Perpetual Private

Fund Profile - 30 June 2025

Implemented Fixed Income Portfolio

Fund facts

APIR code	PER0710AU
Inception date	9 December 2013
Asset class	Diversified Fixed Income
Investment style	Multi manager blend
Benchmark	Fixed Income Composite Benchmark#
Suggested length of investment	Three years or more
Unit pricing frequency	Daily
Distribution frequency	Quarterly
Legal type	Unit trust
Product type	Wholesale Managed Investment Scheme
Status	Open
Management fee*(%)	0.47%
Buy/Sell spread	0.24% / 0.00% as at April 2025
Issuer	Perpetual Investment Management Limited

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

#The Fixed Income Composite benchmark, prior to 30th June 2022, consisted of 60% Bloomberg AusBond Bank Bill Index, 20% Bloomberg AusBond Composite Index & 20% Bloomberg Barclays Global Aggregate (AUD Hedged); effective from 30th June 22, it changed to 100% Bloomberg Global Aggregate Index (AUD Hedged)

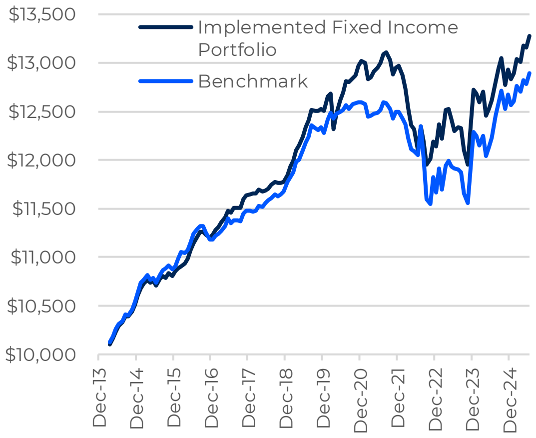
Investment objective

To provide investors with income through investment in a diversified portfolio of fixed income and floating rate investments (including mortgages). To outperform the stated benchmark over rolling three-year periods.

Benefits

Provides investors with the potential for maximising income and capital stability, with broad market exposure.

Growth of $10,000 since inception (net of fees)



Source: State Street.

Net performance

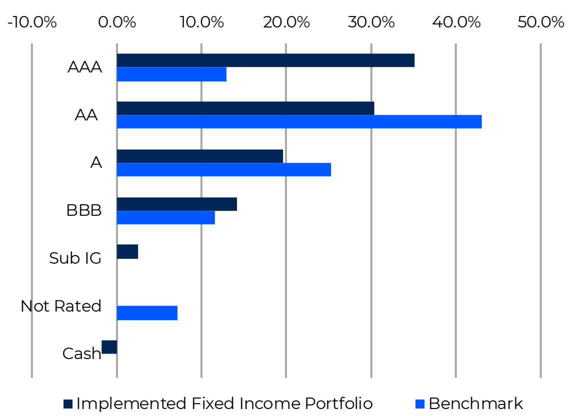
As at June 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	0.9%	2.0%	5.2%	3.1%	0.9%	2.6%
Growth return	0.9%	2.0%	4.2%	2.5%	-0.7%	0.1%
Distribution return	0.0%	0.0%	1.0%	0.6%	1.6%	2.5%
Benchmark	0.9%	1.5%	5.4%	2.3%	0.6%	2.3%
Excess Return	0.0%	0.5%	-0.2%	0.9%	0.3%	0.3%

Source: State Street. Past performance is not indicative of future performance. *Since Inception

Ratings breakdown

As at June 2025

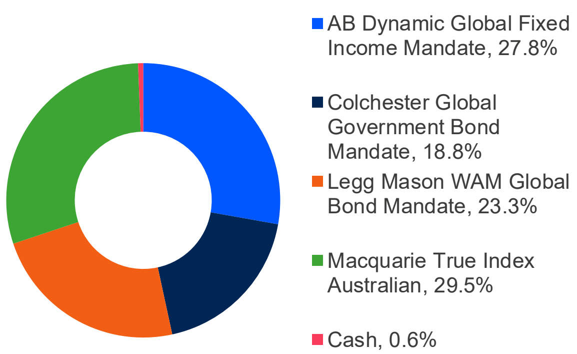


Source: State Street, FactSet.

^Portfolio exposures can be lagged by up to 3 months.

Portfolio exposure by manager

As at June 2025



Source: State Street, FactSet

Investment approach

A multi-manager framework is utilised, where specialist investment managers are selected to form a diverse and complementary mix of investment strategies and styles. This can help reduce volatility by avoiding over exposure to a particular specialist investment manager. Derivatives may be used in managing the portfolio.

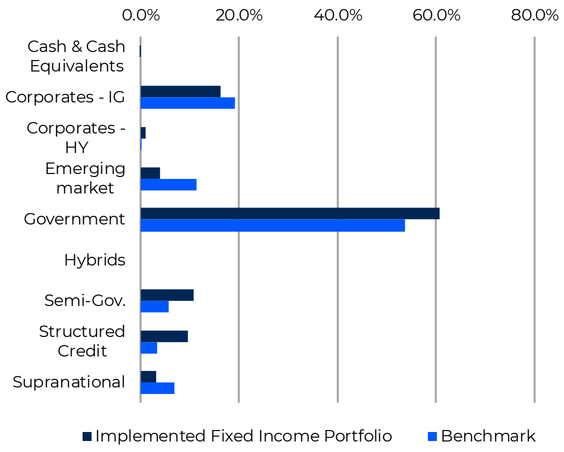
Investment strategy

The Implemented Fixed Income Portfolio invests in both Australian and International fixed interest markets, as well as diversified credit markets.

The managers within the Implemented Fixed Income Portfolio will invest across the broad spectrum of available debt instruments diversified by industry, maturity and credit rating (the majority of which will be investment grade as assigned by a recognised global ratings agency). Their portfolios tend to be diversified across hundreds of positions both in physical securities and through the use of derivatives. The diversified nature of their portfolios aims for the delivery of consistent returns above their designated benchmarks and acts to mitigate a large negative portfolio impact from any single position that may underperform from time to time.

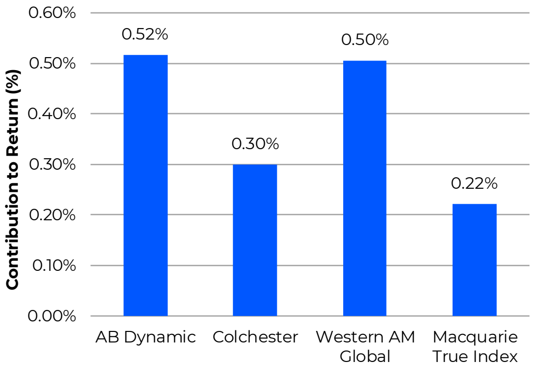
The Implemented Fixed Income Portfolio blends a small group of managers that construct well diversified portfolios, who have a long-term and consistent track record, are expected to continue to deliver on this track record, and whose investment styles complement each other well. Consistency and complimentary of return profiles are of critical importance such that we can comfortably blend managers to deliver consistent and stable outperformance above the benchmark.

Sector Exposures
As at June 2025



Source: State Street, FactSet.
^Portfolio exposures can be lagged by up to 3 months.

Contribution by manager
As at June 2025



Source: State Street, FactSet

Manager line-up and approach
As at June 2025

Manager	Approach
AB Dynamic Global Fixed Income Mandate	Global Rates and Sector Rotation, Relative Value.
Colchester Global Government Bond Mandate	Global Rates, Real Return.
Western Asset Management Global Bond Mandate	Global Rates and Sector Rotation, Macro.
Macquarie True Index Australian Fixed Interest	Australian passive core fixed income and True indexing fund.

Market Commentary

Fixed income assets enjoyed a reasonably robust quarter, despite the global turmoil generated by President Trump's "Liberation Day" tariffs announcement. Indeed, immediately prior to the Rose Garden presentation of what was described as "reciprocal" tariffs, markets had been relatively buoyant. Sure, DeepSeek had brought some of the AI linked US companies back through the stratosphere, but from a fixed income perspective, the direction of travel can only be described as constructive.

With much progress made on tackling inflation, the world had been increasingly moving towards an environment of monetary easing. Unfortunately, the US administration's penchant for tariffs has significantly increased the difficulty for central bankers, particularly the US Federal Reserve's Chair, Jerome Powell. Whilst tariffs can be seen as a one-off increase in the price level, this isn't necessarily the case. There is also scope that they trigger price and wage increase cycles, as consumers attempt to regain spending power and businesses attempt to defend margins. As such, with a high degree of uncertainty regarding the future prospects of inflation in the US, the Fed is unlikely to cut rates until after the North American summer, with the September meeting the next likely "live" meeting. Indeed, in a recent presentation to US lawmakers, Powell described the Fed as being "well positioned to wait".

In spite of this, global fixed income delivered a respectable 1.5%[1] return for the quarter, slightly outpacing its trailing 12 month returns on an annualised basis (5.5%). Locally, with more clarity, our own Reserve Bank had the confidence in May to cut the cash rate target (-0.25% to 3.85%) for only the second time since 2020. This allowed the Australian yield curve to shift downward in an orderly fashion. Australian fixed income returned 2.6%[2] over the quarter and a solid +6.8% over the trailing 12 months. Considering US fixed income, returns ended the quarter respectably, delivering 1.0%[3] for the period. This however does not demonstrate the volatility experienced by US Treasuries over the period. Concerns that tariffs may cause stagflation (a scenario where persistent inflation combines with low growth) as well as fears about continued and growing fiscal deficits, have seen longer dated US government debt, move up meaningfully, with 30-year yields gaining more than 0.22% in the three months to the end of June.

Broadly, credit spreads also experienced a volatile quarter, for much the same reasons noted above. Concerns that disruptions to global trade emanating from Trump's "Liberation Day" tariffs would impair supply chains and therefore reduce debt serviceability for companies, saw credit spreads widen in the weeks following the announcement. Fortunately, as weeks passed, the initial shock and fear subsided, and spreads returned most of the way back to where they had ended in March. As a result, global High Yield assets gained by 3.3%[4] whilst global corporate bonds delivered 1.8%[5].

[1] As measured by the Bloomberg Global Aggregate (AUD hedged) index
[2] As measured by the AusBond Composite (0+Y) index
[3] As measured by the Bloomberg US Aggregate (AUD Hedged) index
[4] As measured by the Bloomberg Global High Yield (AUD Hedged) index
[5] As measured by the ICE BofA Global Corporate (AUD Hedged) index

Portfolio Commentary

The Perpetual Implemented Fixed Income Portfolio outperformed its benchmark over the June 2025 quarter.

Macquarie True Index Australian Fixed Index Fund returned 2.6% during the quarter, broadly in line with the Bloomberg AusBond Composite 0+ Year Index. Australian government bond yields fell as the market anticipated an easing cycle for the RBA and had concerns about slowing global growth.

Western Asset Global Bond Mandate outperformed its benchmark for the period, with the portfolio returning 2.2% versus the Bloomberg Global Aggregate Bond Index (hedged AUD) return of 1.5%. Over the quarter, the managers largest contributor was an its underweight to the long end of the US yield curve and overweights to Japan and UK.

Colchester Global Government Bond Mandate returned 1.6% for the period, outperforming the Bloomberg Global Treasury Index Hedged to AUD which returned 1.4%. Overweight positions in Mexico, Indonesia and Singapore were all strong contributors.

Alliance Bernstein Global Plus Mandate outperformed its benchmark for the period, with the portfolio returning 1.9% versus the Bloomberg Global Aggregate Bond Index (hedged AUD) return of 1.5%. An overweight position in UK and Peruvian rates added value as did security selection in credit.

Manager Insights and Outlook

As expected, the RBA dropped its target cash rate to 3.85% in May 2025, with the central bank pointing to falling inflation and an uncertain global outcome. The fall in rates had the predictable effect of increasing house prices. Fortunately, the rate cuts also did what they are supposed to do, improve consumer spending. According to the ABS, consumer spending was up from a year prior.

As a reminder, we have been constructive Australian Fixed Income since 2022. This recent fall in Aussie yields was not unexpected, it just took a year longer than we had originally forecast. We will now look to moderate our Australian overweight in the next few months, with timing depending on how the global economy develops.

All eyes have been on the US economy and government over the last 3 months. With US economy contracting in Q1, we will know if there is a technical recession in late July. We suspect that they may avoid it this time round, as the fall in GDP was attributed to a significant jump in imports - sometimes referred to as “tariff stocking” involving increasing inventory in front of tariff driven price increase.

Consumer spending was weak at the start of the quarter but showed some signs of recovering by May. US corporate spending was also up in the first quarter. Higher than the 2 previous quarters. Corporate spending could make up for some of the softness in US consumer spending.

A lot has been said about the Trump Always Chickens Out (TACO) Trade as Trump extended all the deadlines for making a tariff deals. Trump was not too pleased about hearing this. At the time of writing, the only major economy to sign a deal was the UK. New tariffs will put pressure on global growth and are likely to increase inflation.

Lower growth, the uncertainty around tariffs and the pricing in of some very serious geopolitical events led to a fall in US yields in the front and the belly of the yield curve. Some poor auction results, likely due to falling confidence in the US as a safe haven, put pressure on the longer end of the curve.

We remain constructive on long government bonds, with part of that being a significant overweight to Emerging Markets (EM). The lower yields in the belly of the curve across the globe has helped the Fund outperform. The increase in the long end of the US yield curve and the outperformance of local currency Emerging Market debt, due to a much weaker US dollar, have also been strong contributors.

We will look to moderate our overweight government bond and EM exposures in the next few months. It has taken longer than we expected, but our EM position is pleasingly compensating for our underweight exposure to Investment Grade credit.

More information

1800 631 381
pcresearch@perpetual.com.au
perpetual.com.au/managed-accounts

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