

Perpetual Investment Funds

PERPETUAL DYNAMIC FIXED INCOME FUND

May 2026

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: \$29.9 million as at 31 March 2026

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 31 May 2026

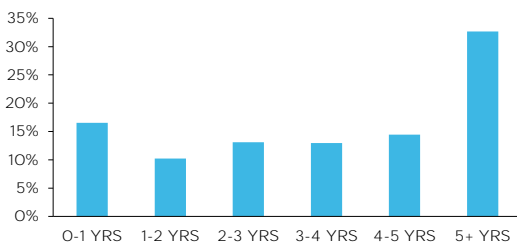
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Dynamic Fixed Income Fund	0.93	0.90	1.88	3.60	4.78	5.25	2.73	2.84	4.17
Bloomberg AusBond Composite/Bank Bill Blend	0.98	0.62	1.30	2.55	4.08	3.59	1.70	1.55	3.08

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.

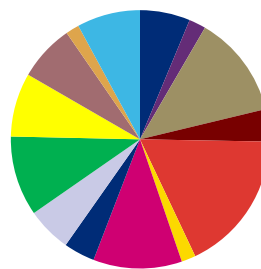
POINTS OF INTEREST

- Middle East conflict persists; oil prices ease towards month end;
- Domestic credit spreads rangebound; US spreads rally;
- Domestic bond yields fall; yield curve steepens;
- RBA hikes; softening inflation and labour data see policy expectations moderate;
- The credit outlook declined marginally, remaining negative.

MATURITY PROFILE

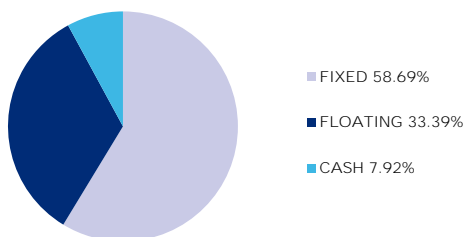


PORTFOLIO SECTORS



■ ABS, 6.3%
■ SUPRA, 2.1%
■ STRUCTURED, 0.0%
■ BANK, 12.8%
■ CMBS, 4.0%
■ CORPORATE, 17.7%
■ FINANCE, 1.8%
■ OS BANK, 11.1%
■ PROPERTY, 3.9%
■ RMBS, 5.6%
■ RMBS NC, 10.0%
■ UTILITIES, 8.0%
■ WRAPPED, 0.0%
■ SEMI, 7.1%
■ GOVERNMENT, 1.7%
■ CASH, 7.9%

FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	60.51%
Subordinated Debt	28.03%
Hybrid Debt	11.46%
Running Yield [#]	5.29%
Average Credit Rating	A
Portfolio Weighted Average Life (yrs)	4.13
No. Securities	357
Modified Duration	1.61

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

MARKET COMMENTARY

May proved a volatile month for global fixed income and credit markets, shaped by Middle Eastern geopolitics, elevated energy prices, and the question of how long central banks can hold their nerve against inflation. Risk assets including global equities pushed higher while credit spreads traded in a tight range.

The RBA delivered a widely anticipated third consecutive 25 basis point hike at its 5 May meeting, taking the cash rate back to 4.35%. April employment declined by 18,600 jobs — against expectations for modest growth — pushing the unemployment rate up to 4.5%, above the RBA's own year-end forecast of 4.3%. The April monthly CPI indicator then showed headline inflation moderating from 4.6% to 4.2% annually, 0.2 percentage points below consensus, helped by a 7% fall in automotive fuel and a 20% drop in urban transport fares following government intervention. Together, the weaker labour market and softer inflation data saw markets wind back pricing for further near-term tightening. By Month end, rate hike expectations had fallen from two further hikes to less than one. Australian government bond yields fell over the month with the curve steepening as the front end led the rally.

Domestic credit spreads were resilient throughout May with the ITraxx Australia CDS index narrowing slightly while trading in a relatively tight range over the month. Major bank senior and regional covered bonds performed well. Corporate and nonbank financial hybrids and tier 2 subordinated bank debt remain well supported. Primary market demand is increasingly discerning with longer dated issues less liquid and energy price sensitive sectors softening slightly. US spreads performed well with IG and HY spreads tightening reflecting the broader risk on sentiment as markets anticipated a resolution to the US Iran conflict and resumption of transit through the strait of Hormuz.

Primary market activity was elevated in May with a number of deals across senior, tier 2 and additional tier 1 tranches pricing as issuance accelerated following bank earnings releases. ANZ (\$5B senior), Westpac (\$3B Senior) and NAB (\$2.5B Senior and \$1B Tier 2) printed deals following half year results. May saw an increase in kangaroo issuance as narrow spreads and resilient demand for AUD paper attracted offshore banks and non-financial corporates.

PORTFOLIO COMMENTARY

Income remained constructive for performance throughout the month. The Fund yield advantage above cash is attributable primarily to RMBS and offshore bank allocations. The portfolio running yield was 5.3% at month end.

Portfolio duration was the key contributing factor to outperformance over the month. Bond yields rallied and the curve steepened as expectations of further monetary policy tightening moderated. The Manager shortened the duration over the month ending the period shot of the strategic target duration to mitigate the impact of potential bond yield volatility.

Credit spread dynamics contributed to outperformance over the month. While spreads moved in a relatively tight range, issuer and security selection was rewarded with allocation to subordinated domestic and offshore banks alongside non-financial corporates performing well. The Fund's allocation to hybrids also performed well with EUR, GBP and USD hybrid spreads tightening contributing to outperformance.

The outlook for credit remains marginally negative and the rates outlook remains uncertain with inflationary pressures set against softening economic indicators. Accordingly, the Fund remains defensively positioned.

OUTLOOK

The credit outlook declined marginally led by softening valuation and macroeconomic indicators.

Valuation indicators deteriorated over the month to a negative reading. The key driver was a downgrade of US high yield from neutral to negative, reflecting spread levels that offer insufficient compensation relative to a deteriorating macro backdrop and elevated oil price persistence. Opportunistic issuance remained a headwind, with elevated supply from SSA, kangaroo and domestic issuers continuing to weigh on the outlook.

The macroeconomic outlook remains the most significant headwind to the credit view. Softening global growth and reduced GDP forecasts from the RBA weigh on the outlook. Oil price volatility remains a watchpoint with the indicator remaining negative at month end. The ratio of upgrades to downgrades has softened to a neutral reading as tighter financial conditions have seen an uptick in downgrade activity, notably among high yield names.

Supply and demand indicators remain negative. Elevated issuance supply – both recent and upcoming – remains a key headwind. Market demand has proven resilient thus far although increasingly discerning.

Technical indicators remain marginally positive. Cash balances among real money accounts have normalised. US credit, equity and equity volatility indicators are all positively contributing to 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

