

## Perpetual Investment Funds

# PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

March 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 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 Active Fixed Interest Fund Class A <sup>1,3</sup>	-1.60	-0.44	-1.57	2.03	3.16	3.22	0.72	1.36	2.35
Perpetual Active Fixed Interest Fund Class W <sup>2,3</sup>	-	-	-	-	-	-	-	-	4.60
Bloomberg Ausbond Composite Index	-1.42	-0.34	-1.48	1.51	2.35	2.06	0.15	0.79	-

<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.

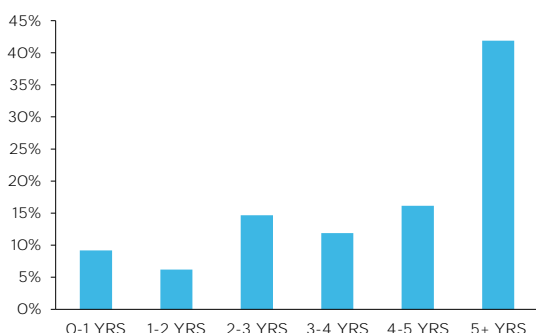
<sup>2</sup> To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee).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

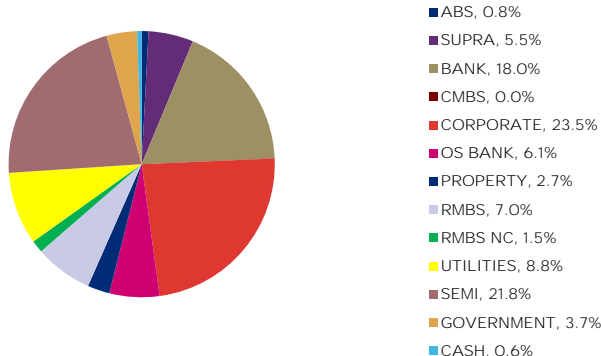
### POINTS OF INTEREST

- 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.

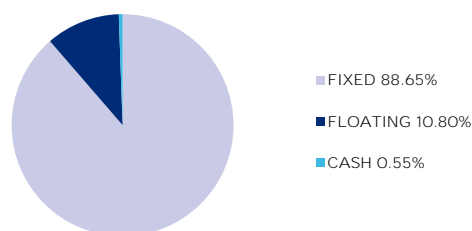
### MATURITY PROFILE



### PORTFOLIO SECTORS



### FIXED AND FLOATING RATE BREAKDOWN



\* 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	92.39%
Subordinated Debt	6.46%
Hybrid Debt	1.15%
Running Yield <sup>#</sup>	4.53%
Portfolio Weighted Average Life (yrs)	5.12 yrs
No. Securities	192
Modified Duration	4.90

<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

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

Yield curve positioning was marginally positive for relative performance over the month. Bond yields moved higher along the curve, impacting absolute performance. While the Fund was relatively close to benchmark duration, underweight allocation to long end of the curve was constructive as the curve steepened.

Credit spread dynamics detracted from relative performance over the month. Credit spreads moved wider in line with the broader risk off sentiment, **reflecting elevated geopolitical economic and monetary policy risks. The Fund's longer than benchmark spread duration and overweight allocation to corporate credit impacted relative return.** This was partially offset by prudent issuer and security selection, most notably among financial sectors.

**Income return continued to contribute to relative performance, mitigating the impact of spread expansion. The Fund's yield premium remains led by overweight allocations to non-financial corporates, banks and off benchmark exposure to securitised sectors.** The portfolio running yield at month end was 4.5% with the spread measured at 0.9%.

The Fund took part in a pair of new deals during a disrupted month for primary issuance. The Fund added a 5-year senior deal from Dalrymple Bay Port offering exposure to a solid asset which tightened marginally in secondary. A new 7-year deal from Meridian Energy printed in late March and the Manager elected to invest reflecting attractive yield for a defensive sector. Elsewhere, the Fund took part in new regular senior bank issuance from Macquarie investing in the new 3-year deal. The Manager will continue to assess relative value opportunities presented by elevated volatility.

The outlook for credit remains negative reflecting uncertain geopolitical, economic and monetary policy factors. In these conditions risk management remains paramount. 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.

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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.

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## MORE INFORMATION

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