

PERPETUAL HIGH GRADE FLOATING RATE FUND

For Institutional Investors

September 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: 3.562% as at 30 September 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 30 September 2025

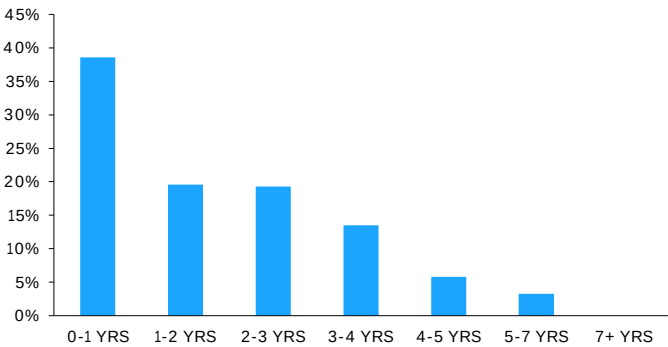
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual High Grade Floating Rate Fund	0.47	1.55	2.76	5.70	6.01	5.86	3.80	3.41	4.42
Bloomberg AusBond Bank Bill Index	0.29	0.92	1.94	4.19	4.30	4.05	2.53	2.13	3.64

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

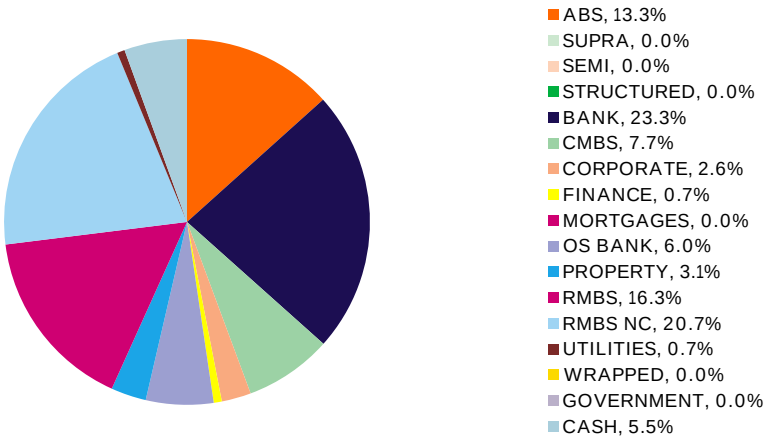
POINTS OF INTEREST

- Financial markets strengthen on US Fed Cut and Resilient economic print;
- RBA cash rate unchanged; Inflation data higher than expected;
- Credit Spreads narrow marginally;
- New issuance volumes elevated;
- The credit outlook improves to neutral.

MATURITY PROFILE



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	75.76%
Subordinated Debt	24.24%
Hybrid Debt	0.00%
Running Yield [#]	4.75%
Portfolio Weighted Average Life	1.77 yrs
Modified Duration	0.03
No. Securities	122

* 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

Risk assets including credit and equities strengthened globally over the month, supported by the US Federal reserve's first rate cut since 2024. Resilient US economic print was contrasted with sticky inflation – most notably in the UK and Australia.

The RBA remained on hold in September, reflecting the uncertain economic outlook and intransigent inflation. Bond yields rose and the curve flattened with 2-year yields selling off, reflecting changing market expectations around near-term rate cuts in the wake of a stronger-than-expected monthly CPI indicator. Earlier in the month, domestic yields rallied in line with US yields on anticipation of Fed easing. Bond markets remain sensitive to growth and inflation expectations and yield volatility reflects the uncertain path of monetary policy both in Australia and the US.

Credit spreads narrowed over the month, continuing to grind toward historic lows despite trading in a relatively tight range. The persistent strength in credit markets since April reflects healthy technical support, continued investor demand for yield and increasing debt serviceability as rates decline. Spread contraction was broad based with banks, non-bank financials, non-financial corporates and utilities all narrowing. Government adjacent sector trailed with supra-nationals and semi-government spreads contracting only marginally.

Primary market issuance was orderly and continued to meet robust demand. Primary market issuance was led by domestic banks and kangaroo issuers. Foreign banks were active with Royal Bank of Canada (\$1.5B), Toronto Dominion (\$650) and Kiwibank (\$550B) pricing senior bonds while UBS group (\$1.25B) issued an additional tier 1 hybrid. The UBS deal was notable given both the rarity of kangaroo bank hybrids and the changing regulatory environment for local banks with APRA ending the domestic bank AT1 markets over the coming years. Among non-financial corporates, Caterpillar Financial (\$400M), AGI Finance (\$400M), AGL Energy (\$500M), Lonsdale Finance – Port of Melbourne (\$400M) and Air New Zealand (\$300M) all came to market.

PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark remained 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 4.8%, with the average credit spread measured at 0.8%.

Credit spread contraction was the key contributing factor to relative performance over the month as spreads continued to grind tighter. Credit spread performance was led by longer dated domestic and offshore banks as strong demand for new offshore bank issuance saw spreads in the sector contract. The Fund's relatively small allocation to non-financial corporates also contributed.

Sector and risk allocations were broadly maintained over the month. The Fund deployed a portion of its cash allocation, taking part in a number of new securitisation deals, increasing its allocation to RMBS and rotating issue names within the ABS sector. Elsewhere, the Manager was selective in adding new issues to the portfolio, despite a busy month for primary issuance.

The outlook improved marginally over the month but remains finely balanced. The Fund maintains its defensive positioning supported by a relatively short credit duration and limited exposure to subordinated and hybrid paper. The Fund retains the capacity to take advantage of relative value opportunities should the outlook improve.

OUTLOOK

The credit outlook returned to a neutral reading, improving towards the end of September.

Valuation indicators improved over the month while remaining marginally negative. Primary market issuance volumes remain strong, led by offshore borrowers however recent opportunistic issuance among domestic issuers has normalised. While US and domestic spreads are finely balanced, swap to bond spreads remain in negative territory, weighing on the outlook.

The macroeconomic outlook remains marginally negative. Soft global growth expectations continue to weigh slightly 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, with continued elevated volumes meeting demand and pricing near fair value.

Technical indicators remain strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts normalised while intermediary positioning continues to exhibit capacity, supporting the outlook.

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