

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

August 2025

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: \$485.1 million as at 30 June 2025
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 August 2025

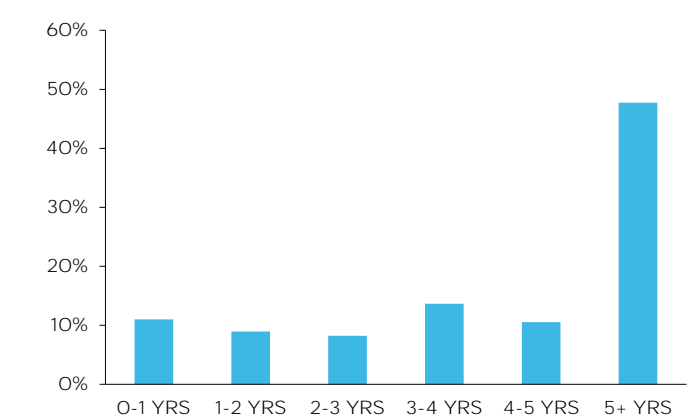
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Active Fixed Interest Fund Class A ^{1,3}	0.52	1.45	3.63	5.37	6.08	5.11	0.76	2.30	2.68
Perpetual Active Fixed Interest Fund Class W ^{2,3}	-	-	-	-	-	-	-	-	4.81
Bloomberg Ausbond Composite Index	0.33	1.05	3.11	4.31	4.73	3.74	-0.03	1.74	-

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.

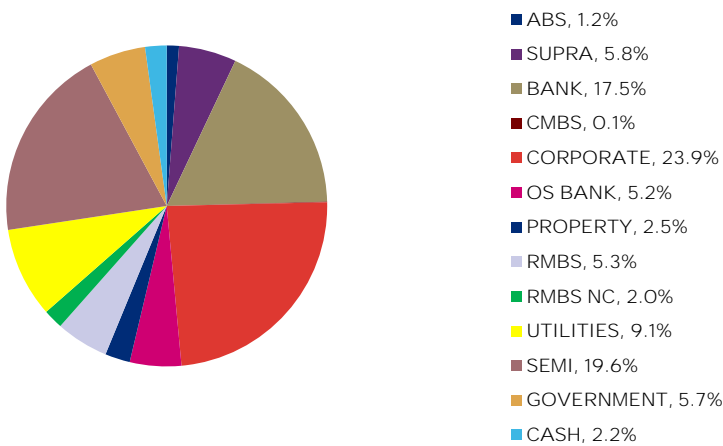
POINTS OF INTEREST

- 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.

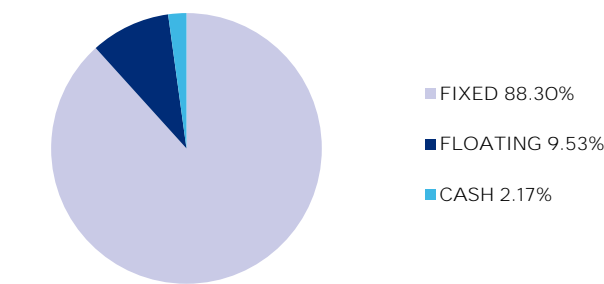
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	91.87%
Subordinated Debt	6.98%
Hybrid Debt	1.16%
Running Yield [#]	4.22%
Portfolio Weighted Average Life (yrs)	5.49 yrs
No. Securities	170
Modified Duration	4.62

* 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

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

Credit spread dynamics were the key contributing factor to outperformance during August. The Fund's longer than benchmark spread duration was constructive as domestic spreads tightened while trading in range of recent levels. The Fund's overweight allocation to Non-financial corporates, utilities and domestic banks performed well. This was supplemented by issuer and security selection across utilities, banks, transport infrastructure, airlines and consumer sectors. Off benchmark allocation to RMBS contributed as securitised spreads contracted. Underweight allocation to semi-government spreads contributed to outperformance as state government spreads widened marginally.

Duration and curve positioning was benign for performance during the month as bond yields were relatively subdued. The Fund remains marginally short of benchmark duration with overweight allocation to 5-7 year tenors alongside allocation to the very short end including floating rate notes.

Income return continued to contribute to outperformance during August. The Fund's yield premium is led by overweight allocations to non-financial corporates, banks and off benchmark exposure to securitised sectors. The portfolio running yield at month end was 4.2% with the spread measured at 0.9%.

Sector and risk allocations were broadly maintained during August. The Fund derisked marginally, trimming BBB corporate exposure and adding AAA rated credit. The Manager elected to take part in securitisation deals across RMBS and automotive ABS sectors. In a month of elevated kangaroo and supranational issuance in the domestic market, the Fund took part in the new \$1B deal from Export Development Canada.

The outlook declined over the month and is slightly negative. While the global growth outlook has softened, there are opportunities available within the fixed-income asset class as inflation comes under control and rates fall. The Manager remains focused on identifying relative value opportunities presented by the current conditions and will continue to look for active duration opportunities along the curve.

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.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The product disclosure statement (PDS) for the relevant fund, issued by PIML, should be considered before deciding whether to acquire 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. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

MORE INFORMATION

Investor Services 1800 022 033
Email PerpetualUTqueries@cm.mpms.mufig.com
www.perpetual.com.au

