchmark comprising 50% Bloomberg AusBond Bank Bill Index & 50% Bloomberg AusBond Composite Index. The change in benchmark was to better reflect the investment strategy. The performance table above reflects the change in benchmark applied across all periods.

MORE INFORMATION

Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpms.mufg.com

www.perpetual.com.au

