

# PERPETUAL DIVERSIFIED INCOME FUND

August 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:** 4.358% as at 31 August 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

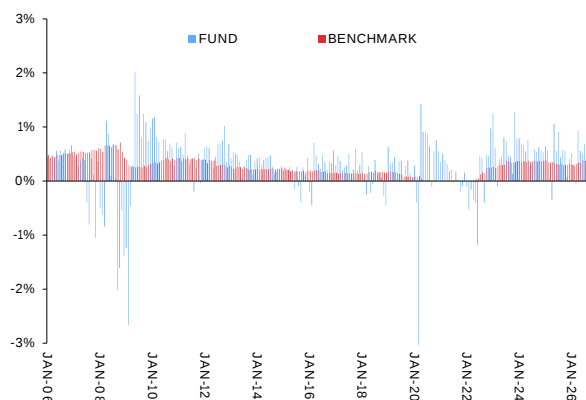
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

## TOTAL RETURNS % (AFTER FEES) AS AT 31 August 2026

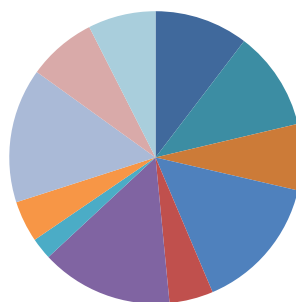
|                                          | APIR      | 1 MTH | 3 MTHS | 6 MTHS | 1 YR | 3 YRS PA | 5 YRS PA | 7 YRS PA | 10 YRS PA |
|------------------------------------------|-----------|-------|--------|--------|------|----------|----------|----------|-----------|
| Perp. WealthFocus Investments            | PER0284AU | 0.43  | 1.64   | 3.08   | 5.61 | 6.48     | 4.71     | 4.04     | 3.64      |
| Perp. WealthFocus Investment Advantage   | PER0490AU | 0.43  | 1.64   | 3.09   | 5.60 | 6.49     | 4.72     | 4.04     | 3.65      |
| Perp. WealthFocus Super                  | PER0286AU | 0.39  | 1.37   | 2.64   | 4.78 | 5.56     | 4.05     | 3.47     | 3.13      |
| Perp. WealthFocus Pensions               | PER0285AU | 0.43  | 1.63   | 3.08   | 5.59 | 6.45     | 4.69     | 4.02     | 3.63      |
| Perp. WealthFocus Term Allocated Pension | PER0339AU | 0.43  | 1.63   | 3.08   | 5.59 | 6.45     | 4.69     | 4.02     | 3.63      |
| Bloomberg AusBond Bank Bill Index**      |           | 0.38  | 1.15   | 2.16   | 3.99 | 4.21     | 3.26     | 2.42     | 2.24      |

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

## MONTHLY PERFORMANCE SINCE INCEPTION<sup>^</sup>



## PORTFOLIO SECTORS



|                    |
|--------------------|
| ■ ABS, 10.4%       |
| ■ SUPRA, 0.0%      |
| ■ SEMI, 0.0%       |
| ■ STRUCTURED, 0.0% |
| ■ BANK, 11.0%      |
| ■ CMBS, 7.3%       |
| ■ CORPORATE, 15.0% |
| ■ FINANCE, 4.9%    |
| ■ MORTGAGES, 0.0%  |
| ■ OS BANK, 14.6%   |
| ■ PROPERTY, 2.4%   |
| ■ RMBS, 4.6%       |
| ■ RMBS NC, 14.9%   |
| ■ UTILITIES, 7.6%  |
| ■ WRAPPED, 0.0%    |
| ■ GOVERNMENT, 0.0% |
| ■ CASH, 7.5%       |

## PORTFOLIO COMPOSITION

|                                 | BREAKDOWN |
|---------------------------------|-----------|
| Senior Debt                     | 34.12%    |
| Subordinated Debt               | 44.87%    |
| Hybrid Debt                     | 21.01%    |
| Core Component                  | 96.62%    |
| Plus Component                  | 3.38%     |
| Running Yield <sup>#</sup>      | 5.98%     |
| Average Credit Rating           | A         |
| Portfolio Weighted Average Life | 4.01 yrs  |
| No. Securities                  | 203       |

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

## MARKET COMMENTARY

Fixed income and credit markets navigated a combination of geopolitical tensions and shifting monetary policy expectations during August. While hopes of an improvement in Middle East supply conditions initially weighed on oil prices and supported market sentiment, escalating regional tensions later in the month reversed those moves, driving energy prices higher and placing upward pressure on global bond yields. Markets also reacted to a hawkish Jackson Hole address from Federal Reserve Chair Kevin Warsh, who indicated that inflation risks remained elevated and that further policy restraint may be required. Despite rising yields, risk assets were well supported with equity markets rallying over the month.

Australian bond yields moved higher over August. The RBA left the cash rate unchanged at 4.35% at its 11 August meeting, judging that while the labour market had eased a little more than expected, headline inflation remained too high. Expectations for a hike firmed sharply following the release of the monthly inflation indicator late in the month, which showed trimmed mean inflation rising 0.5% for the month and 3.6% over the year – above consensus.

Australian credit spreads were resilient given elevated issuance volumes, trading in a relatively tight range over the month. Performance was mixed with domestic bank senior and tier 2 paper widening marginally over the month, reflecting heavy post-reporting-season supply. In a busy month of primary market issuance for major bank subordinated paper, spreads were supported by strong ETF flows. Insurance and offshore bank hybrids continue to perform well, meeting demand in the wake of APRA's sunset of domestic bank Additional Tier 1 Capital. Securitised sectors tightened slightly on aggregate despite healthy primary market deal flow.

Primary market issuance was well above trend in August. The standout was Alphabet's inaugural A\$ transaction – the largest-ever corporate bond deal completed in Australia – which raised \$5.5bn across three-, five-, ten- and 20-year tranches after attracting more than \$18bn of orders. The deal weighed on secondary market spreads around pricing but was otherwise well absorbed given its diversified investor base. US energy and infrastructure company NextEra returned to the kangaroo market, issuing A\$2.575B of hybrid paper. Despite pricing shortly after the Alphabet transaction, the deal was oversubscribed reflecting elevated demand for corporate hybrid paper. Elsewhere, Westpac issued A\$1.5B of subordinated paper built a very large (A\$5B) orderbook, reflecting the hybrid replacement and passive flows into the sector. ANZ also raised A\$1.75M in longer dated tier 2 alongside \$2.5B in senior paper while Macquarie Bank (A\$1.5B) and Toronto Dominion Bank (\$1.1B) priced senior bonds.

## PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark was the key contributing factor to outperformance over the month with income return primarily attributable to securitised and domestic and offshore bank exposures. The prospect of further RBA tightening – which gained traction through the month reflecting higher than expected inflation data – is supportive for the Fund's floating rate structure. The portfolio running yield was 6.0% at month-end, with the average credit spread measured at 1.4%.

Credit spread dynamics were benign for relative performance over the month with spreads trading in a relatively tight range. Credit spread widening among subordinated bank exposures weighed slightly on performance as tier 2 spreads softened in the wake of elevated post reporting issuance volumes. Within non-financial corporate exposures, performance was mixed with some softening among offshore telco positions including Verizon and Telefonica Emisiones. The Fund benefitted from marginal tightening of securitised spreads. Securitised spreads have drifted slightly wider year to date reflecting a heavy issuance schedule. The Manager continues to see attractive relative value in securitised sectors.

While sector allocations were broadly maintained over the month, the Manager took the opportunity to lengthen the Fund's spread duration. The Fund increased exposure to offshore bank hybrids and longer dated subordinated bank exposures – including the new deal from ANZ. The Fund took part in Westpac and ANZ's post-reporting-season Tier 2 transactions while also adding exposure to offshore banks in primary and secondary markets. Funding for these purchases came from trimming a number of subordinated bank and corporate hybrid positions – locking in gains after a period of strong performance.

The outlook for credit eased to a slight negative reading by month-end. Given the easing outlook, the Fund retains a material cash allocation offering the optionality to take advantage of relative value opportunities presented by uncertain conditions.

## OUTLOOK

Valuation indicators turned negative, led by US high yield spread and opportunistic issuance trends. Australian investment grade, US investment grade and Australian swap spreads remained within the range of recent averages, while domestic versus offshore spreads and the basis swap were similarly benign.

The macroeconomic outlook remained a headwind, with declining global growth expectations weighing on the score. This was partly offset by a positive reading on both the ISM survey and the ratio of upgrades to downgrades, the latter reflecting a strong Q2 US earnings season. Oil price volatility remains a watchpoint following the month's escalation in the Middle East, although the indicator ended the month broadly neutral.

Supply and demand indicators were the primary detractor from the overall score. Elevated recent and upcoming issuance – including the record Alphabet transaction and a heavy wave of post-reporting-season bank Tier 2 supply – outweighed still-healthy underlying market demand, particularly in higher beta sectors.

Technical indicators were broadly neutral, with softer domestic real money positioning offset by favourable readings across US credit conditions, US equity markets and equity volatility.

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Total returns shown for the Fund 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.

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<sup>1</sup> Fund information in this document is relevant to the wholesale option unless stated.

<sup>^</sup> The chart represents the Wealthfocus Investment option.

<sup>\*\*</sup> UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

## MORE INFORMATION

Investor Services 1800 011 022

Email [superandpension@perpetual.com.au](mailto:superandpension@perpetual.com.au)

[www.perpetual.com.au](http://www.perpetual.com.au)

