

PERPETUAL HIGH GRADE FLOATING RATE FUND

For Institutional Investors

August 2025



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 class:	\$25.9 million as at 30 June 2025
Size of fund:	\$197.5 million as at 30 June 2025**
APIR:	PER0265AU
Mgmt Fee:	0.226% pa*
Benchmark Yield:	3.565% as at 31 August 2025
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 2025

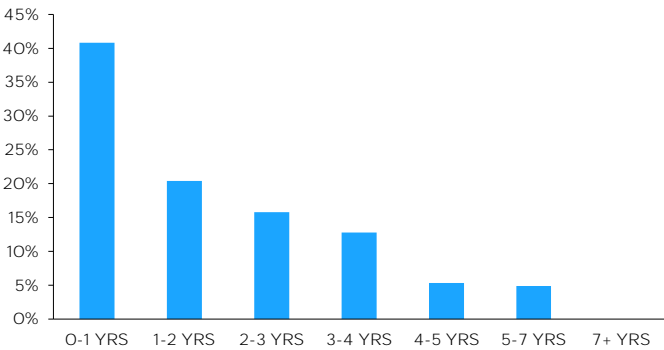
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.46	1.51	2.67	5.67	6.03	5.75	3.72	3.37	4.42
Bloomberg AusBond Bank Bill Index	0.32	0.94	2.00	4.25	4.32	4.00	2.47	2.11	3.64

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

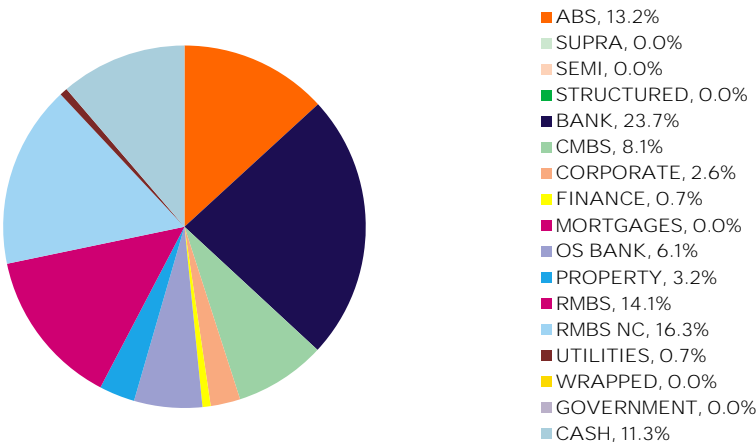
POINTS OF INTEREST

- US labour print disappoints; Jackson Hole comments well received;
- RBA reduces rates; bond yields steady;
- Domestic credit spreads tighten marginally;
- Healthy demand for primary issues; Kangaroo issuance elevated;
- The credit outlook declined to negative.

MATURITY PROFILE



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	75.43%
Subordinated Debt	24.57%
Hybrid Debt	0.00%
Running Yield [#]	4.74%
Portfolio Weighted Average Life	1.79 yrs
Modified Duration	0.05
No. Securities	121

* 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

Stronger than anticipated corporate earnings and continued monetary policy easing buoyed global financial markets through August. This was in spite of softening macroeconomic data – notably US labour print.

The Reserve Bank of Australia (RBA) cut rates for the third time this year, signalling cautious optimism amid lowered GDP forecasts and steady inflation despite some component specific pricing spikes. Globally, yield curves steepened, influenced by softer than expected US labour data, dovish commentary from Fed chair Powell at the Jackson Hole symposium. US 2-year bond yields fell 33bps as market participants anticipated further interest rate cuts with a further 25bps at the mid-September FOMC meeting fully priced in by month end. The Bank of England elected to cut rates in spite of rising inflation.

Domestic credit spreads narrowed over the month, benefitting from a confluence of factors including corporate earnings results, monetary policy tailwinds alongside US jobs and CPI data. August's corporate earnings season results were resilient with soft revenue growth offset by improved margin discipline. Financial and corporate spreads contracted led by infrastructure and utilities. Semi government spreads EUR denominated and kangaroo issues from French banks saw some elevated volatility reflecting political concerns as the prime Minister called for a confidence vote after failing to secure supports for a range of budget cuts.

Primary market issuance volumes were elevated in August, keeping year to date aggregate volumes well above trend. Demand was healthy affording issuers the opportunity to test unorthodox deal structures including ANZ Banking Group's (\$1.5B) fixed rate tier 2 subordinated deal which included a 20-year bullet. Kangaroo issuance was elevated with PSP Capital (\$1.5B), Credit Agricole (\$1.5B), Vonovia (\$850M), New York Life (\$650M) and HSBC Holdings (\$1.75B) coming to market during August. The volume of issuance and strength of demand reflects the maturity of the local market as well as supportive technicals. In the domestic space, CBA's landmark \$5B senior unsecured transaction built a record order book across 3 and 5-year tranches.

PORTFOLIO COMMENTARY

The Fund's yield premium above was the most substantial contributing factor to outperformance over the month, led by allocation to securitized sectors and domestic banks. The portfolio running yield at month end was 4.7%, with the average credit spread measured at 0.9%.

Credit spread dynamics were a key contributor to outperformance over the month. Domestic spreads tightened slightly while trading in range of recent levels. Spread performance was led by financials with allocation to subordinated major bank paper performed well alongside senior offshore and regional banks. Spread contraction was muted elsewhere

Sector and risk allocations were broadly maintained over the month. The Manger was active in the primary increasing exposure to automotive ABS and participating in a record-breaking major bank senior deal which was met with very strong demand and tightened on issue.

The outlook has declined to end the month marginally negative. The Fund maintains its defensive positioning supported by a relatively short credit duration and limited exposure to subordinated and hybrid paper. With a slightly elevated cash allocation, the Fund retains the capacity to take advantage of relative value opportunities should the outlook improve.

OUTLOOK

The credit outlook worsened during August, ending the month with a marginally negative reading.

Valuation indicators are negative, reflecting elevated primary market activity attributable to opportunistic issuers including offshore corporates. While US and domestic spreads are finely balanced, swap to bond spreads remain in negative territory, weighing on the outlook.

The macroeconomic outlook improved over the month while remaining marginally negative. Improved results from the Senior Loan Officer survey were the catalyst, exhibiting marginally looser lending standards for large firms. The soft global growth outlook continues to weigh on the outlook.

Supply and demand indicators are mixed, detracting from the outlook. A lower volume of upcoming maturities alongside elevated recent and anticipated issuance volumes weigh on near term expectations for credit spreads. Market demand has thus far remained strong, observed in record order books built for domestic and kangaroo transactions during the month.

Technical indicators remain strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances also remain elevated among real money accounts and intermediary positioning shows capacity, supporting the outlook.

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