

PERPETUAL HIGH GRADE FLOATING RATE FUND

August 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: 4.358% as at 31 August 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 August 2026

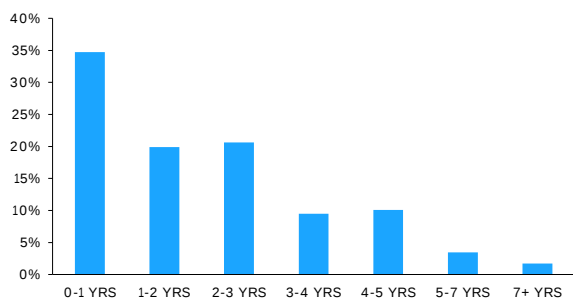
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.44	1.38	2.51	4.96	5.31	5.67	4.33	3.62	4.44
Bloomberg AusBond Bank Bill Index	0.38	1.15	2.16	3.99	4.12	4.21	3.26	2.42	3.65

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

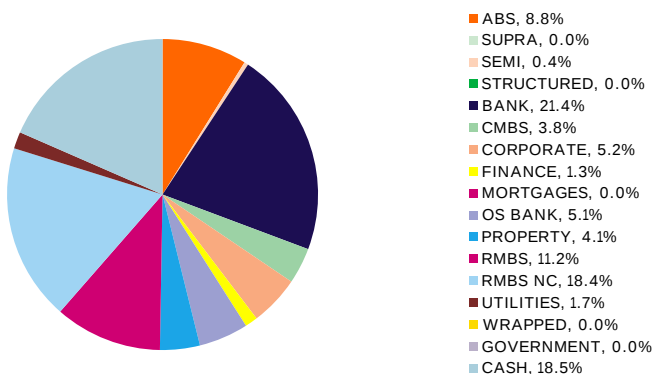
POINTS OF INTEREST

- Iran-US tensions flare; the oil price rallies;
- Markets price US rate Hikes following hawkish Jackson Hole comments;
- Domestic bond yield rise; core inflation exceeds expectations;
- Domestic spreads rangebound as market digests elevated issuance volumes;
- The credit outlook eases to a slight negative reading.

MATURITY PROFILE



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	76.96%
Subordinated Debt	22.77%
Running Yield [#]	5.45%
Average Credit Rating	AA
Portfolio Weighted Average Life	2.11 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

Fixed income and credit markets navigated a combination of geopolitical tensions and shifting monetary policy expectations during August. While hopes of an improvement in Middle East supply conditions initially weighed on oil prices and supported market sentiment, escalating regional tensions later in the month reversed those moves, driving energy prices higher and placing upward pressure on global bond yields. Markets also reacted to a hawkish Jackson Hole address from Federal Reserve Chair Kevin Warsh, who indicated that inflation risks remained elevated and that further policy restraint may be required. Despite rising yields, risk assets were well supported with equity markets rallying over the month.

Australian bond yields moved higher over August. The RBA left the cash rate unchanged at 4.35% at its 11 August meeting, judging that while the labour market had eased a little more than expected, headline inflation remained too high. Expectations for a hike firmed sharply following the release of the monthly inflation indicator late in the month, which showed trimmed mean inflation rising 0.5% for the month and 3.6% over the year – above consensus.

Australian credit spreads were resilient given elevated issuance volumes, trading in a relatively tight range over the month. Performance was mixed with domestic bank senior and tier 2 paper widening marginally over the month, reflecting heavy post-reporting-season supply. In a busy month of primary market issuance for major bank subordinated paper, spreads were supported by strong ETF flows. Insurance and offshore bank hybrids continue to perform well, meeting demand in the wake of APRA's sunset of domestic bank Additional Tier 1 Capital. Securitised sectors tightened slightly on aggregate despite healthy primary market deal flow.

Primary market issuance was well above trend in August. The standout was Alphabet's inaugural A\$ transaction – the largest-ever corporate bond deal completed in Australia – which raised \$5.5bn across three-, five-, ten- and 20-year tranches after attracting more than \$18bn of orders. The deal weighed on secondary market spreads around pricing but was otherwise well absorbed given its diversified investor base. US energy and infrastructure company NextEra returned to the kangaroo market, issuing A\$2.575B of hybrid paper. Despite pricing shortly after the Alphabet transaction, the deal was oversubscribed reflecting elevated demand for corporate hybrid paper. Elsewhere, Westpac issued A\$1.5B of subordinated paper built a very large (A\$5B) orderbook, reflecting the hybrid replacement and passive flows into the sector. ANZ also raised A\$1.75M in longer dated tier 2 alongside \$2.5B in senior paper while Macquarie Bank (A\$1.5B) and Toronto Dominion Bank (\$1.1B) priced senior bonds.

PORTFOLIO COMMENTARY

Credit spread dynamics were mixed for performance over the month. While spreads traded in a relatively tight range, the Mandate's allocation to domestic and offshore senior and subordinated paper widened marginally. This was offset by tightening securitised spreads with the Fund's RMBS and ABS allocations performing well. The Manager continues to see attractive relative value within securitised sectors with ABS and Prime RMBS among the team's preferred sectors.

The Fund's yield premium above benchmark was constructive over the month. The Fund maintains a yield advantage despite defensive positioning and elevated cash allocation. Income return remained attributable primarily to RMBS and domestic bank allocations. The portfolio running yield was 5.5% 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, allocating to a pair of securitisations in the RMBS sector, a new corporate deal and a major bank senior issue.

The outlook for credit eased to a slight negative reading by month-end. 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

Valuation indicators turned negative, led by US high yield spread and opportunistic issuance trends. Australian investment grade, US investment grade and Australian swap spreads remained within the range of recent averages, while domestic versus offshore spreads and the basis swap were similarly benign.

The macroeconomic outlook remained a headwind, with declining global growth expectations weighing on the score. This was partly offset by a positive reading on both the ISM survey and the ratio of upgrades to downgrades, the latter reflecting a strong Q2 US earnings season. Oil price volatility remains a watchpoint following the month's escalation in the Middle East, although the indicator ended the month broadly neutral.

Supply and demand indicators were the primary detractor from the overall score. Elevated recent and upcoming issuance – including the record Alphabet transaction and a heavy wave of post-reporting-season bank Tier 2 supply – outweighed still-healthy underlying market demand, particularly in higher beta sectors.

Technical indicators were broadly neutral, with softer domestic real money positioning offset by favourable readings across US credit conditions, US equity markets and equity volatility.

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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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