

Preferred Income Fund

Higher income from Australian credit — with capital preservation and liquidity.

MONTHLY FACT SHEET · 30 SEPTEMBER 2026

STRATEGY & OBJECTIVE

The Arculus Preferred Income Fund is a domestic fixed-income portfolio invested in Australian government and semi-government bonds, senior and subordinated corporate bonds issued by Australian corporates, ASX-listed hybrid and debt securities, and cash. It targets a return of the 90-day BBSW rate plus 3.5% p.a. before fees, combining income distribution and capital growth.

The Fund uses no leverage, derivatives, offshore currency or structured credit. Ratings applied to holdings are determined externally by a major rating agency. It may suit investors seeking a medium-risk investment over a 3–5 year horizon.

KEY FACTS

APIR code	DDH0001AU	ARSN	108 161 575
Structure	Registered MIS (unitised)	Inception	25 Oct 2004
Responsible entity	DDH Graham Limited	Investment manager	GCI Australia / Arculus
Target return	90-day BBSW + 3.5%	MER (GST incl.)	0.72%
Buy / sell spread	+0.15% / -0.15%	Performance fee	Nil
Risk profile	Medium	Suggested term	3–5 years

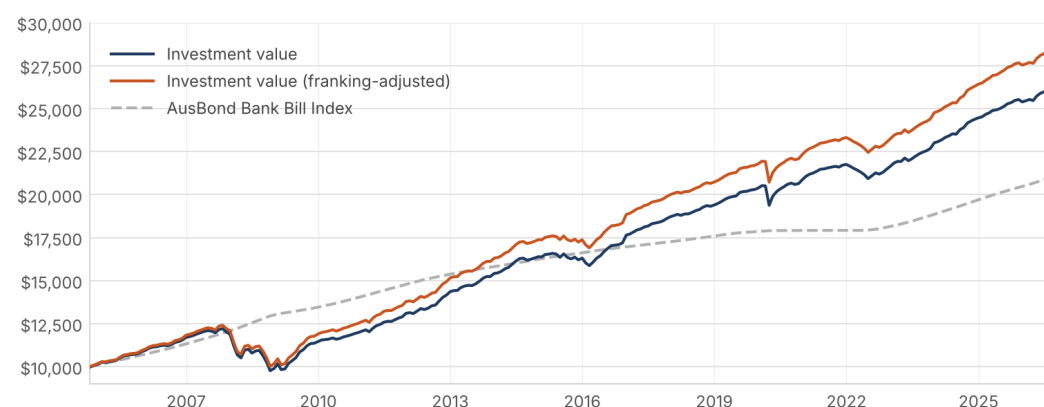
Platforms Wealth02, HUB24, Netwealth, OneVue, Praemium Investment, Ausmaq, BT Panorama, Clearstream and Australian Money Market.

PERFORMANCE TO 30 SEPTEMBER 2026 (% ANNUALISED, NET OF FEES)

% p.a.	3M	6M	1Y	2Y	3Y	5Y	Incep.
Total return	1.65%	3.66%	4.14%	4.54%	5.51%	4.05%	4.54%
Cash distribution	1.34%	2.45%	4.79%	5.84%	5.88%	5.18%	5.42%
Growth	0.31%	1.21%	-0.65%	-1.30%	-0.37%	-1.13%	-0.88%
Total return (incl. franking credits)	1.65%	3.73%	4.36%	4.89%	5.84%	4.33%	4.92%

Benchmark-unaware. The target return is the 90-day BBSW rate plus 3.5% before fees. Returns use exit prices, assume reinvestment of distributions, and exclude tax. Total return, cash distribution and growth are shown excluding franking credits, and the final row adds the value of franking credits. Past performance is not an indicator of future performance.

GROWTH OF \$10,000 SINCE INCEPTION



Growth of a \$10,000 investment from inception (25 Oct 2004) to 30 September 2026 — net of fees, with distributions reinvested. The franking-adjusted series includes the value of franking credits. Past performance is not an indicator of future performance.

PORTFOLIO CHARACTERISTICS

Running yield	7.34%	Yield to maturity	8.02%
Average margin	3.25%	Avg years to maturity	2.55
Modified duration	0.43	Credit duration	1.48
Floating	74.98%	Fixed	17.41%
Cash	7.61%	Securities held	41

Net asset value **\$101.41m** as at 30 September 2026

MONTHLY RETURNS SINCE 31 MARCH 2026

%	Apr 26	May 26	Jun 26	Jul 26	Aug 26	Sep 26	Since 31 Mar	Avg month	Annualised
Total return	1.05%	0.63%	0.29%	0.68%	0.27%	0.69%	3.66%	0.60%	7.34%

Monthly returns are net of all fees and exclude franking credits. The Fund distributes quarterly, so months without a distribution show the full return as growth. Since 31 March 2026 is the cumulative return over the six months to 30 September 2026, annualised on a simple basis, and average month is the geometric mean. Past performance is not an indicator of future performance.

FUND POSITIONING — SEPTEMBER 2026

Running yield rose 16 bps to 7.34% and yield to maturity 3 bps to 8.02%, while average credit margin eased 19 bps to 3.25%. The 90-day BBSW rate rose 22 bps over the month to 4.77% and resets through the three quarters of the Fund that carry floating-rate coupons, with composition accounting for the balance. Average years to maturity shortened from 2.61 to 2.55 years and the profile remains barbelled, with 36.35% of the Fund maturing or reaching a call or reset date within twelve months and a further 19.14% between one and three years. The highest-rated corporate holding was sold, taking the AA+ band out of the distribution entirely, while weight moved down from BBB+ and into A-. By structure, subordinated notes fell from 22.93% to 15.88% on sales in the insurance and financial sectors, the clearest structural change of the month. The Fund returned 69 bps in September.

FUND RATING

The Fund has been rated Investment Grade by Lonsec. Fund ratings are not a recommendation and are subject to change.

IMPORTANT INFORMATION

This document is not a recommendation to acquire a particular financial product. The information is of a general nature only. DDH Graham Limited (DDH) has not considered the investment objectives, financial situation or needs of any person when preparing this document. Persons should refer to the Product Disclosure Statement (available from www.ddhgraham.com.au) and seek professional advice before relying on the information. Information has been prepared in good faith by DDH Graham Limited. However, neither DDH Graham Limited nor Arculus Funds Management Pty Ltd, a Corporate Authorised Representative of GCI Australia Pty Ltd (ABN 68 140 364 576, AFSL 346034), warrant its accuracy and, to the extent permitted by law, they disclaim responsibility for any loss or damage suffered by any person directly or indirectly through relying upon it. Past performance is not indicative of future performance. Any forward-looking statements are opinions only and are not guarantees of future returns. Actual outcomes may differ.