

PERPETUAL DIVERSIFIED INCOME FUND

December 2025

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: 3.630% as at 31 December 2025
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

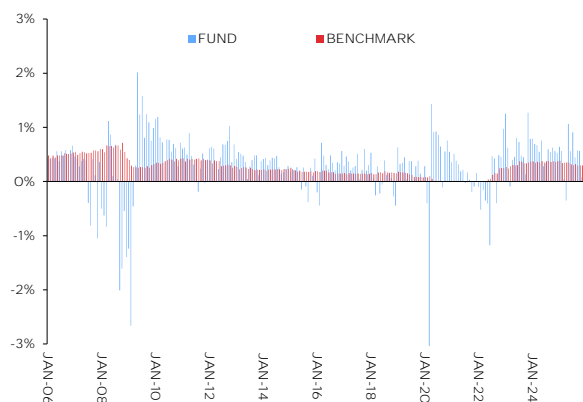
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 31 December 2025

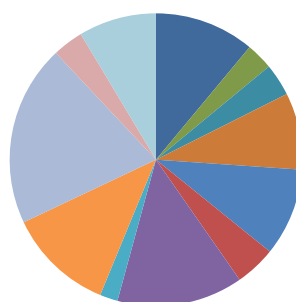
	APIR	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS PA	5 YRS PA	7 YRS PA	10 YRS PA
Perp. WealthFocus Investments	PER0284AU	0.40	1.04	3.00	5.61	6.76	4.34	3.84	3.44
Perp. WealthFocus Investment Advantage	PER0490AU	0.40	1.03	2.98	5.59	6.76	4.36	3.85	3.45
Perp. WealthFocus Super	PER0286AU	0.36	0.89	2.56	4.79	5.81	3.73	3.30	2.96
Perp. WealthFocus Pensions	PER0285AU	0.39	1.04	2.99	5.57	6.73	4.32	3.82	3.43
Perp. WealthFocus Term Allocated Pension	PER0339AU	0.39	1.04	2.99	5.57	6.73	4.32	3.82	3.43
Bloomberg AusBond Bank Bill Index**		0.31	0.90	1.83	3.97	4.11	2.71	2.20	2.11

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

MONTHLY PERFORMANCE SINCE INCEPTION^



PORTFOLIO SECTORS



■ ABS, 11.0%
■ SUPRA, 0.0%
■ SEMI, 3.0%
■ STRUCTURED, 0.0%
■ BANK, 3.6%
■ CMBS, 8.5%
■ CORPORATE, 9.7%
■ FINANCE, 4.5%
■ MORTGAGES, 0.0%
■ OS BANK, 13.9%
■ PROPERTY, 2.0%
■ RMBS, 11.7%
■ RMBS NC, 20.0%
■ UTILITIES, 3.4%
■ WRAPPED, 0.0%
■ GOVERNMENT, 0.0%
■ CASH, 8.6%

PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	49.78%
Subordinated Debt	37.11%
Hybrid Debt	13.12%
Core Component	96.27%
Plus Component	3.73%
% Geared	0.00%
Running Yield [#]	4.96%
Portfolio Weighted Average Life	3.26 yrs
No. Securities	171

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

MARKET COMMENTARY

December saw slightly increased volatility as financial markets behaved in a 'risk on' manner despite uncertain economic conditions – exacerbated by data limitations following the US government shutdown. Global bond yields rose sharply while credit spreads were more resilient and equities moved higher. Central banks worldwide navigated challenging inflation data, with the Federal Reserve delivering a 25bp cut amid dissenting voices and concerns around upcoming nominations. Elsewhere the ECB remained on hold while the Bank of Japan raised its policy rate to 0.75%.

Domestic bond yields continued to sell off through December in line with the broader global trend and reflecting the increasingly hawkish monetary policy outlook. This upward pressure was fuelled by robust household spending and a notable rebound in private investment growth. As inflation concerns mounted, market participants began to fully price in a rate hike by year-end 2026, with RBA Governor Bullock signalling readiness to tighten policy should inflation remain elevated. By mid-December, expectations for a February rate increase gained traction. The latest RBA minutes revealed a divided board, with some members viewing monetary conditions as no longer restrictive, while others maintained a more cautious stance.

Domestic credit spreads traded in a tight range throughout December tightening very marginally on aggregate. Robust US economic data alongside better than expected domestic consumer spending were supportive. Spreads remain tight relative to historical levels and credit fundamentals are supportive reflecting accommodative liquidity conditions and conservative corporate balance sheets.

December concluded a record year for issuance volumes in the Australian credit market. While the latter half of the month was affected by the seasonal shutdown, a number of new corporate deals were priced in the first week of the month. NatWest's \$1B senior deal reflected the trend towards elevated kangaroo financial issuance that has been observed throughout 2025. Ausgrid came to market for \$750M across 5 and 10-year fixed rate tranches while Dexu raised \$500M in subordinated paper. Securitisation markets continued in earnest, with issuance stretching into the second week of December before primary markets closed for the year.

PORTFOLIO COMMENTARY

Income return remained a key contributing factor to performance over the period. 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 5.0% at month end, with the spread (credit yield premium) measured at 1.2%.

Duration and curve positioning detracted from relative performance during the Month. The Fund maintained its long duration position throughout December, positioning which detracted as bond yields continued to rise as markets priced in an increasingly hawkish monetary policy outlook. Manager sees government bond yields as offering attractive relative value and the Fund retains its long duration position utilising government bonds futures and fixed rate state government bonds. The Fund continued to increase its allocation to fixed rate bonds, to lock in elevated yields.

Spread dynamics were constructive for performance over the month, more than offsetting the impact of rising bond yields. Although Australian Dollar denominated spreads traded in a tight range throughout the month, the Fund benefitted from exposure to offshore markets with allocation to USD denominated bank hybrids performing very well. A USD denominated fixed rate bond from Santos also benefitted from tightening USD spreads. Elsewhere, semi government spreads contracted contributing marginally to performance and the Manager elected to reduce the position. In line with the improving credit outlook, the Manager removed credit protection, closing the short position in the iTraxx crossover CDS index during the month.

The Fund selectively increased credit risk, removing CDS protection and increasing allocation to BBB rated bonds. The Manager also elected to move down the capital structure, increasing exposure to hybrids. Sector allocations were adjusted with the Fund increasing its exposure to non-financial corporates, offshore banks and utilities during the month.

The outlook improved over the month to end the year in neutral territory. The Fund retains a material cash allocation to manage liquidity risks while providing ample dry powder to take advantage of relative value opportunities and attractively priced issues as the outlook continues to improve.

OUTLOOK

The credit outlook improved over December returning to a neutral reading by year end.

Valuation indicators worsened slightly, reflecting swap to bond spreads which moved further negative in mid-December. Opportunistic issuance and domestic vs offshore spreads remain balanced while US investment grade and high yield and domestic investment grade spreads are neutral despite remaining near the bottom of their historical fair value range.

The macroeconomic outlook improved over the month. While soft global growth expectations continue to weigh slightly on the outlook, the ratio of upgrades to downgrades has entered positive territory. The credit rating outlook is benign with market participants anticipating further upgrades in 2026.

Supply and demand indicators improved marginally to neutral. Upcoming maturity volumes have normalised while elevated recent issuance volumes continue to detract from the outlook. Market demand remained resilient into year end.

Technical indicators improved to marginally positive reflecting supportive US credit, equity and equity volatility indicators. Cash balances among real money accounts are neutral while intermediary positioning is conservative.

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. * Fund information in this document is relevant to the Wholesale option unless stated.

† 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.mpmf.mufig.com

www.perpetual.com.au

