Perpetual Investment Funds

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

July 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: $511.4 million as at 30 June 2026
APIR: PER8045AU
Mgmt Fee: 0.40% pa*
Suggested minimum investment period: Three years or longer

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.

TOTAL RETURNS % (AFTER FEES) AS AT 31 July 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 [1,3]	-0.39	2.31	1.65	1.47	3.75	4.65	0.54	1.09	2.52
Perpetual Active Fixed Interest Fund Class W [2,3]	-	-	-	-	-	-	-	-	4.64
Bloomberg Ausbond Composite Index	-0.43	2.15	1.64	1.12	3.15	3.65	-0.07	0.53	-

[1] 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.

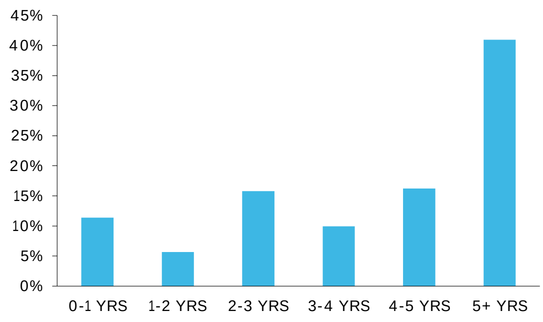
[2] To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has been calculated by subtracting the fees for Class A from the actual gross past performance for Class W.

[3] Past performance is not indicative of future performance.

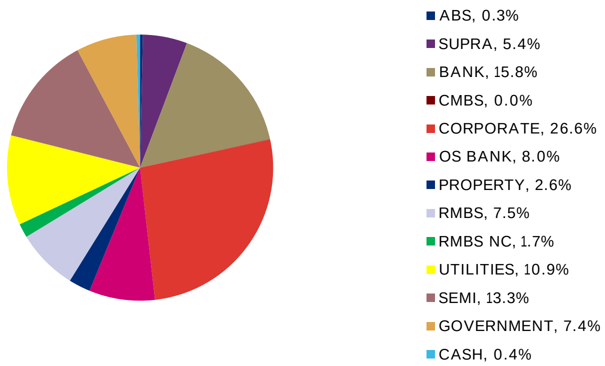
POINTS OF INTEREST

•Middle East conflict re-escalates; oil surges before retracing as tensions ease;
•Domestic credit spreads remain rangebound;
•Australian and global bond yields rise on oil-driven inflation fears;
•Inflation surprises to the downside; August hike pricing moderates;
•The credit outlook improves to positive.

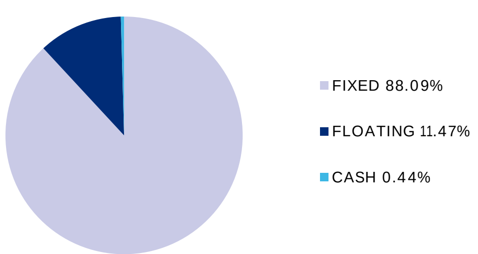
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	91.27%
Subordinated Debt	6.65%
Hybrid Debt	2.07%
Running Yield#	4.80%
Average Credit Rating	A
Portfolio Weighted Average Life (yrs)	5.01 yrs
No. Securities	176
Modified Duration	4.89

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

*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

July proved to be another volatile month for global fixed income and credit markets, again shaped by the trajectory of the Middle East conflict, its impact on oil prices and the path of central bank policy. Renewed strikes and the announced closure of the Strait of Hormuz sent Brent crude from the low US$70s to above US$100 a barrel at its peak — a rise of more than 30% for the month — before a pause in hostilities and softer inflation data in the final week saw prices ease. The upward pressure on oil prices saw markets increasingly price further US rate hikes, precipitating a selloff in global bond yields.

Australian bond yields moved higher over July, in line with global curves which sold off while steepening. Mid-month, a much stronger than expected June employment report (+76,300 jobs) saw expectations of further rate rises firm before improving inflation data and neutral commentary from Governor Bullock moderated expectations. Bond yields rallied into month-end, although the move only recovered a portion of July's earlier selloff.

Domestic credit spreads traded in a relatively tight range over the month despite the rates volatility. Credit spreads ended the month marginally tighter on aggregate. Tier 2 markets were particularly quiet, with major bank five-year non-call spreads trading in a 3bp range (119–122bp) — the tightest monthly range since 2022 — supported by very light primary supply and continued ETF inflows into the subordinated debt space. Hybrid paper performed well, supported by supply-side dynamics, while higher-beta credit continued to draw interest even as APRA phases out the domestic bank AT1 market.

Primary market issuance volumes were below trend in July. NAB ($2.5B senior) and Royal Bank of Canada ($500M covered) priced short-dated three-year deals. CDC Data Centres priced $700M in senior bonds – the first-ever AUD senior deal from a data centre operator – across six- and 10-year tranches.

PORTFOLIO COMMENTARY

The Fund's running yield was the key contributing factor to outperformance over the period. The Fund's yield premium above benchmark remains attributable to overweight allocation to credit, led by non-financial corporates, banks and off-benchmark exposure to securitised sectors. The portfolio running yield at month-end was 4.8% with the spread measured at 0.9%.

Credit spread dynamics were marginally positive for performance over the month. Despite trading in a relatively tight range, overweight allocation to domestic banks and non-financial corporates were constructive. Underweight allocation to semi-government bonds also contributed marginally as semi government spreads moved slightly wider. Security selection within non-financial corporates contributed, led by allocation to a hybrid security issued by CDC datacentres. The Manager remains comfortable with the level of credit risk in the portfolio. While the Fund maintains a longer spread duration relative to benchmark, exposures are focused on high-quality corporate and financial issuers offering attractive yield premia.

Despite a volatile month for bond yields, the Fund's close to benchmark duration and curve positioning ensured that the impact on relative return was benign. The Manager is cognisant of inflation risks, maintains duration close to benchmark, and continues to actively monitor the situation in Iran and its impact on oil prices.

The Manager was very selective in adding new issues to the portfolio and sector allocations were broadly maintained. The Manager elected to increase exposure to government bonds during the month deploying a portion of the funds cash allocation.

The outlook for credit improved to reach a positive reading by month-end. While the credit outlook has improved marginally, the rates outlook remains uncertain with inflationary pressures set against softening economic 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 over July, reaching a slight positive reading by month-end.

Valuation indicators are neutral, with US investment grade, US high yield, Australian investment grade and Australian swap spreads trading within the range of recent averages. Relative value measures (the basis swap, domestic versus offshore spreads and opportunistic issuance) were similarly benign.

The macroeconomic outlook is the primary headwind to the credit outlook. Declining global growth expectations – including downgraded IMF estimates released during the month – weigh on the outlook.

This was partly offset by a positive reading on the ratio of upgrades to downgrades, reflecting a strong Q2 US earnings season. Oil price volatility remains a watchpoint, although the indicator ended the month broadly flat, having spiked and then retraced with the conflict.

Supply and demand indicators are finely balanced. Market demand remains relatively healthy especially in higher beta sectors. A softer month of primary market issuance saw the recent supply indicator neutralise.

Technical indicators were the standout positive contributor, with favourable readings across domestic real money and intermediary positioning, US credit conditions, US equity and equity volatility all supporting the improved overall reading.

MORE INFORMATION

Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpms.mufg.com

www.perpetual.com.au