

# PERPETUAL HIGH GRADE FLOATING RATE FUND - CLASS R

October 2025

## FUND FACTS

**Investment objective:** Aims to provide investors with regular income by investing in deposits, money market and fixed income securities, and outperform the Bloomberg AusBond Bank Bill Index on an ongoing basis before fees and taxes.

**Benchmark:** Bloomberg AusBond Bank Bill Index  
**Inception date:** March 2011  
**Size of fund:** \$166.6 million as at 30 September 2025  
**APIR:** PER0562AU  
**Mgmt Fee:** 0.30% pa\*  
**Benchmark Yield:** 3.584% as at 31 October 2025  
**Suggested minimum investment period:** One year 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 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 October 2025

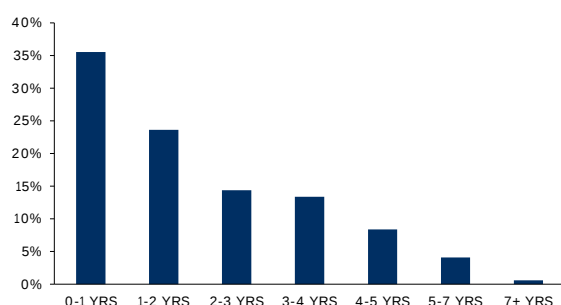
|                                                   | 1 MTH | 3 MTHS | 6 MTHS | 1 YR | 2 YRS PA | 3 YRS PA | 5 YRS PA | 7 YRS PA | INCEPT PA |
|---------------------------------------------------|-------|--------|--------|------|----------|----------|----------|----------|-----------|
| Perpetual High Grade Floating Rate Fund - Class R | 0.43  | 1.35   | 3.07   | 5.45 | 5.91     | 5.89     | 3.75     | 3.36     | 3.73      |
| Bloomberg AusBond Bank Bill Index                 | 0.30  | 0.91   | 1.89   | 4.11 | 4.28     | 4.07     | 2.58     | 2.15     | 2.49      |

Please note: Performance for Perpetual's complete list of investment funds is available on [www.perpetual.com.au](http://www.perpetual.com.au). Past performance is not indicative of future performance.

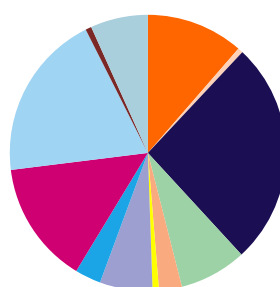
## POINTS OF INTEREST

- 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



## PORTFOLIO SECTORS



## PORTFOLIO COMPOSITION

|                                 | BREAKDOWN |
|---------------------------------|-----------|
| Senior Debt                     | 75.02%    |
| Subordinated Debt               | 24.98%    |
| Hybrid Debt                     | 0.00%     |
| Running Yield <sup>#</sup>      | 4.69%     |
| Portfolio Weighted Average Life | 1.93 yrs  |
| Modified Duration               | 0.09      |
| No. Securities                  | 116       |

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

## 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 than 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 remaining 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

The Fund's yield premium above benchmark remained the key determinant of outperformance over the month, led by allocations to RMBS, ABS and domestic banks. The portfolio running yield at month end was 4.6%, with the average credit spread measured at 0.8%.

Spread dynamics were supportive for performance over the month. While spreads traded in a tight range, the Fund's 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.

During the month sector and risk allocations were broadly maintained. The Manager took advantage of continued elevated securitisation volumes, electing to take part in a small number of new deals in the RMBS sector.

The outlook for credit is finely balanced, and the Manager continues to carefully manage credit and liquidity risks. The Fund maintains its defensive positioning supported by a relatively short credit duration and limited exposure to subordinated paper. The Fund's cash allocation was marginally higher by month end and the Fund retains the capacity to take advantage of relative value opportunities as the outlook improves.

## OUTLOOK

The 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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## MORE INFORMATION

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