

PERPETUAL DIVERSIFIED INCOME FUND

March 2026



FUND FACTS

Investment objective: Aims to provide regular income and consistent returns above the Bloomberg AusBond Bank Bill Index (before fees and taxes) over rolling three-year periods by investing in a diverse range of income generating assets.

Benchmark: Bloomberg AusBond Bank Bill Index**
Mgmt Fee: 0.70% pa*
Buy / Sell spread: 0.15% / 0.15%
Benchmark Yield: 4.117% as at 31 March 2026
Suggested minimum investment period Three years or longer

FUND BENEFITS

Provides investors with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed, highly diversified and liquid investment.

FUND RISKS

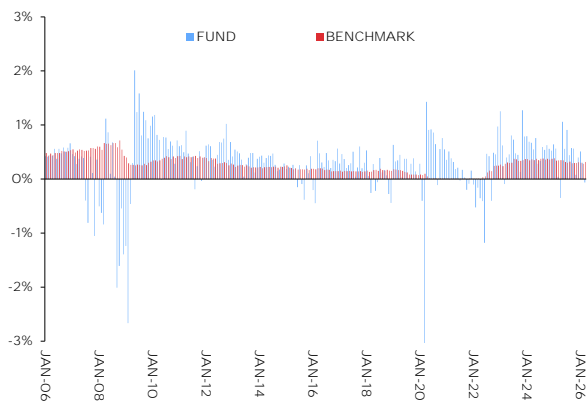
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

TOTAL RETURNS % (AFTER FEES) AS AT 31 March 2026

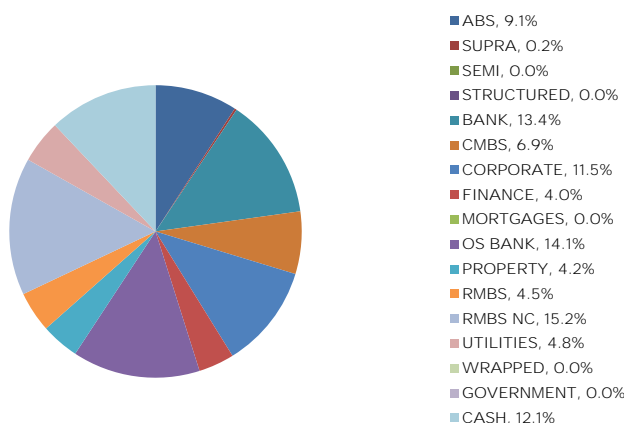
	APIR	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS PA	5 YRS PA	7 YRS PA	10 YRS PA
Perp. WealthFocus Investments	PER0284AU	-0.07	0.75	1.80	5.09	6.39	4.24	3.76	3.51
Perp. WealthFocus Investment Advantage	PER0490AU	-0.06	0.75	1.80	5.07	6.40	4.25	3.77	3.52
Perp. WealthFocus Super	PER0286AU	-0.05	0.62	1.51	4.32	5.47	3.63	3.23	3.02
Perp. WealthFocus Pensions	PER0285AU	-0.07	0.75	1.79	5.05	6.37	4.22	3.74	3.50
Perp. WealthFocus Term Allocated Pension	PER0339AU	-0.07	0.75	1.79	5.05	6.37	4.22	3.74	3.50
Bloomberg AusBond Bank Bill Index**		0.32	0.91	1.82	3.80	4.15	2.89	2.25	2.14

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

MONTHLY PERFORMANCE SINCE INCEPTION*



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	43.30%
Subordinated Debt	38.14%
Hybrid Debt	18.55%
Core Component	96.26%
Plus Component	3.74%
% Geared	0.00%
Running Yield [#]	5.50%
Portfolio Weighted Average Life	3.32 yrs
No. Securities	170

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

MARKET COMMENTARY

March proved a challenging month for Australian fixed income, as geopolitical turmoil in the Middle East dominated sentiment and forced a significant repricing of the rate outlook. The US-Israel conflict with Iran effectively closed the Strait of Hormuz — a chokepoint for roughly 20% of global oil supply — sending oil prices sharply higher and reigniting stagflation concerns. The war created volatility across energy, rates, equities and credit markets as inflation was re-priced, as was central bank paths and recession risks.

Against this backdrop, the RBA delivered a 0.25% rate hike, albeit on a narrow 5–4 vote, reinforcing its view that the economy has been running above potential and that inflation remains uncomfortably elevated. The decision was framed as a response to pre-existing domestic inflationary pressures rather than the oil shock directly, though the two are difficult to disentangle. Australian government bond yields moved sharply higher across the curve. Market pricing for the end-2026 cash rate peaked near 4.8% — around 2.5 additional hikes — up sharply from February's close. With Q1 CPI due ahead of the May RBA meeting — where markets are currently pricing a 60% probability of another hike to 4.35% — volatility looks set to persist into April.

Domestic credit spreads widened materially over the month reflecting uncertain economic and geopolitical conditions alongside rising concerns around the private credit sector. Higher beta sectors including subordinated major banks widened more sharply.

Primary market issuance paused briefly following the commencement of strikes in Iran before resuming albeit at a lower volume than previous months. Securitisation activity dominated deal flow, contributing to pressure on spreads as the market digested robust volumes in an uncertain economic climate.

PORTFOLIO COMMENTARY

Credit spread widening was the key determinant of relative performance over the period. Allocation to higher beta sectors including domestic bank subordinated and offshore bank hybrid positions detracted from performance. Securitised sectors also saw widening reflecting supply factors alongside the broader risk off market dynamic although this was offset by the strong running yield. The funds conservative positioning mitigated the impact of the selloff in credit with credit rating positioning (almost 30% of the fund was deployed in AAA rated credit), relatively short spread duration (less than 3 years) and healthy cash allocation (10% at February month end) helping to limit the impact of widening spreads.

Income return contributed positively to performance over the period partially offsetting the detraction from spread expansion. Despite a healthy cash allocation, the Fund retains a yield premium above benchmark, attributable primarily to RMBS and offshore bank allocations. The **Portfolio's running yield** was 5.5% at month end, with the spread (credit yield premium) measured at 1.4%.

Duration positioning was a key contributing factor for performance mitigating much of the impact of widening spreads. The Manager actively traded duration throughout the month within the funds relatively tight (+/- 0.75 years from benchmark) active duration limit. At the end of February, the Fund held 0.8 years of duration. Following the commencement of strikes in Iran, the Manager closed this position, as yields rallied during the initial flight to safety. Throughout the remainder of March, the Manager utilised 3-year government bond futures to add and reduce interest rate risk to take advantage of volatility as a result of geopolitical and monetary policy news flow, before taking profit, ending the month with a duration position near neutral.

The Manager was active in secondary markets during the month, taking advantage of elevated selling activity to add positions at attractive valuations. This included increasing allocation to USD and EUR denominated subordinated and hybrid positions. Elsewhere, the Manager elected to trim RMBS exposures increasing the funds cash allocation by month end.

The outlook for credit remains negative reflecting uncertain geopolitical, economic and monetary policy factors. In these conditions risk management remains paramount. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities presented by recent volatility.

OUTLOOK

The credit outlook declined in March to end the month with a strong negative reading.

Valuation indicators neutral despite spread widening across AU investment grade, US Investment Grade and US High Yield. The disruption of primary markets as a result of the war in Iran and associated uncertainty saw decline in opportunistic issuance. AUD credit is still offering reasonable relative value.

The ongoing Middle East conflict remains the key driver of the macroeconomic outlook. Even if traffic through the Strait of Hormuz normalizes, damage to production infrastructure is expected to limit supply recovery and sustained high oil prices will slow global growth. The ratio of upgrades to downgrades remains in positive territory despite the uncertain economic and monetary policy outlook.

Market demand has been impacted by the geopolitical volatility with persistent selling observed and buyers predominantly active at discounted levels with bid depth inconsistent. Year to date issuance remains elevated despite the easing observed in March.

Technical indicators have worsened contributing to the negative credit outlook. While cash balances among real money accounts have increased and dealer inventories remain neutral, US credit, Equity and Equity volatility indicators are all marginally negative.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426 and issued by PIML as responsible entity of the Perpetual Diversified Income Fund ARSN 110 147 665, investable through Perpetual WealthFocus Investments, and Perpetual WealthFocus Investment Advantage Fund ARSN 091 142 460 (the WealthFocus Investment Funds) and Perpetual Superannuation Limited (PSL) ABN 84 008 416 831 AFSL No 225246 RSEL No L0003315 as trustee for Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500 RSE R1057010 (which includes the Super Plan, Pension Plan and Term Allocated Pension). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The relevant product disclosure statement (PDS), issued by PIML as responsible entity for the WealthFocus Investment Funds or PSL as trustee for Perpetual WealthFocus Superannuation Fund, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital.

Total returns shown in this publication have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. ¹ Fund information in this document is relevant to the Wholesale option unless stated.

¹ Fund information in this document is relevant to the wholesale option unless stated.

[^] The chart represents the Wealthfocus Investment option.

^{**} UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

MORE INFORMATION

Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpms.mufg.com

www.perpetual.com.au

