Perpetual Private

PERPETUAL SELECT FIXED INCOME FUND

March 2026

FUND FACTS

Investment objective: Income through investment in a diversified portfolio of fixed income.

Suggested length of investment: Five years or longer

BENEFITS

Provides investors with the potential for regular income above cash returns, with lower volatility than other income strategies.

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.

INVESTMENT APPROACH

The Fund combines specialist investment managers with different investment styles and philosophies. This can help reduce the volatility of the Fund by avoiding over exposure to a particular specialist investment manager.
Derivatives are currently used by the specialist investment managers to protect against most currency movements, although this can change at any time.

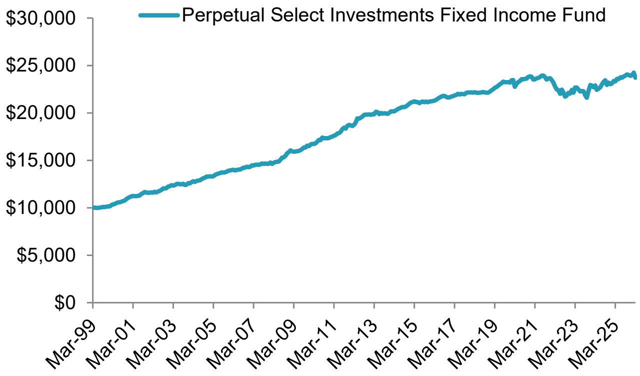
TOTAL RETURNS % (AFTER FEES) AS AT 31 MARCH 2026

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments Fixed Income Fund	PER0252AU	-2.3	-0.8	-1.0	1.6	1.5	0.1
Fixed Income Composite Benchmark#		-1.7	-0.3	0.4	2.9	3.0	1.0

Past performance is not indicative of future performance

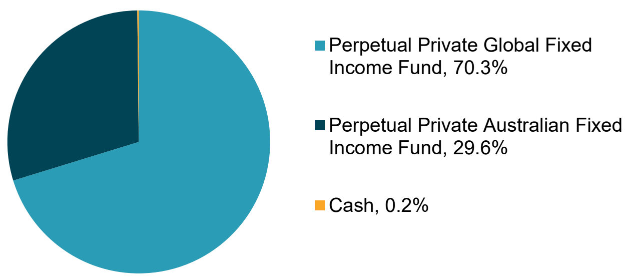
#Effective from 8th December 2025, the Fixed Income Composite benchmark comprises:
• Bloomberg Global Aggregate Bond Index (AUD Hedged) and,
• Bloomberg Ausbond Composite 0+ YR Index.
The composite benchmark reflects the Portfolio's target allocation at any time to the various asset types. Please refer to the Product Disclosure Statement for further details.

GROWTH OF $10,000 SINCE INCEPTION (AUST.)*



*The Growth of $10,000 chart includes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales or redemption charges which would lower these figures.

PORTFOLIO EXPOSURES^



^Portfolio exposures represent the Perpetual Select Investments Fixed Income Fund

MANAGER INVESTMENT APPROACH		
JP Morgan Global Aggregate Mandate	International Fixed Income	Core Fixed Income
Western Asset Global Bond Mandate	International Fixed Income	Global Rates and Sector Rotation, Macro.
Alliance Bernstein Global Bond Mandate	International Fixed Income	Global Rates and Sector Rotation, Relative Value.
Macquarie True Index Australian Fixed Interest Fund	Australian Fixed Income	Australian passive core fixed income and True indexing fund.

MARKET COMMENTARY

The first quarter of 2026 saw fixed income markets contend with a deteriorating inflation outlook, as the outbreak of conflict in the Middle East in late February transformed what had been a modestly constructive start to the year. The onset of the war led to surging oil prices and rapidly shifted the focus from growth and central bank easing to inflation and supply shocks.

In Australia, the Reserve Bank of Australia (RBA) had already moved to address persistent inflationary pressures before the conflict emerged. The rate hike in February 2026, the first increase since November 2023, reflected the Board's view that inflationary pressures had picked up materially in the second half of 2025. A second consecutive 25 basis point increase followed at the March meeting, taking the cash rate to 4.10%. The data underpinning that decision was difficult to ignore. Inflation printed at 3.7%[1] year-on-year in February, well above the RBA's 2–3% target band, while the unemployment rate of 4.3% signalled that the labour market remained tight by historical standards. Notably, the March decision was a closely contested 5:4 vote in favour of a hike, with the Board citing a combination of concerns: that higher oil prices from the Middle East conflict would feed into longer-term inflation expectations, and that ongoing capacity constraints in the domestic economy left limited confidence that inflation would return to target without more restrictive monetary policy. As was the case in prior periods of RBA tightening, bond prices fell to absorb the higher rate environment, with the Bloomberg AusBond Composite (0+Y) returning -0.3%[2] for the quarter. Annual returns of just 1.5% reflect how income has only partially offset capital losses from the tightening cycle. The Bloomberg AusBond Credit (0+Y) returned -0.2%[3] for the quarter and 2.6% over the year, while the Bloomberg AusBond Credit FRN (0+Y) returned a positive 1.0%[4] for the quarter and 4.7% over the year, with its floating rate structure providing investors with a natural buffer against the RBA's moves.

Turning to global markets, even before the war-driven jump in oil prices, inflation was on the high side, raising doubts about how quickly the US Federal Reserve would deliver expected rate cuts. By quarter's end, the war had ended expectations for any rate cuts in 2026, driving yields upward. The 10-year US Treasury yield ended March near 4.32%, having briefly touched 4.45% in late March. European government bonds also came under pressure, as the ECB left rates unchanged at its March meeting but strongly signalled the possibility of rate hikes. The Bloomberg Global Aggregate returned -0.3%[5] for the quarter. Global credit markets weakened alongside rates, with the ICE BofA Global Corporate (AUD Hedged) returning -0.6%[6] and Bloomberg Global High Yield (AUD Hedged) falling -1.0%[7] for the quarter.

PORTFOLIO COMMENTARY

The Perpetual Select Fixed Income underperformed its benchmark by 0.50% over the March 2026 quarter. Overweight Australian and UK duration positions detracted from value. The Fund was also overweight Credit and High Yield, which underperformed government bonds of the period

Macquarie True Index Australian Fixed Index Fund returned -0.34% during the quarter, in line with the AusBond Composite All Maturities Index. Australian Bonds underperformed global bonds for the period, off the back of inflation concerns and 2 consecutive rate rises by the RBA.

JPMorgan Global Bond Mandate returned -1.29% for the quarter, underperforming the Bloomberg Global Aggregate (AUD Hedged) Index return of -0.25%. Overweight UK and Australian duration contributed to losses, as did overweight positions to investment grade credit, high yield and hard currency emerging market debt.

Alliance Bernstein Global Plus Mandate returned -0.48% for the quarter, underperforming its benchmark over the period. Overweight US duration and underweight European duration added value. Latin American currency and Australian dollar positions also added value. UK and Australian duration positions were the biggest detractors for the quarter.

Western Asset Management Global Bond Mandate -0.67% for the quarter, underperforming the Bloomberg Global Aggregate (AUD Hedged) Index return of -0.25%. Overweight allocations to Structured Credit added relative value for the period. These gains offset by relative losses from overweight credit, high yield and emerging market positions.

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

RETURNS BREAKDOWN (INVESTMENTS)

	FY 2025	FY 2024	FY 2023
Growth Return %	4.2%	1.7%	1.0%
Distribution Return %	0.5%	0.3%	0.2%
Total Return %	4.7%	2.0%	1.1%

DISTRIBUTION BREAKDOWN

	FY 2025	FY 2024	FY 2023
Cents per unit	0.4528	0.2500	0.1467

PRODUCT FEATURES

	INVEST.
Inception date	Mar 99
Management/Investment Fee (p.a.)*	0.71%
Ongoing fee discount	No
Admin fee	0.00%
Buy spread	0.24%
Sell spread	0.00%
Contribution fee	0.00%
Withdrawal fee	$0
Monthly member fee	$0
Min. initial contribution	$2,000
Min. additional contribution	$0
Savings plan	Yes
Withdrawal plan	Yes
Distribution frequency	Quarterly
Contact information	1800 677 648

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

OUTLOOK

The energy price shock stemming from the Middle East conflict has been the dominant theme shaping our fixed income views entering the second quarter of 2026. The inflationary consequences of high oil prices are, in practice, neither straightforward nor uniform. They are both inflationary and disinflationary, depending on the time horizon and the starting conditions of the economy in question. In the near term, higher energy prices feed directly into headline inflation through transport costs, utilities and broader input costs across the economy. However, sustained elevated oil prices also act as a tax on households and businesses, suppressing demand and ultimately weighing on growth, a disinflationary force over the medium term. The size of each effect, and which dominates, depends heavily on how long the supply shock persists and how stretched the economy already is when it arrives. With Australian inflation already running at 3.7%, well above the RBA's 2–3% target band, and the labour market still tight, the near-term inflationary impulse is the more pressing concern for policymakers here.

This creates the difficult balancing act now facing both central banks and governments. We are watching closely for any fiscal policy responses to slowing growth. Government spending deployed to cushion a slowdown could entrench inflation expectations further, putting upward pressure on long-end yields. Conversely, insufficient support risks tipping economies into contraction, an outcome that, while supportive of duration positions, would likely prove damaging for credit markets, particularly in the sub-investment grade space. Markets are currently pricing approximately a 60% probability of a further 25 basis point RBA hike in May, with rates expected to peak around 4.6% later in 2026. While the near-term policy path appears skewed toward further tightening, we note that the long end of the Australian curve is increasingly anchored by longer-term growth expectations. The narrowing gap between short and long-dated Australian yields has put traders on watch for a potential yield curve inversion, a dynamic historically associated with recessionary conditions, though our base case remains for a slowdown rather than outright recession. Absolute yield levels remain elevated relative to historical norms, and we continue to see value in selectively positioning across the curve. And as recent weeks have demonstrated, the geopolitical and economic landscape can shift with remarkable speed in either direction.

In credit, spreads have widened modestly from their recent tights but default rates remain low and corporate balance sheets are generally in good shape. Within portfolios, we have maintained a duration posture similar to the benchmark, while remaining constructive on credit selection, with a continued preference for investment grade over high yield given the current environment. We remain vigilant for opportunities that may emerge should volatility create more attractive entry points further out the curve.

MORE INFORMATION

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