Perpetual Investment Funds

PERPETUAL HIGH GRADE FLOATING RATE FUND

April 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:	$210.1 million as at 31 March 2026
APIR:	PER0265AU
Mgmt Fee:	0.226% pa*
Benchmark Yield:	4.208% as at 30 April 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 30 April 2026

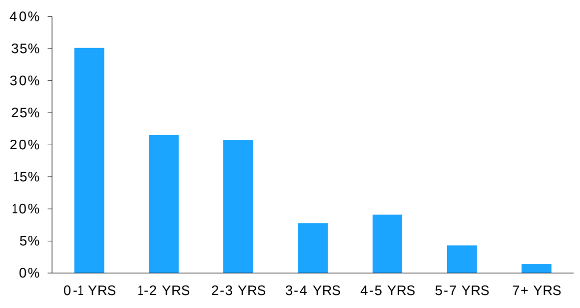
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.47	0.97	2.12	5.30	5.40	5.78	4.03	3.51	4.42
Bloomberg AusBond Bank Bill Index	0.34	0.95	1.87	3.79	4.12	4.16	2.96	2.28	3.64

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

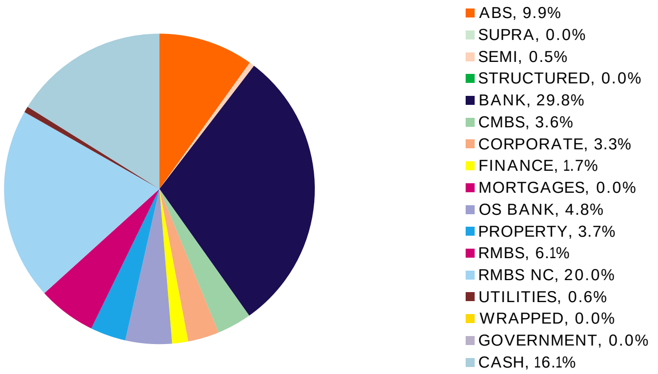
POINTS OF INTEREST

•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



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	79.55%
Subordinated Debt	20.45%
Running Yield#	5.20%
Portfolio Weighted Average Life	2.04 yrs
Modified Duration	0.17
No. Securities	119

* 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

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

Credit spread dynamics were the most substantial contributing factor to outperformance over the month as spreads retraced following widening in March. Domestic and offshore bank paper performed well with domestic bank subordinated spreads benefiting from reduced primary market supply the month prior.

The Fund's yield premium above benchmark was the other key contributing factor to outperformance. The Portfolio's yield advantage remains primarily attributable to RMBS, ABS and domestic banks. The Fund's floating rate structure minimises the impact of interest rate volatility while rising base rates supports the income distributable to unitholders as coupons are reset at higher rates. The portfolio running yield had increased to 5.2% at month end, with the average credit spread measured at 0.9%.

The Manager was active in primary markets during April, taking part in new deals in the domestic bank, property trust and corporate sectors. Exposure to securitised sector including RMBS were trimmed marginally.

The outlook for credit improved over April while remaining in marginally negative territory. The Fund remains defensively positioned, supported by a relatively short credit duration and limited exposure to subordinated paper. The Fund retains the capacity to take advantage of relative value opportunities presented by elevated market volatility.

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.

MORE INFORMATION

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