Perpetual Investment Funds

PERPETUAL ACTIVE FIXED INTEREST FUND - CLASS A

November 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: $575.7 million as at 30 September 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 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 Active Fixed Interest Fund Class A [1,3]	-0.91	-0.41	1.04	5.14	5.95	4.64	0.36	2.22	2.56
Perpetual Active Fixed Interest Fund Class W [2,3]	-	-	-	-	-	-	-	-	4.73
Bloomberg Ausbond Composite Index	-0.88	-0.42	0.62	4.35	4.76	3.22	-0.36	1.63	-

[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.

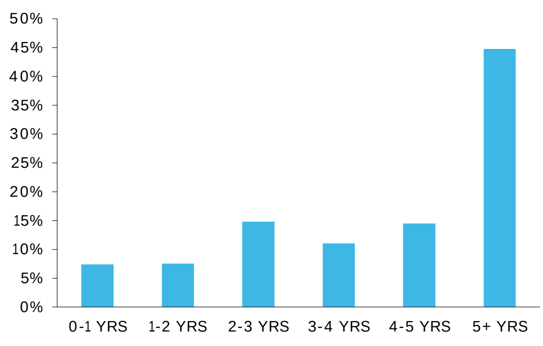
[2] To give a longer term view of the performance of the Fund, the returns for Class W, which has been operating since July 2004, are shown. Class W has identical investments to Class A. We have adjusted the return of Class W to reflect the fee applicable to Class A (a 0.45% Management Fee). This has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

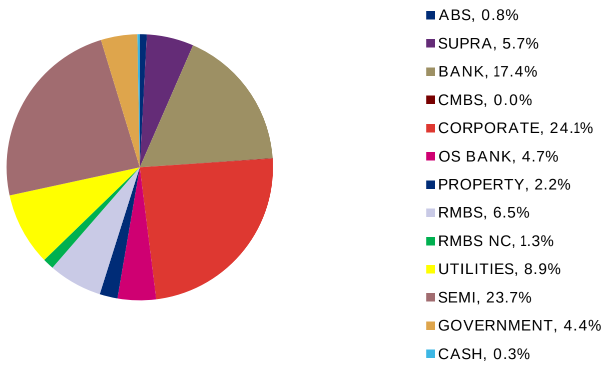
POINTS OF INTEREST

•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.

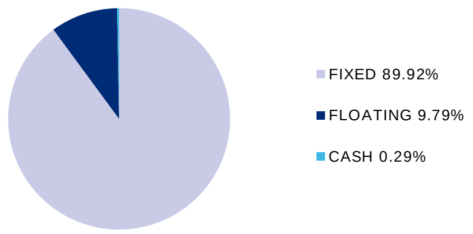
MATURITY PROFILE



PORTFOLIO SECTORS



FIXED AND FLOATING RATE BREAKDOWN



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	93.10%
Subordinated Debt	5.85%
Hybrid Debt	1.05%
Running Yield#	4.24%
Portfolio Weighted Average Life (yrs)	5.51 yrs
No. Securities	182
Modified Duration	5.07

* 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

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 continued to contribute to outperformance during November. The Fund's yield premium remains primarily attributable to overweight allocations to non-financial corporates, banks and off benchmark exposure to securitised sectors. The portfolio running yield at month end was 4.2% with the spread measured at 0.8%.

Duration and curve positioning was mixed for performance over the month. While rising bond yields was the key determinant of absolute performance. The fund's close to benchmark duration positioning ensured that the impact on relative performance was benign. Curve positioning detracted marginally with the Fund's overweight allocation to the short end and belly of the curve impacted as the yield curve flattened. The Fund remains very close to benchmark duration, retaining the capacity to take advantage of relative value opportunities along the curve at meaningful dislocations.

Credit spread dynamics were muted for performance during a month where spreads traded in a relatively tight range. The Fund's longer than benchmark spread duration contributed slightly however this was offset by security selection within transport infrastructure and telecommunications sectors. Security selection in the semi-government sector was constructive with the Manager's preference for NSW, Queensland and WA state government debt rewarded. Exposure to off benchmark securitised assets also performed well.

The Manager elected to deploy cash, increasing allocation to semi government bonds – while remaining underweight in the sector. Elsewhere, the Manager was selective in adding new so issues to the portfolio

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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