

Perpetual Investment Funds

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

May 2026

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: #N/A
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 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 Active Fixed Interest Fund Class A ^{1,3}	1.64	0.12	0.69	1.74	4.69	4.07	0.90	1.31	2.50
Perpetual Active Fixed Interest Fund Class W ^{2,3}	-	-	-	-	-	-	-	-	4.65
Bloomberg Ausbond Composite Index	1.62	0.23	0.69	1.31	4.04	2.97	0.32	0.74	-

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.

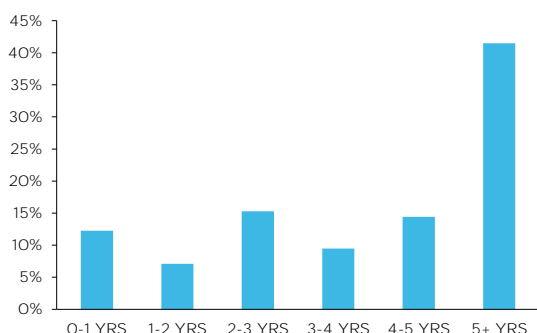
² To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has been 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.

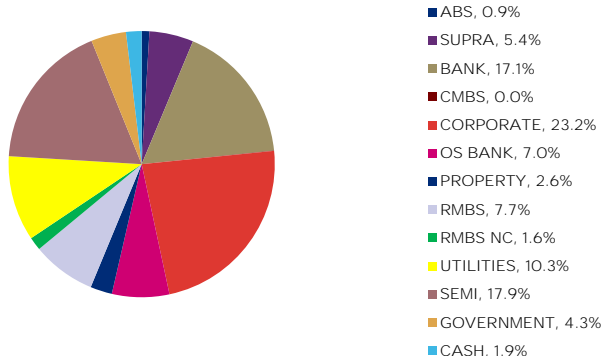
POINTS OF INTEREST

- 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.

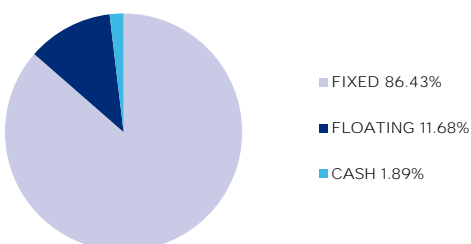
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	91.89%
Subordinated Debt	6.57%
Hybrid Debt	1.54%
Running Yield [#]	4.57%
Average Credit Rating	A
Portfolio Weighted Average Life (yrs)	4.97 yrs
No. Securities	181
Modified Duration	4.75

* 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

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

During a month where credit spread and duration dynamics were benign for relative return, the Fund's yield advantage was the key contributor to outperformance. The Fund's running income remains attributable to overweight allocations to non-financial corporates, banks and off-benchmark exposure to securitised sectors. The portfolio running yield at month end was 4.6% with the spread measured at 0.9%.

Credit spread dynamics were mixed for performance over the month. The Fund's overweight allocation to credit was marginally positive as spread narrowed slightly. Security selection within financials was constructive while transport infrastructure names detracted very marginally. The Manager remains comfortable with the level of credit risk in the portfolio. While the Fund maintains a longer spread duration relative to benchmark, exposures are focused on high quality corporate and financial issuers offering attractive yield premia.

The Fund's duration was the key contributing factor to absolute return as bond yields rallied and the yield curve steepened. The Fund remains close to benchmark duration meaning that the contribution to relative return was slight. The Manager is cognisant of inflation risks maintaining close to benchmark duration positioning and continues to actively monitor the situation in Iran and its impact on oil prices.

The Fund took part in the new 10-year deal from Qantas which offered an attractive spread for a sector that has faced some challenges with recent oil price volatility. The Fund secured a good allocation in the oversubscribed deal which tightened on issue, contributing to performance. The Fund also took part in the inaugural AUD issuance from Spanish Bank Caixa whose senior preferred 5-year paper rallied on issue contributing to portfolio return.

The outlook for credit remains marginally negative and the rates outlook remains uncertain with inflationary pressures set against softening economic indicators. The Fund remains defensively positioned while retaining the capacity to add risk where it is best rewarded and will continue to look for active duration opportunities along the curve.

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.

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