

# PERPETUAL DYNAMIC FIXED INCOME FUND

November 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:** \$28.3 million as at 30 September 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 November 2025

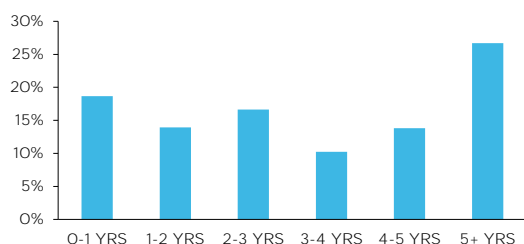
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Dynamic Fixed Income Fund	-0.36	0.21	1.69	4.66	5.58	5.32	2.55	3.10	4.18
Bloomberg AusBond Composite/Bank Bill Blend	-0.29	0.23	1.23	4.20	4.52	3.68	1.17	1.93	3.09

Please note: Performance for Perpetual's complete list of investment funds is available on [www.perpetual.com.au](http://www.perpetual.com.au). Past performance is not indicative of future performance.

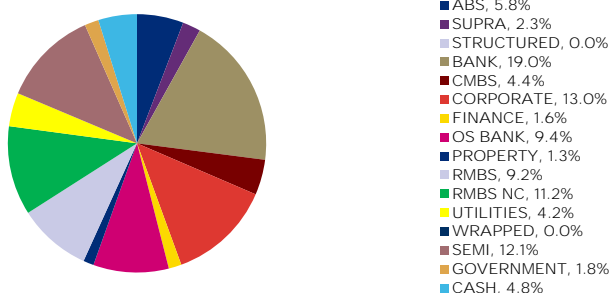
## POINTS OF INTEREST

- Higher than expected CPI and employment data impact bond yields;
- RBA on hold; cite productivity concerns;
- Domestic credit spreads rangebound;
- Primary issuance volumes remain orderly;
- The credit outlook has declined to negative.

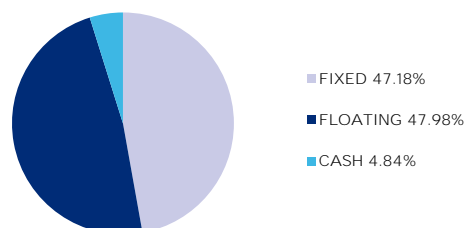
## MATURITY PROFILE



## PORTFOLIO SECTORS



## FIXED AND FLOATING RATE BREAKDOWN



## PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	65.50%
Subordinated Debt	28.96%
Hybrid Debt	5.54%
Running Yield <sup>#</sup>	4.63%
Portfolio Weighted Average Life (yrs)	3.91
No. Securities	356
Modified Duration	2.26

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

## MARKET COMMENTARY

The extended rally in risk assets slowed during November as markets parsed higher than expected inflation and jobs data. While domestic credit spreads were resilient, bond yields moved higher and equity markets stumbled before recovering by month end.

November was marked by a significant shift in bond market sentiment, both in Australia and globally as stubbornly high inflation forced investors to abandon expectations of near-term rate cuts. In Australia, the release of the first full monthly CPI report showed higher than expected inflation (3.8% y/y). This, combined with robust October employment data (42,000 new full-time jobs and a drop in unemployment to 4.3%), led markets to push back the timeline for any rate cuts and even consider the possibility of a rate hike in late 2026. As a result, Australian government bonds sold off: three-year yields rose above 3.85%, and ten-year yields climbed to 4.5%.

Credit markets demonstrated resilience despite volatility in equities and shifting rate expectations. While there was some risk aversion early in the month – triggered by concerns over AI capital expenditure returns and mixed signals from the US Federal Reserve – credit spreads remained relatively stable, trading a tight range. During November, APRA announced a new measure, effective from February 2026, limiting new mortgage lending with a debt-to-income ratio of six times or more to 20% of ADI's new lending. This pre-emptive action was taken in response to early signs of increasing riskier lending amid falling interest rates and rising housing prices and credit growth.

Credit issuance in November was strong, especially early in the month, with major banks returning to the market after blackout periods. Notable deals included Westpac's \$1B 20-year bullet tier-two tranche and Transgrid's A\$800 million hybrid issue. Securitisation remained robust, highlighted by Firstmac's record A\$2.5 billion nonbank RMBS deal which attempted to capitalise on recent interest from Asian investors, including a Yen denominated tranche. Activity slowed at month-end, particularly in securitisation, as the Australian Securitisation Forum's conference took place, with a hybrid issue from BNP Paribas alongside Norfina (\$1.5B) and RBC (\$950M).

## PORTFOLIO COMMENTARY

Income return was the most substantial contributor to performance over the month mitigating the impact of rising bond yields. The Fund yield advantage above cash is attributable primarily to RMBS and offshore bank allocations. The portfolio running yield was 4.6% at month end.

Credit spread dynamics were mixed for performance over the month. Credit spreads traded in a relatively tight range throughout November. Allocation to subordinated offshore bank exposures detracted as subordinated spreads widened marginally and allocation to USD denominated hybrids weakened.

Portfolio duration was the key determinant of performance during the period. Bond yields rose as markets reacted to higher-than-expected inflation and strong labour market data. The Fund began the month with a long tactical duration positioning which detracted from performance as yields rose.

Duration positioning of the Fund is determined via Manager discretion with input from Perpetual's Tactical Asset Allocation bond score – a quantitative input to the fund duration management process – which declined over the month as technical and value indicators weakened.

The outlook for credit has declined, ending the month with a negative reading. 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 in early November, ending the month with a solidly negative reading despite improving conditions during the final week of the month.

Valuation indicators remain balanced throughout November with all indicators – US investment grade and high yield, Australia investment grade, swap to bond spreads, basis swaps, domestic vs offshore spreads and opportunistic issuer activity – in neutral territory.

The macroeconomic outlook remains very marginally negative. While recent indicators – including US PMIs – show a slight improvement, the broader macro environment remains challenging.

Supply and demand indicators continued to weigh on the outlook. Upcoming primary market supply volumes and maturity schedule have declined as the year end approaches. Market demand has cooled with increasing caution and easing secondary market performance. Demand for securitisations has been slightly softer in recent weeks.

Technical indicators declined to neutral early in November with cash level among real money accounts relatively low as recent elevated primary market issuance has absorbed liquidity.

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\*\*\* 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

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