

PERPETUAL HIGH GRADE FLOATING RATE FUND

July 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: \$199.8 million as at 31 December 2025**
APIR: PER0265AU
Mgmt Fee: 0.226% pa*
Benchmark Yield: 4.344% as at 31 July 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 31 July 2026

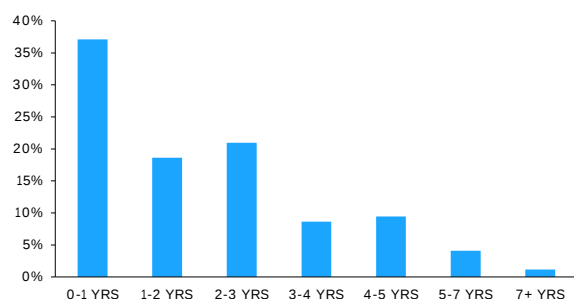
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.47	1.41	2.39	4.98	5.30	5.72	4.25	3.57	4.44
Bloomberg AusBond Bank Bill Index	0.38	1.11	2.06	3.94	4.12	4.21	3.19	2.38	3.65

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

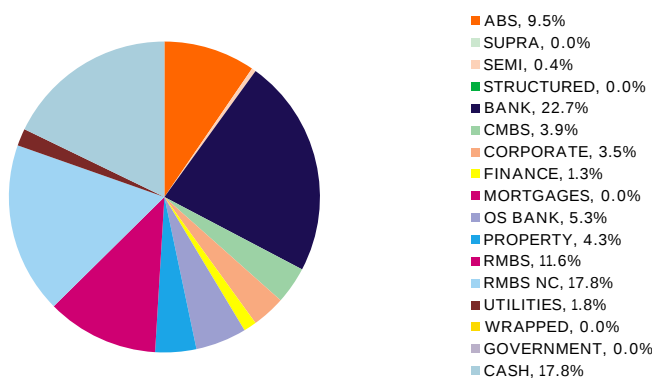
POINTS OF INTEREST

- Middle East conflict 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



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	76.96%
Subordinated Debt	23.04%
Running Yield [#]	5.56%
Average Credit Rating	AA
Portfolio Weighted Average Life	2.03 yrs
Modified Duration	0.14
No. Securities	129

* 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

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

Credit spread dynamics were supportive for performance over the month. While spreads traded in a relatively tight range, the Fund's allocation to securitised assets, alongside real estate investment trusts and senior and Tier 2 bank exposures, contributed to outperformance.

The Fund's yield premium above benchmark remained a key contributing factor to outperformance over the month. Income return remained attributable primarily to RMBS and domestic bank allocations. The portfolio running yield was 5.6% at month-end, with the average credit spread measured at 0.9%.

The Fund took part in a number of new deals during the month, including securitisations in the RMBS and ABS sectors and a new deal from a real estate investment trust, which performed well, tightening on issue. Elsewhere, the Manager elected to trim its allocation to domestic banks marginally.

The outlook for credit improved to reach a positive reading by month-end. While the outlook has improved marginally, 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 as the outlook continues to improve.

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.

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The product disclosure statement (PDS) for the Fund, issued by PIML, should be considered before deciding whether to acquire, dispose, or hold units in the Fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.

Total returns shown for the Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

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