Perpetual Private

Fund Profile - 31 December 2025

Implemented Fixed Income Portfolio

Fund facts

APIR code	PER0710AU
Inception date	9 December 2013
Asset class	Diversified Fixed Income
Investment style	Multi manager blend
Benchmark	Fixed Income Composite Benchmark#
Suggested length of investment	Three years or more
Unit pricing frequency	Daily
Distribution frequency	Quarterly
Legal type	Unit trust
Product type	Wholesale Managed Investment Scheme
Status	Open
Management fee*	0.47%
Buy/Sell spread	0.24% / 0.00% as at September 2025
Issuer	Perpetual Investment Management Limited

*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

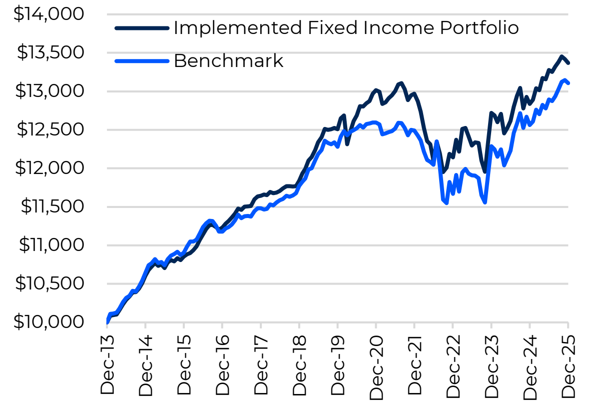
Investment objective

To provide investors with income through investment in a diversified portfolio of fixed income and floating rate investments (including mortgages). To outperform the stated benchmark over rolling three-year periods.

Benefits

Provides investors with the potential for maximising income and capital stability, with broad market exposure.

Growth of $10,000 since inception



Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance.

Net performance

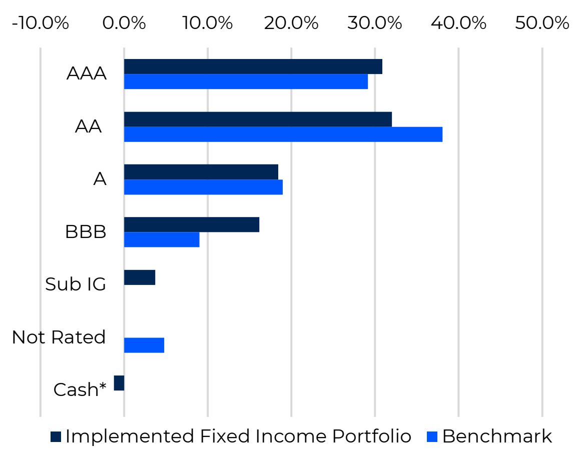
As at December 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	-0.4%	-0.1%	4.1%	3.3%	0.5%	2.5%
Growth return	-0.9%	-0.6%	3.0%	2.4%	-1.1%	0.1%
Distribution return	0.5%	0.5%	1.1%	0.9%	1.7%	2.5%
Benchmark	-0.3%	0.6%	4.4%	4.0%	0.8%	2.3%
Excess Return	-0.1%	-0.7%	-0.2%	-0.7%	-0.3%	0.2%

Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance. *Since Inception.

Ratings breakdown

As at December 2025^



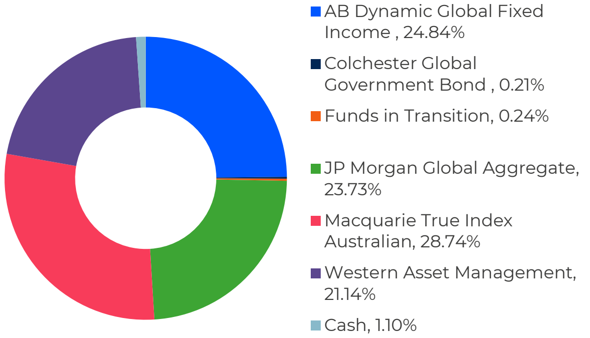
Source(s): State Street, External Manager Reports.

*Cash may appear as negative due to the use of Interest Rate Derivatives and Derivative Offsets.

^Portfolio exposures can be lagged by up to 3 months.

Portfolio exposure by manager^

As at December 2025



Source(s): State Street, FactSet. ^Effective December 2025 JP Morgan Global Aggregate Mandate was appointed, with the residual holding in Colchester Global Government Bond and Funds in Transition reflecting the portfolio transitioning.

Investment approach

A multi-manager framework is utilised, where specialist investment managers are selected to form a diverse and complementary mix of investment strategies and styles. This can help reduce volatility by avoiding over exposure to a particular specialist investment manager. Derivatives may be used in managing the portfolio.

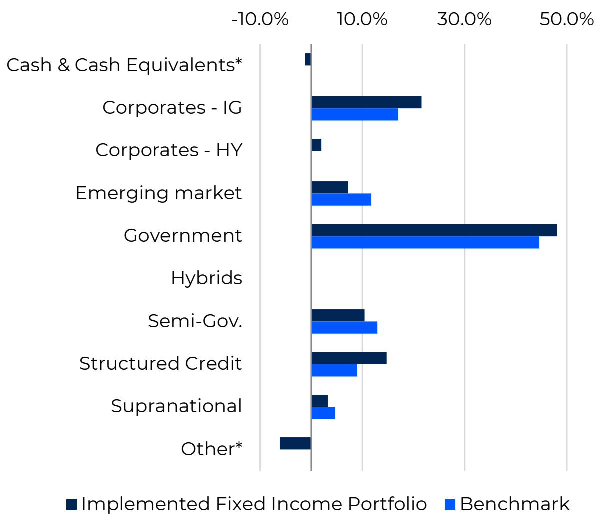
Investment strategy

The Implemented Fixed Income Portfolio invests in both Australian and International fixed interest markets, as well as diversified credit markets.

The managers within the Implemented Fixed Income Portfolio will invest across the broad spectrum of available debt instruments diversified by industry, maturity and credit rating (the majority of which will be investment grade as assigned by a recognised global ratings agency). Their portfolios tend to be diversified across hundreds of positions both in physical securities and through the use of derivatives. The diversified nature of their portfolios aims for the delivery of consistent returns above their designated benchmarks and acts to mitigate a large negative portfolio impact from any single position that may underperform from time to time.

The Implemented Fixed Income Portfolio blends a small group of managers that construct well diversified portfolios, who have a long-term and consistent track record, are expected to continue to deliver on this track record, and whose investment styles complement each other well. Consistency and complimentary of return profiles are of critical importance such that we can comfortably blend managers to deliver consistent and stable outperformance above the benchmark.

Sector Exposures
As at December 2025^



Source(s): State Street, External Manager Reports.

*Sector Exposures may appear as negative due to the use of Interest Rate Derivatives and Derivative Offsets.

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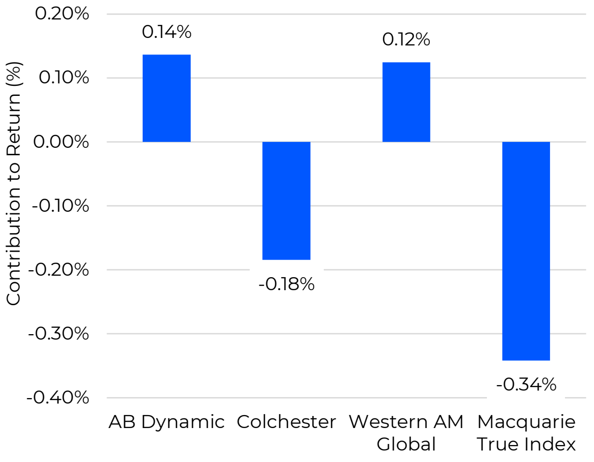
Contribution by manager
Quarter to December 2025



Source(s): State Street, FactSet. Performance data for the JP Morgan Global Fixed Income Mandate will be available from January 2026.

Manager line-up and approach
As at December 2025

Manager	Approach
AB Dynamic Global Fixed Income Mandate	Global Rates and Sector Rotation, Relative Value.
JP Morgan Global Fixed Income Mandate	Global Rates, Benchmark aware.
Western Asset Management Global Bond Mandate	Global Rates and Sector Rotation, Macro.
Macquarie True Index Australian Fixed Interest	Australian passive core fixed income and True indexing fund.

Market Commentary

The final quarter of 2025 saw Fixed Income markets having to contend with a dispersion of economic conditions as inflation and central bank considerations diverged across geographies. On a global basis the December quarter saw a positive, albeit muted return of 0.7%[1] for global Fixed Income, as expectations of early 2026 interest rate cuts from the Federal Reserve ("the Fed") receded. More broadly however, global Fixed Income generated the majority of its returns (4.4%) through income received over the year, with a slight tailwind provided by growing dovish expectations for the Fed's future interest rate path.

Comparing the US experience to that here locally, we note that the Fed has gone from focusing primarily on stubbornly high inflation, reducing chances of further rate cuts, to a focus on signals that the labour market might be softening (with employment conditions being the second leg of the bank's 'dual mandate'). Whether this change is at all influenced by pressure from the US president, or is simply a normal balancing of priorities, remains to be seen. What we know now is that the Fed today has a dovish bias that it didn't have just six months ago. In Australia, almost the opposite has happened. With inflation remaining sticky, expectations of further cuts late in 2025 quickly diminished, to the point that in late December, markets had even started to price in a rate increase at the bank's February meeting (at the time of writing market prices are implying a 24.6% probability of an interest rate increase).

Locally, the change in posture from the Reserve Bank of Australia (RBA), meant that bond prices fell to accommodate the potential for higher cash rates. This ate into income for the asset class, resulting in an annual return of just 3.2%[2] for the year, after falling 1.2% in the final quarter.

Meanwhile, Credit continues to deliver handsomely for those exposed to it, with spreads remaining low and defaults scarce. The US, for instance, saw its corporate bonds deliver 0.7%[3] for the December quarter and 6.5% for the year. Similarly, if we look at the Australian market, Credit continues to perform well, particularly if we remove duration (and therefore interest rate sensitivity), resulting in returns of 1.0%[4] for the 3 months, and 5.0% for the year. Against this backdrop, it should be no surprise that the more risky "high yield" securities, continue to deliver outsized returns, gaining 2.2%[5] in the quarter and a whopping 9.6% for 2025.

[1] As measured by the Bloomberg Global Aggregate
[2] As measured by the Bloomberg AusBond Composite (0+Y) index
[3] As measured by the ICE BofA Global Corporate (AUD hedged) index
[4] As measured by the Bloomberg AusBond Credit FRN (0+Y) index
[5] As measured by the Bloomberg Global High Yield (AUD Hedged) index

Portfolio Commentary

The Perpetual Implemented Fixed Income Portfolio underperformed its benchmark by 0.7% over the December 2025 quarter; primarily driven by the allocation overweight to Australian Fixed Income.

Alliance Bernstein Global Plus Mandate underperformed its benchmark for the period, with the portfolio returning 0.6% versus the Bloomberg Global Aggregate Bond Index (hedged AUD) return of 0.7%. Country duration positioning was the primary detractor of performance over the quarter.

Western Asset Global Bond Mandate underperformed its benchmark for the period, with the portfolio returning 0.6% versus the Bloomberg Global Aggregate Bond Index (hedged AUD) return of 0.7%. Over the quarter, credit selection contributed while duration positioning detracted.

Macquarie True Index Australian Fixed Index Fund returned -1.2% during the quarter, broadly in line with the Bloomberg AusBond Composite 0+ Year Index. Australian government bond yields were volatile, while a material reacceleration of inflation is giving the markets cause for concern.

Colchester Government Bond Mandate has been terminated in Q4 2025. JP Morgan has been appointed as a mandate manager for the position replacing Colchester.

Manager Insights and Outlook

The Reserve Bank of Australia maintained policy rates steady during the December quarter as inflation edged slightly higher. Commentary from the board indicates a more cautious stance. Government bond volatility persisted and is expected to remain elevated through 2026. Analysis of domestic inflation drivers point to housing as the largest contributor, followed by food and healthcare.

US tariffs have had minimal impact on inflation to date, though longer-term implications of trade policy remain uncertain. We anticipate diverging inflationary pressures globally, with moderate upward pressure on US inflation over the medium term. Economic growth remains positive, supported by infrastructure investment, while consumer spending, though resilient moderated during the quarter. Monetary policy uncertainty continues to drive volatility in global sovereign bond markets. Despite this, absolute yield levels remain elevated relative to historical norms, particularly compared to the pre-2022 zero-rate environment.

Credit demand from asset owners remains strong, while credit creation is subdued amid weak M&A activity and a limited issuance pipeline. Spreads are tight, but we see scope for further compression. Base rates have declined over 2025, supporting corporate credit quality and improving overall debt serviceability.

Our portfolios benefited from tactical positioning across the government bond curve and sector rotation within credit. Emerging market debt contributed positively to performance at the headline portfolio level. However, with fundamentals now fully priced, we have exited the position during the quarter. We maintain a selective approach in credit, favouring shorter-dated exposures where valuations remain attractive.

More information

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#Effective from 8th December 2025, the Fixed Income Composite benchmark comprises:

- Bloomberg Global Aggregate Bond Index (AUD Hedged) and,
- Bloomberg Ausbond Composite 0+ YR Index.

The composite benchmark reflects the Portfolio's target allocation at any time to the various asset types. Please refer to the Product Disclosure Statement for further details.

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