

PERPETUAL DYNAMIC FIXED INCOME FUND

September 2025

FUND FACTS

Investment objective: Aims to provide capital stability and regular income by investing in a diversified range of income generating assets, and a positive return (before fees and taxes) irrespective of market conditions over a rolling three-year period.

Benchmark: 50% Bloomberg AusBond Composite Index/50% Bloomberg AusBond Bank Bill Index
Inception date: November 2010
Size of fund: \$28.0 million as at 30 June 2025
APIR: PER0557AU
Mgmt Fee: 0.45% pa*
Suggested minimum investment period: Three years or longer

FUND BENEFITS

The fund is designed to provide investors with a diversified fixed income solution that manages both credit risk (credit worthiness) and duration risk (sensitivity to changes in interest rates) in different economic conditions.

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

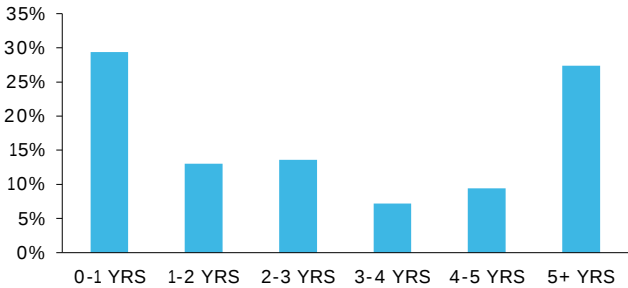
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Dynamic Fixed Income Fund	0.30	1.11	2.92	5.02	6.28	5.73	2.77	3.11	4.24
Bloomberg AusBond Composite/Bank Bill Blend	0.20	0.66	2.49	4.15	4.96	4.18	1.18	2.00	3.12

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 performance.

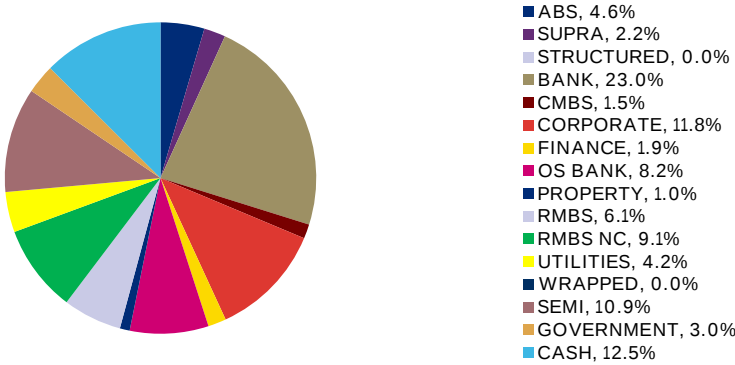
POINTS OF INTEREST

- 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.

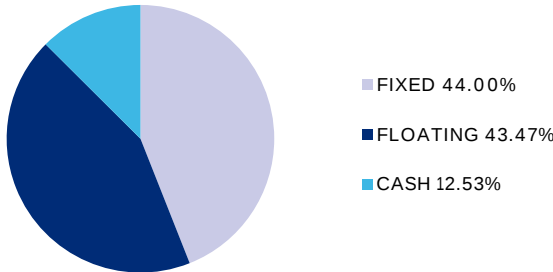
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	66.47%
Subordinated Debt	30.66%
Hybrid Debt	2.87%
Running Yield [#]	4.41%
Portfolio Weighted Average Life (yrs)	3.56
No. Securities	336
Modified Duration	2.21

* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

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

Income return was the most substantial contributor to performance over the month. The Fund continues to collect a healthy running yield generated from the underlying fixed rate and floating rate income strategies alongside direct investments. The Fund's running income remains led by domestic and offshore banks, RMBS and non-financial corporates. The portfolio running yield was 4.4% at month end.

Credit spread contraction was constructive for performance over the month as spreads continued to grind tighter. USD and EUR denominated offshore bank bonds alongside USD denominated subordinated bonds from Macquarie and National Australia bank performed well. Securitised spreads were also constructive. In a month where spreads contracted, the Fund's allocation short CDS position detracted from performance.

Duration dynamics detracted from performance over the months as bond yields saw elevated volatility and edged higher as investors priced fewer near-term RBA rate cuts. The Fund ended the month close to the lower bound of the strategic target duration (2-years). The Fund's low strategic target duration allows the Fund to participate in bond market rallies while limiting the impact of month-to-month yield volatility.

The outlook improved slightly over the month to end with a neutral reading. While the global growth outlook has softened, investment grade credit continues to offer attractive yields and declining interest rates have been supportive for credit fundamentals. 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 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.

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 PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that 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 Group means Perpetual Trustees Australia Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any 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 entry or exit fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

*** The benchmark for the Fund was previously reported as both the Bloomberg AusBond Bank Bill Index and the Bloomberg AusBond Composite Index. As at 29 April 2015, the benchmark for reporting was updated to a composite benchmark comprising 50% Bloomberg AusBond Bank Bill Index & 50% Bloomberg AusBond Composite Index. The change in benchmark was to better reflect the investment strategy. The performance table above reflects the change in benchmark applied across all periods.

MORE INFORMATION

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

