

Perpetual Investment Funds

PERPETUAL DYNAMIC FIXED INCOME FUND

April 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: \$29.9 million as at 31 March 2026

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 30 April 2026

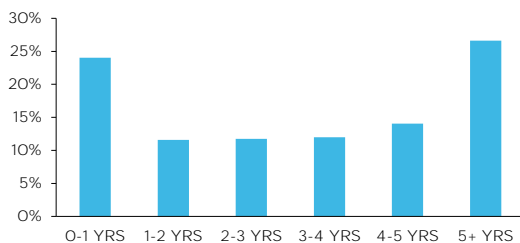
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Dynamic Fixed Income Fund	0.56	0.47	0.58	3.10	4.64	4.83	2.59	2.82	4.13
Bloomberg AusBond Composite/Bank Bill Blend	0.20	0.22	0.03	1.82	3.78	3.10	1.53	1.54	3.03

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.

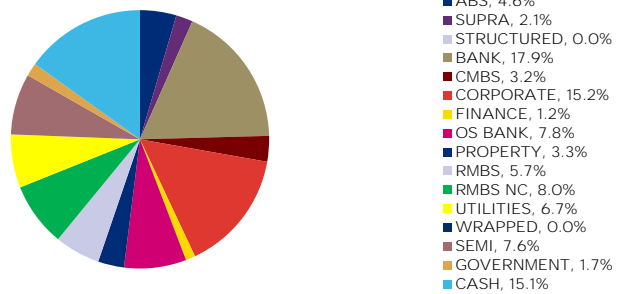
POINTS OF INTEREST

- Middle East conflict persists; oil prices remain volatile;
- Domestic credit spreads rally from March selloff;
- Bond yields rise; domestic yield curve steepens as short end underperforms;
- RBA on hold; inflation data hot; May rate hike near-fully priced;
- The credit outlook improved while remaining in negative territory.

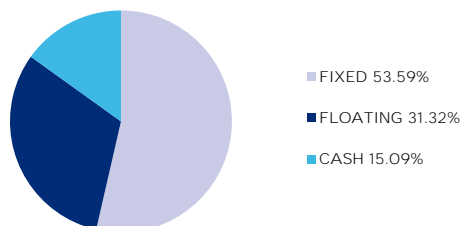
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	68.64%
Subordinated Debt	22.91%
Hybrid Debt	8.45%
Running Yield [#]	4.77%
Portfolio Weighted Average Life (yrs)	3.62
No. Securities	353
Modified Duration	1.87

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

MARKET COMMENTARY

The Middle East conflict continued to dominate global markets through April, driving sharp swings in oil prices, bond yields and equities as ceasefire talks repeatedly stalled and resumed. Despite the volatility, risk assets finished strongly, supported by a strong US earnings season. Bond yields rose across the board, and major central banks held rates, though the Fed saw three dissenters favouring removal of the easing bias and the Bank of Japan recorded three votes for a hike.

There was no RBA Board meeting in April, following back-to-back 25 basis point hikes in February and March. At Month end, the May rate increase was near fully priced in reflecting the hot inflation report released in late April. Monthly headline inflation rose 1.1% in March - driven by a 32.8% surge in fuel - pushing annual CPI to 4.6%, the highest since monthly reporting began. Australian bond yields rose along the curve with 10-year yields, breaching 5% for the first time in over a decade. Business confidence collapsed to -29 in the NAB survey - the second largest monthly fall on record - while Westpac Consumer Confidence dropped 12.5%.

Australian credit markets recovered through April, retracing some of March's weakness as reduced Middle East tail risks and a strong US earnings season underpinned confidence in credit fundamentals. The iTraxx Australia CDS index traded in a wide 19 basis point range before finishing 15bps tighter at 77bps. Physical credit spreads tightened by an average of 4bps over the month. Domestic banks outperformed, on the back of solid earnings, while real estate lagged, edging 1bp wider as higher rates weighed on sector sentiment. Tier 2 subordinated bank spreads were supported by reduced primary issuance.

The primary market was active in April following a subdued month prior. UBS came to market issuing \$2.75B of senior notes across 2 and 5-year tranches. APA infrastructure issued \$1.5B (\$1B 30-year non-call 7.5-year hybrid paper and \$0.5B 10-year senior). Domestic bank activity was relatively subdued ahead of mid-year reporting for BAB, Westpac and ANZ.

PORTFOLIO COMMENTARY

Income remained a key component of returns throughout the month. The Fund yield advantage above cash is attributable primarily to RMBS and offshore bank allocations. The portfolio running yield was 4.8% at month end.

Portfolio duration detracted from return over the month as bond yields rose along the curve. The Manager is cognisant of inflation risks and continues to monitor the **situation in Iran and the reduced shipping volume in the strait of Hormuz. The Fund's duration remained marginally short of the 2-year strategic target** throughout April.

Credit spread dynamics contributed to outperformance over the month with the portfolio benefitting as spreads retraced following weakness in March. A key contributor over the month was very strong performance among USD and EUR denominated offshore bank hybrids, many of which were added during the elevated market volatility in March, when valuations became more attractive. USD denominated subordinated domestic bank and non-financial corporate exposures also contributed to outperformance.

The outlook for credit improved over April while remaining in marginally negative territory. The improvement reflected strengthening market demand and normalising technical indicators. The Fund remains defensively positioned while retaining the capacity to add risk where it is best rewarded and will continue to look for active duration opportunities along the curve.

OUTLOOK

The credit outlook improved while remaining negative in April, reflecting stabilisation in technicals and a partial recovery in primary market conditions, partially offset by persistent macroeconomic headwinds.

Valuation indicators are finely balanced with a neutral to slightly negative reading. AU investment grade, US investment grade and US high yield spreads have retraced meaningfully from March wides but remain in range of long term averages while swap-to-bond spreads remain in negative territory. Increased opportunistic activity - led by SSA kangaroo issuers - weighed slightly on the valuation outlook.

The macroeconomic outlook remains the most significant headwind to the credit view. The IMF revised down global growth expectations for 2026 with notable downgrades across the US, UK and Australia. Consumer confidence indicators fell sharply in Australia - the Westpac Consumer Confidence Index declined 12.5% - while US consumer sentiment moved into contractionary territory. The oil price environment remains volatile following geopolitical developments around the Strait of Hormuz and the announcement of the UAE's exit from OPEC, with cartel fragmentation posing a medium-term tail risk. The ratio of credit upgrades to downgrades remains in positive territory for investment grade, providing a floor to the macro score, though early quarter deterioration - particularly in high yield - is being monitored.

Supply and demand indicators remain negative. Upcoming issuance supply is a key headwind with bank results season expected to bring a wave of senior and Tier 2 supply from major domestic banks, alongside insurance and offshore bank issuance.

Technical indicators edged positive, providing the main offsetting factor to the negative overall score. Real money cash balances remain elevated, reflecting conservative positioning maintained since the geopolitical shock, creating capacity for deployment into primary and secondary markets. US equity and equity volatility indicators improved to positive while the US credit indicator remained in negative territory.

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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

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