Preferred Income Fund

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

MONTHLY FACT SHEET · 31 JULY 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 gains. All income and net capital gains are paid out to unit holders on a quarterly basis.

The Fund uses no leverage, derivatives, offshore currency. There are no structured credit holdings, including RMBS, ABS or debt warehouses. 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	Equity Trustees 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

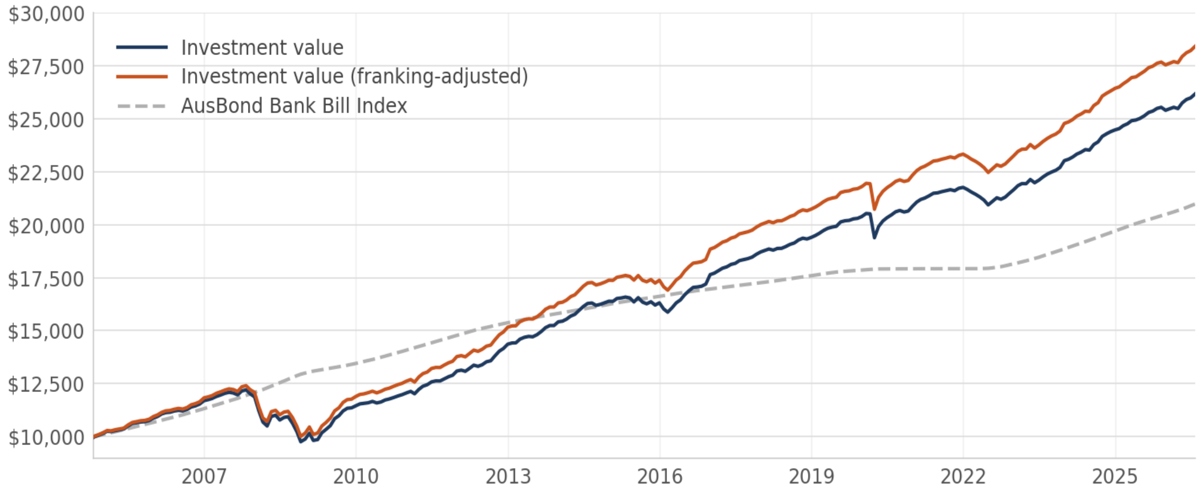
Platforms Wealth02, HUB24, Netwealth, OneVue, Praemium Investment, Ausmaq, BT Panorama, Clearstream and Australian Money Market and can be added to other platforms on request.

PERFORMANCE TO 31 JULY 2026 (% ANNUALISED, NET OF FEES)

% p.a.	3M	6M	1Y	2Y	3Y	5Y	Incep.
Total return	**1.61%**	**2.70%**	**4.07%**	**4.88%**	**5.54%**	**3.94%**	**4.53%**
Cash distribution	1.08%	2.26%	5.01%	5.92%	5.92%	5.05%	5.40%
Growth	0.54%	0.44%	-0.95%	-1.03%	-0.38%	-1.11%	-0.87%
Total return (incl. franking credits)	**1.68%**	**2.84%**	**4.29%**	**5.29%**	**5.88%**	**4.23%**	**4.91%**

Benchmark-unaware; 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; 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 31 July 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	7.33%	Yield to maturity	7.96%
Average margin	3.45%	Avg years to maturity	2.25
Modified duration	0.45	Credit duration	1.63
Floating	79.06%	Fixed	19.05%
Cash	1.89%	Securities held	48

Net asset value **$100.49m** *as at 31 July 2026*

MONTHLY RETURNS SINCE 31 MARCH 2026

%	Apr 26	May 26	Jun 26	Jul 26	Since 31 Mar	Avg month	Annualised
Total return	**1.05%**	**0.63%**	**0.29%**	**0.68%**	**2.68%**	**0.66%**	**8.01%**

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 compounded from monthly returns; annualised on a compound basis; average month is the geometric mean. Past performance is not an indicator of future performance.

FUND POSITIONING — JULY 2026

The fund is expected to achieve a performance net of all fees of 7.50% at the current 90 day BBSW rate of 4.50%. Since March 2026 the fund has returned an average 66bps per month net of all fees or an annualised return of 8.01%.

In July the running yield rose 14 bps to 7.33% and yield to maturity rose 3 bps to 7.96%, with average credit margin easing 2 bps to 3.45% against a 5 bp rise in 90-day BBSW rate. Average years to maturity shortened from 2.92 to 2.25 years as perpetual and long-dated hybrids were replaced by lines carrying 2027 call & maturity dates. By structure, preference notes fell from 48.9% to 26.9% while senior bonds rose to 49.6% and subordinated notes to 21.7%. By sector, finance eased from 38.6% to 28.9% on the hybrid exits while insurance rose from 1.5% to 12.3% and banking from 26.4% to 28.7%. Investment-grade exposure including cash was 64.5% and below-investment-grade 35.5%, with the composition shifting up through the BBB band as BBB+ rose from 13.7% to 20.9%.

FUND RATING

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