

Perpetual Private

PERPETUAL SELECT FIXED INCOME FUND

September 2025

FUND FACTS

Investment objective: Income through investment in a diversified portfolio of fixed income.

Suggested length of investment: Five years or longer

INVESTMENT APPROACH

The Fund combines specialist investment managers with different investment styles and philosophies. This can help reduce the volatility of the Fund by avoiding over exposure to a particular specialist investment manager.

Derivatives are currently used by the specialist investment managers to protect against most currency movements, although this can change at any time.

BENEFITS

Provides investors with the potential for regular income above cash returns, with lower volatility than other income strategies.

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.

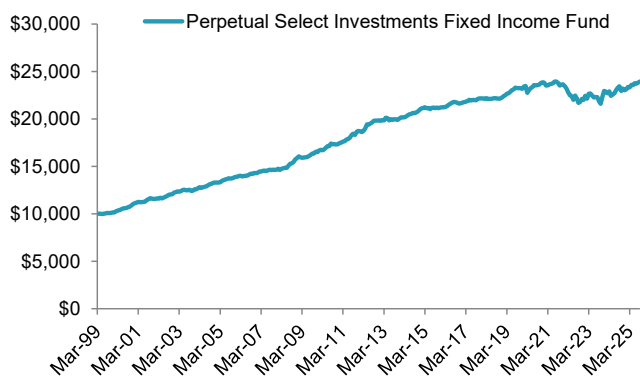
TOTAL RETURNS % (AFTER FEES) AS AT 30 SEPTEMBER 2025

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments Fixed Income Fund	PER0252AU	0.4	0.7	2.7	2.2	3.3	0.3
Bloomberg Global Aggregate (AUD) Hedged [#]		0.7	1.0	2.5	2.4	4.0	0.7

Past performance is not indicative of future performance

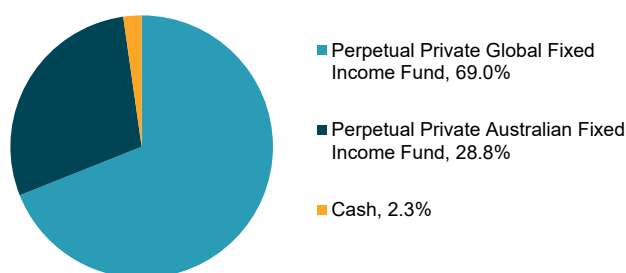
[#]The Fund's benchmark, prior to 30th June 2022, consisted of 60% Bloomberg AusBond Bank Bill Index, 20% Bloomberg AusBond Composite Index & 20% Bloomberg Barclays Global Aggregate (AUD Hedged). Effective from 30th June 2022, the benchmark wholly consists of 100% Bloomberg Global Aggregate (AUD Hedged).

GROWTH OF \$10,000 SINCE INCEPTION (AUST.)*



*The Growth of \$10,000 chart includes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales or redemption charges which would lower these figures.

PORTFOLIO EXPOSURES[^]



[^]Portfolio exposures represent the Perpetual Select Investments Fixed Income Fund

MANAGER INVESTMENT APPROACH

Colchester Global Bond Mandate	International Fixed Income	Global Rates, Real Return.
Western Asset Global Bond Mandate	International Fixed Income	Global Rates and Sector Rotation, Macro.
Alliance Bernstein Global Bond Mandate	International Fixed Income	Global Rates and Sector Rotation, Relative Value.
Macquarie True Index Australian Fixed Interest Fund	Australian Fixed Income	Australian passive core fixed income and True indexing fund.

MARKET COMMENTARY

Fixed income markets delivered modest returns in the September quarter, as central banks continued to cut rates against a backdrop of higher inflation and still resilient growth. Global fixed income rose 1.0%, while Australian fixed income gained 0.4%. Sovereign bond gains were constrained by sticky inflation, while credit outperformed with the support of tighter spreads, low defaults rates and healthy corporate fundamentals.

In Australia, the RBA cut the cash rate by 25 bps in August to 3.60%, its third reduction this year after earlier moves in February and May. Yields initially fell on the decision but reversed as August headline CPI surprised higher at 3.0% year-on-year and GDP growth in Q2 beat expectations. Over the quarter, three-year bond yields climbed 29 bps to 3.55%, while the 10-year yield rose 14 bps to 4.30%. This left the Australian curve flatter, narrowing the difference between long- and short-term interest rates, underscoring how inflation continues to limit Australian sovereign bond gains despite easier policy.

In the US, the Federal Reserve cut rates twice in response to softer labour market data. US fixed income performance was supported by a decline in Treasury yields, with the most pronounced moves at the front end of the curve. Three-month cash rates fell nearly 40 bps, while two-year Treasury yields still edged higher by 10 bps to 3.61%. By contrast, the 10-year yield eased just 8 bps to 4.15%, leaving the 2s–10s curve flatter. The long end of the curve remained relatively anchored, held up by fiscal risks, inflation expectations, and concerns about threats to Fed independence. Across Europe, moves were more modest, with German 10-year bund yields up 12 bps and French 10-year yields up 26 bps, reflecting renewed investor concerns over long-term debt sustainability.

Credit markets continued to perform strongly as spreads compressed further. Australian credit returned 0.9%, while global investment grade spreads tightened to multi-decade lows, supported by solid corporate fundamentals and low default expectations. Investment grade credit returned 2.0% over the period. Global high yield also performed well (+2.5%), buoyed by resilient corporate earnings and strong demand for carry. With prevailing spread levels now trading at historical tightness, valuations leave little room for disappointment if growth slows or defaults begin to rise.

PORTFOLIO COMMENTARY

The Perpetual Select Fixed Income Fund underperformed its benchmark by 0.2% over the September 2025 quarter; primarily driven by the allocation overweight to Australian FI.

Macquarie True Index Australian Fixed Index Fund returned 0.4% during the quarter, broadly in line with the Bloomberg AusBond Composite 0+ Year Index. Australian government bond yields were volatile as market expectations of further rate cuts was tempered by mixed economic conditions and a cautious tone by the RBA.

Western Asset Global Bond Mandate outperformed its benchmark for the period, with the portfolio returning 1.1% versus the Bloomberg Global Aggregate Bond Index (hedged AUD) return of 1.0%. Over the quarter, the managers largest contributor was positive credit selection while maintaining a generally neutral duration position.

Colchester Global Government Bond Mandate returned 1.5% for the period, outperforming the Bloomberg Global Treasury Index Hedged to AUD which returned 0.5%. Overweight positions in New Zealand, Mexico, Indonesia and Norway were all strong contributors to performance.

Alliance Bernstein Global Plus Mandate underperformed its benchmark for the period, with the portfolio returning 0.8% versus the Bloomberg Global Aggregate Bond Index (hedged AUD) return of 1.0%. Country duration positioning was the primary detractor of performance over the quarter.

OUTLOOK

Following the August rate cut, the RBA has shifted to a more cautious, data-dependent stance. While inflation has edged higher, it remains within the Bank's 2–3% target band. Volatility in government bond markets has persisted, driven largely by offshore developments. To date, there has been no sustained increase in Australian inflation attributable to US trade policy.

RETURNS BREAKDOWN (INVESTMENTS)

	FY 2025	FY 2024	FY 2023
Growth Return %	4.2%	1.7%	1.0%
Distribution Return %	0.5%	0.3%	0.2%
Total Return %	4.7%	2.0%	1.1%

DISTRIBUTION BREAKDOWN

	FY 2025	FY 2024	FY 2023
Cents per unit	0.4528	0.2500	0.1467

PRODUCT FEATURES

	INVEST.
Inception date	Mar 99
Management/Investment Fee (p.a.)*	0.71%
Ongoing fee discount	No
Admin fee	0.00%
Buy spread	0.24%
Sell spread	0.00%
Contribution fee	0.00%
Withdrawal fee	\$0
Monthly member fee	\$0
Min. initial contribution	\$2,000
Min. additional contribution	\$0
Savings plan	Yes
Withdrawal plan	Yes
Distribution frequency	Quarterly
Contact information	1800 677 648

*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

However, our base case is for US inflation to rise over time. Discussions around tariff pass-through suggest that corporates have not yet fully passed on all tariff-related costs, though many anticipate doing so over the coming year.

The long-term implications of US trade policy remain uncertain. In the near term, we expect upward pressure on US inflation and a weaker medium-term growth outlook, though resilient consumer spending continues to provide support. This policy uncertainty and its inflationary consequences have been a key driver of ongoing volatility in global sovereign bond markets. An environment we expect to persist.

Despite falling policy rates, absolute yield levels remain elevated relative to historical norms, particularly when compared to the pre-2022 zero-rate environment. Credit demand has remained strong, with spread compression supported by subdued M&A activity and a weak issuance pipeline. While spreads are tight, we believe there is scope for further tightening, particularly in a declining policy rate environment. Lower base rates are also supportive of credit quality, improving overall debt serviceability.

Within portfolios, we have been constructive on select parts of the government bond curve and have taken advantage of opportunities in Emerging Market (EM) debt, which has been a key contributor to returns in recent periods. This has been complemented by credit selection focused on the one- to three-year segment of the curve. However, at this stage of the cycle, we believe much of the alpha in EM and government bonds has already been realised, and we expect to gradually reduce our overweight positions in both areas over the coming months. We continue to maintain a selective approach within credit, emphasising shorter-dated exposures where valuations remain more attractive.

¹ As measured by the Bloomberg Global Aggregate (AUD hedged) index.

² As measured by the AusBond Composite (0+Y) index.

³ Australian Bureau of Statistics (ABS), National Accounts, and Consumer Price index.

⁴ As measured by Bloomberg AusBond Credit (0+Y) index.

⁵ As measured by the ICE BofA Global Corporate (AUD Hedged) index.

⁶ As measured by the Bloomberg Global High Yield (AUD Hedged) index.

This information has been prepared by Perpetual Trustee Company Limited (PTCo) ABN 42 000 001 007, AFSL 236643. 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.

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MORE INFORMATION

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