

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

September 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 30 September 2025

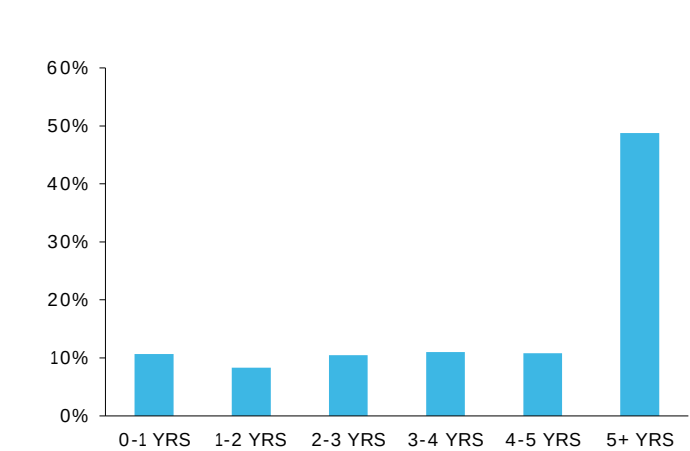
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Active Fixed Interest Fund Class A ^{1,3}	0.14	0.78	3.66	5.12	6.93	5.67	0.58	2.38	2.67
Perpetual Active Fixed Interest Fund Class W ^{2,3}	-	-	-	-	-	-	-	-	4.80
Bloomberg Ausbond Composite Index	0.10	0.40	3.04	4.09	5.59	4.25	-0.23	1.81	-

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.

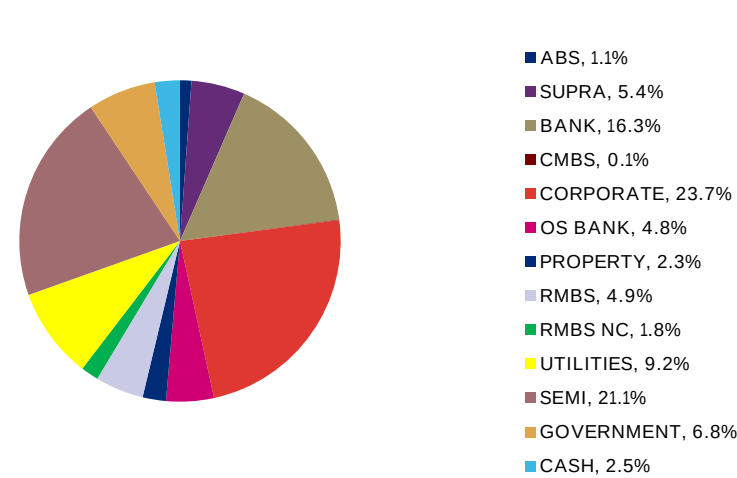
POINTS OF INTEREST

- 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.

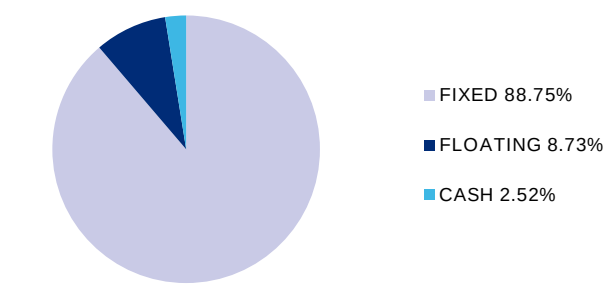
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	92.50%
Subordinated Debt	6.43%
Hybrid Debt	1.06%
Running Yield [#]	4.16%
Portfolio Weighted Average Life (yrs)	5.56 yrs
No. Securities	176
Modified Duration	4.80

* 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

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

Credit spread dynamics were constructive for relative performance over the month as spreads continued to grind tighter. Overweight allocation to Domestic and offshore banks, alongside non-financial corporates and utilities performed well. This was supported by issuer and security selection within corporate and semi government sectors. Overweight allocation to transport infrastructure names performed well including Sydney Airport and Lonsdale Finance (Port of Melbourne) which the Manager elected to add exposure to in primary during the month.

Duration and curve positioning detracted slightly from performance during September. The Fund was slightly short of benchmark duration at the start of the month before lengthening to end the month in line with the benchmark. Underweight exposure to the long end detracted slightly over the month as the curve flattened. The Fund retains an overweight exposure to 5-7 years tenors alongside allocation to the very short end including floating rate notes.

Income return continued to contribute to outperformance during September. The Fund's yield premium remains 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 0.8%.

In a busy month of primary issuance, the manager was selective, taking part in new deals from Caterpillar Finance, Lonsdale Finance and investing in 7-and-10 year tranches of a new senior deal from AGL energy. The Fund also increased its semi government and government bond exposures during the month.

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.

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