

Perpetual Investment Funds

PERPETUAL DYNAMIC FIXED INCOME FUND

January 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: \$29.7 million as at 31 December 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 31 January 2026

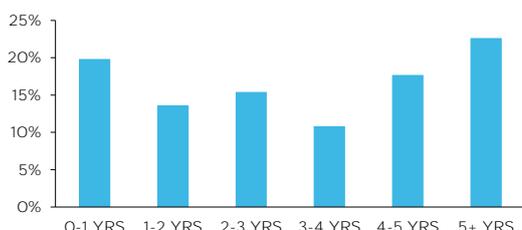
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Dynamic Fixed Income Fund	0.43	0.11	1.13	4.15	4.74	5.06	2.49	3.06	4.17
Bloomberg AusBond Composite/Bank Bill Blend	0.26	-0.19	0.66	3.55	3.63	3.51	1.26	1.77	3.06

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.

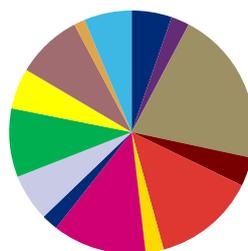
POINTS OF INTEREST

- Geopolitical and trade risks heightened; US Dollar weakness;
- Inflation above expectations; Labour data resilient;
- Bond yields sell off; Domestic yield curve steepens;
- Domestic credit spreads rally; Subordinated debt outperforms;
- Primary market returns with elevated volume.
- The credit outlook is neutral:

MATURITY PROFILE

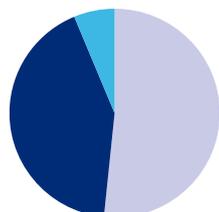


PORTFOLIO SECTORS



■ ABS, 5.3%
■ SUPRA, 2.4%
■ STRUCTURED, 0.0%
■ BANK, 20.7%
■ CMBS, 3.8%
■ CORPORATE, 13.6%
■ FINANCE, 2.4%
■ OS BANK, 12.4%
■ PROPERTY, 2.2%
■ RMBS, 6.3%
■ RMBS NC, 9.1%
■ UTILITIES, 5.4%
■ WRAPPED, 0.0%
■ SEMI, 8.7%
■ GOVERNMENT, 1.5%
■ CASH, 6.3%

FIXED AND FLOATING RATE BREAKDOWN



■ FIXED 51.63%
■ FLOATING 42.10%
■ CASH 6.27%

PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	65.27%
Subordinated Debt	27.37%
Hybrid Debt	7.36%
Running Yield [†]	4.78%
Portfolio Weighted Average Life (yrs)	3.65
No. Securities	369
Modified Duration	2.27

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

MARKET COMMENTARY

Credit spreads tightened as bond yields rose during a month hallmarked by rising geopolitical risks, tariff threats, US Dollar weakness, surging Japanese bond yields, and the pricing of 2026 RBA rate hikes. While volatility was elevated, equity markets advanced, supported by earnings growth expectations and the benign economic outlook.

Bond yields rose across developed markets as resilient labour market data and economic growth saw markets continue to reappraise the probability of near-term monetary easing. Australian government bond yields rose over the month, at times underperforming global counterparts. The December inflation report was hotter than expected, headline inflation rising to 3.8% year on year. The Yield curve flattened as the policy sensitive short end rose more sharply. By month end, the early February rate hike was 70% priced in by markets with at least one further rate hike fully priced in for 2026. Offshore, the most substantial movement was in Japanese long-term bond yields which rose sharply reflecting inflation concerns arising from aggressive fiscal policy expansion.

Despite higher government bond yields, Australian investment-grade credit remained well supported, with tight spreads and strong demand from both domestic and offshore investors. Global IG spreads reached their tightest levels since 1998. Australian physical credit spreads were 6bps tighter on average led by utilities and real estate. Subordinated bank spreads performed well reflecting both the broader rally in credit and supply dynamics with no tier 2 issuance since early November.

Primary market issuance volumes were strong to start the year with wide variety of issuer diversity. Elevated volumes reflected supportive conditions for issuers with spreads near all-time tight, light dealer inventories and attractive pricing relative to offshore credit. Commonwealth bank issued \$5B in senior debt across 3 and 5 year tranches while Banco Santander (\$1B) and Rabobank (\$1.25B) issued 5-year senior paper. Non-financial corporate issuance accelerated towards month end with AusNet Services issuing a \$1.1B hybrid deal while Aroundtown (\$600M) and MTR corporation (\$2B) issued kangaroo bonds reflecting the accommodative conditions for AUD issuers.

PORTFOLIO COMMENTARY

Income remained a key component of returns throughout the month. The Fund yield advantage above cash is attributable primarily to RMBS and offshore bank allocations. The portfolio running yield was 4.8% at month end.

Credit spread dynamics were the key contributing factor to outperformance over the period, offsetting the relative performance impact of rising bond yields. Spreads contracted across sectors and the Fund's allocation to non-financial corporates, banks and utilities performed well. Exposure to higher beta parts of the capital structure benefitted the portfolio as spreads contracted with hybrid and subordinated exposures contributing to outperformance. Semi government spread contraction contributed to performance whereas securitised spreads expanded marginally.

Portfolio duration was the key determinant of performance during the period. Bond yields continued to rise, and curve steepened as markets priced in a February rate hike. The Impact of rising bond yields was mitigated by the relatively short strategic target duration of 2 years which the fund stayed close to during the month. 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 remained benign over the month.

The outlook for credit remained in neutral territory throughout January. 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 remained balanced throughout January with a neutral reading at month end.

Valuation indicators worsened slightly as US High Yield rallied below its historical fair value range. Attractive conditions for credit issuance saw an uptick in elevated issuance volumes from opportunistic and kangaroo issuers weighing on the outlook. Negative swap to bond spreads continue to detract from the valuation outlook.

The macroeconomic outlook remained neutral during January. While soft global growth expectations continue to weigh slightly on the outlook, the ratio of upgrades to downgrades is in positive territory. The credit rating outlook is benign with market participants anticipating further upgrades in 2026.

Supply and demand indicators declined marginally. Upcoming maturity volumes have normalised however elevated recent issuance volumes continue to detract from the outlook. The 2026 issuance pipeline is also building steadily, weighing on the outlook for spreads.

Technical indicators are strongly positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts and intermediary positioning shows a capacity to take on credit risk.

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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

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