# Perpetual Investment Funds

# PERPETUAL ACTIVE FIXED **INTEREST FUND - CLASS A**



Active management of credit risk through sector and sub

Strategically maintain duration at benchmark, tactical

sector rotation, curve positioning and relative value trading.

All investments carry risk and different strategies may carry

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

different levels of risk. The relevant product disclosure

# October 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

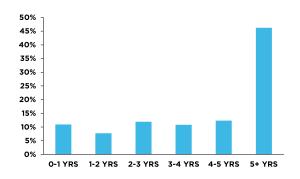
| TOTAL RETURNS % (AFTER FEES) AS AT                          | a fund is suited to your financial needs.  L RETURNS % (AFTER FEES) AS AT 31 October 2025 |        |        |      |          |                 |                 |          |                  |
|---|---|--------|--------|------|----------|-----------------|-----------------|----------|------------------|
|   | 1 MTH   | 3 MTHS | 6 MTHS | 1 YR | 2 YRS PA | <b>3 YRS PA</b> | <b>5 YRS PA</b> | 7 YRS PA | <b>INCEPT PA</b> |
| Perpetual Active Fixed Interest Fund Class A 1,3            | 0.37  | 1.03   | 2.44   | 7.36 | 8.02     | 5.56            | 0.58            | 2.37     | 2.69             |
| Perpetual Active Fixed Interest Fund Class W <sup>2,3</sup> | -   | -      | -      | -    | -        | -               | -               | -        | 4.79             |
| Bloomberg Ausbond Composite Index                           | 0.36  | 0.80   | 1.68   | 6.47 | 6.77     | 4.05            | -0.21           | 1.80     | _                |

<sup>&</sup>lt;sup>1</sup>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.

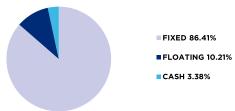
## **POINTS OF INTEREST**

- •Unemployment data elevated; AU inflation surprises to the upside;
- •Further rate cut expectations soften;
- •Domestic credit spreads rangebound;
- •Primary issuance volumes remain strong, demand healthy;
- •The credit outlook is neutral.

## **MATURITY PROFILE**

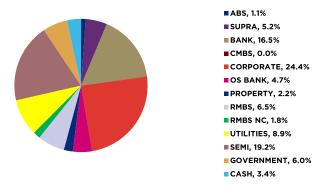


### FIXED AND FLOATING RATE BREAKDOWN



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

# **PORTFOLIO SECTORS**



**FUND BENEFITS** 

overlay at extremes.

**FUND RISKS** 

### DODTEOLIO COMPOSITION

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|---------------------------------------|-----------|--|--|--|--|
|                                       | BREAKDOWN |  |  |  |  |
| Senior Debt                           | 92.68%    |  |  |  |  |
| Subordinated Debt                     | 6.27%     |  |  |  |  |
| Hybrid Debt                           | 1.04%     |  |  |  |  |
| Running Yield*                        | 4.16%     |  |  |  |  |
| Portfolio Weighted Average Life (yrs) | 5.48 yrs  |  |  |  |  |
| No. Securities                        | 179       |  |  |  |  |
| Modified Duration                     | 4.82      |  |  |  |  |

<sup>\*</sup>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.

<sup>&</sup>lt;sup>2</sup> 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.

<sup>&</sup>lt;sup>3</sup> Past performance is not indicative of future performance.

#### MARKET COMMENTARY

During October, risk assets including equities and credit strengthened while bond markets saw elevated volatility as markets responded to central bank commentary, the US government shutdown, increasing inflation pressure and softening domestic employment data. Geopolitical tensions were heightened in early October before US-China trade negotiations eased concerns towards the end of the month. Moderating US inflation data also suggested that the impact of tariffs was more modest that initially feared.

Domestic bond yields saw elevated volatility during October as markets parsed higher than expected unemployment and underlying inflation for the September quarter. The September quarter employment data defied consensus with unemployment rising to 4.5% from 4.3% reflecting increasing participation rates. Bond yields and equities rallied initially, anticipating a higher likelihood of further near-term rate cuts before a soft third quarter CPI data dampened the outlook. Released later in the month, trimmed mean annual inflation rose 1% in the September quarter, and was 3.0% annually, up from 2.7% in the prior quarter. By month end, futures markets had priced in one final rate cut in mid-2026.

Domestic credit spreads traded in a tight range throughout October with credit spreads very marginally tighter by month end. Swap to bond spreads normalised somewhat during October, while remining marginally in negative territory. Offshore spreads saw modest expansion with USD investment grade and high yield spreads widening following a pair of US corporate bankruptcies early in the month.

Primary market issuance volumes remained elevated throughout October. Demand remained healthy, although increasingly name and structure specific. National Australia Bank raised \$3B across fixed and floating tranches including a 10-year fixed rate tranche that was met with strong demand. Ampol returned to market to price a \$500M hybrid issue and Lendlease issued a \$450M hybrid, both deals were substantially oversubscribed and performed well in secondary. Elsewhere, Patrick Terminals Finance raised \$600m across 7 and 10-year tranches while Weir group priced \$400M of fixed rate senior bonds in their inaugural issue. Securitised sectors saw elevated issuance volumes across RMBS, corporate and auto ABS.

#### **PORTFOLIO COMMENTARY**

Credit spread dynamics were constructive for relative performance over the month despite spreads trading in a relatively tight range. The Fund's overweight allocation to non-financial corporates contributed to outperformance alongside issuer and security selection among financials and utilities. Selective allocation to subordinated bank paper performed well as subordinated spreads converged on the senior curve. Spread widening among securitised sectors detracted marginally as markets digested elevated issuance volumes.

Duration and curve positioning detracted marginally from performance over the month. The Fund remains very close to benchmark duration, retaining the capacity to take advantage of relative value opportunities along the curve at meaningful dislocations.

Income return continued to contribute to outperformance during October. The Fund's yield premium is led by 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%.

While sector and risk allocations were broadly maintained, the manager was active in primary and secondary markets during a busy month for new issuance. The Fund secured allocation to the heavily oversubscribed inaugural \$600M senior bond from Patrick Terminals Finance, a port logistics operator. The deal offered attractive value relative to established names in the transport infrastructure sector performed well in secondary with the spread contracting over the remainder of the month. The Fund also took art in the inaugural fixed rate deal from Weir group finance.

Our proprietary credit score remained neutral throughout October. 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

TThe credit outlook remained neutral throughout October.

Valuation indicators improved over the month, as swap to bond spreads moderated and domestic and offshore spreads converged. Domestic Investment grade, US investment grade and high yields spreads are finely balanced.

The macroeconomic outlook is very marginally negative, reflecting the soft expectations for global growth.

Supply and demand indicators declined over the month ending the month with a negative reading. A lower volume of upcoming maturities alongside elevated recent and anticipated issuance volumes weigh on near term expectations for credit spreads. Market demand has thus far remained healthy supported by elevated interest from offshore investors.

Technical indicators declined marginally while remaining positive. While US credit and equity indicators remain supportive, the equity volatility indicator neutralised. Intermediary positioning shows capacity, supporting the outlook.

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