

Perpetual Private

PERPETUAL SELECT CASH FUND

March 2026

FUND FACTS

Investment objective: Capital stability through investments in deposits, money market and fixed income securities.

BENEFITS

Provides investors with a relatively consistent rate of return through regular interest payments, generally in line with short-term interest rates. In addition, the fund is widely considered a low risk investment option.

TOTAL RETURNS % (AFTER FEES) AS AT 31 MARCH 2026

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Super Cash Fund	WDL0004AU	0.3	0.8	1.6	3.3	3.6	2.4
Perpetual Select Pension Cash Fund	WDL0014AU	0.4	0.9	1.9	3.9	4.2	2.9
Bloomberg AusBond Bank Bill Index		0.3	0.9	1.8	3.8	4.1	2.9

Past performance is not indicative of future performance

MARKET COMMENTARY

The Reserve Bank of Australia (RBA) increased the official cash rate by a cumulative 50 basis points over the March quarter, lifting the policy rate from 3.60% to 4.10%. The tightening cycle resumed in February with a 25 basis point increase to 3.85%, the first hike in over two years, followed by a second consecutive increase in March, reflecting growing concern that inflation has proven more persistent than previously expected and that policy settings were no longer sufficiently restrictive.

The February decision was unanimous. The Board highlighted stronger than expected private demand, resilient household spending, solid business investment and renewed momentum in the housing market. Labour market conditions remained firm, with the unemployment rate printing at 4.3% in February, below expectations, and measures of underutilisation remaining suppressed. While some inflation pressures were assessed as temporary, the RBA judged that domestic capacity pressures had increased and that a modest tightening was warranted to ensure policy remained appropriately restrictive.

The March decision was more finely balanced, passed on a narrow 5:4 vote. The Board cited a "material risk" that inflation could remain above target for longer than previously anticipated, particularly given rising short-term inflation expectations and higher oil prices. Headline CPI had printed at 3.7% year-on-year in February, well above the RBA's 2-3% target band, providing clear justification for the move.

The Middle East conflict was flagged as a two-sided risk, while a prolonged disruption could dampen demand and act as a brake on inflation, the more immediate concern was that sustained energy price rises would lift near-term

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.

PRODUCT FEATURES

	SUPER	PENSION
Inception date	Jul 92	Jul 92
Investment Fee (p.a.)*	0.00%	0.00%
Admin fee	0.10%	0.10%
Buy spread	0.00%	0.00%
Sell spread	0.00%	0.00%
Contribution fee	0.00%	0.00%
Withdrawal fee	0.00%	0.00%
Monthly member fee	0.00%	0.00%
Min. initial contribution	\$3,000	\$20,000
Min. additional contribution	\$0.00	\$0.00
Savings plan	Yes	No
Withdrawal plan	No	No
Distribution frequency	N/A	N/A
Contact information	1800 677 648	

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

inflation and risk embedding longer-term pressures via second-round effects. The Board judged that delaying action risked entrenching materially higher inflation expectations.

PORTFOLIO COMMENTARY

The Perpetual Select Cash Fund invests in the Perpetual Cash Management Trust and delivered performance consistent with the RBA cash rate benchmark over the March quarter. During the period, the RBA increased the cash rate to 4.10% in response to persistent above-target inflation. Given the inflation outlook, interest rates are expected to remain elevated in the near term, supporting cash returns.

OUTLOOK

The RBA enters the second quarter with inflation risks skewed firmly to the upside. Price pressures have picked up materially since the second half of 2025, domestic demand conditions remain firmer than expected, and the labour market continues to operate with limited spare capacity. The RBA has been explicit that monetary policy will need to remain sufficiently restrictive for some time, and markets are currently pricing the cash rate peaking at around 4.6%, though the precise path will depend on future CPI prints, and critically, the duration and severity of the Middle East conflict and how long the Strait of Hormuz remains effectively closed to normal shipping traffic.

It is worth noting that Australia's inflation challenge has structural roots that predate the current geopolitical shock. The economy has been grappling with stagnant productivity growth for over a decade, meaning the wage growth consistent with returning inflation to target is lower than history would suggest. Strong population growth continues to place persistent upward pressure on housing construction costs and rents, the two largest components of the CPI. These are slow-moving forces that monetary policy alone cannot easily offset, and they will remain relevant to the inflation outlook long after the current energy shock subsides.

Against this backdrop, the RBA faces a genuinely difficult balancing act. Tightening too aggressively risks tipping an already rate-sensitive household sector into a sharper slowdown, particularly given that Australian mortgage holders carry one of the highest debt burdens relative to income in the developed world. But moving too slowly risks allowing inflation expectations to drift higher, making the eventual task of disinflation considerably more painful. The March quarter CPI, due in late April, will be the single most important input into the May Board decision and will go a long way toward determining whether the current tightening cycle has further to run.

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MORE INFORMATION

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