

# Preferred Income Fund

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

**MONTHLY FACT SHEET • 30 JUNE 2026**

## STRATEGY & OBJECTIVE

The Arculus Preferred Income Fund is a domestic fixed-income Absolute Return 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 does not invest in RMBS or ABS and it does not employ leverage to attain target returns. A fixed income fund that utilises leverage is a hedge fund, not a fixed income fund.

The Fund uses no leverage, derivatives, offshore currency or structured credit. Up to 30% may be held in non-investment-grade securities. It may suit investors seeking a medium-risk investment over a 3–5-year horizon.

It has a target of return of the 90-day BBSW rate plus 3.5% p.a. before fees, combining income distribution and capital growth.

## 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               |

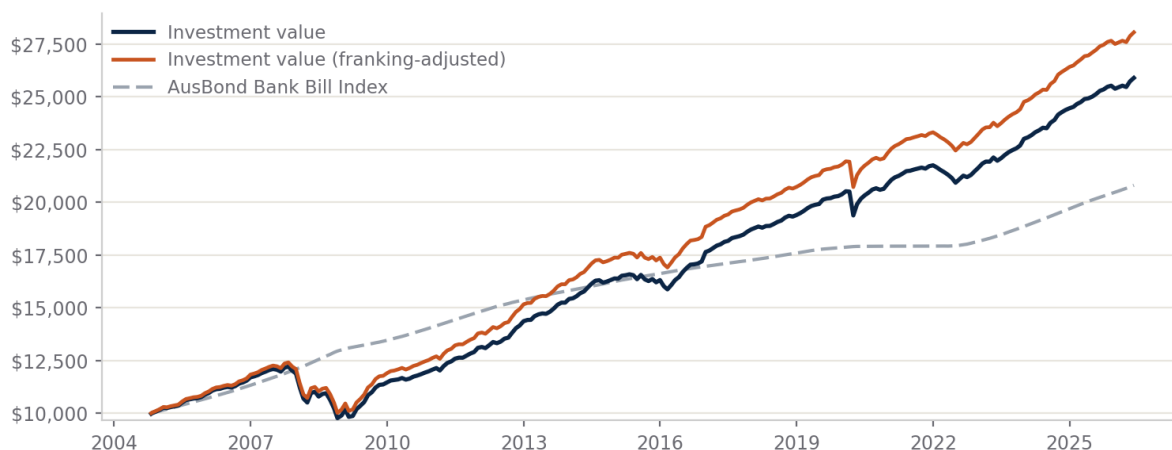
**Platforms** Wealth02, HUB24, Netwealth, OneVue, Praemium Investment, Ausmaq, BT Panorama, Clearstream and Australian Money Market.

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

| % p.a.                   | 3M           | 6M           | 1Y           | 2Y           | 3Y           | 5Y           | Incep.       |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Total return</b>      | <b>1.98%</b> | <b>2.30%</b> | <b>3.86%</b> | <b>5.10%</b> | <b>5.55%</b> | <b>3.86%</b> | <b>4.51%</b> |
| <b>Cash distribution</b> | 1.08%        | 2.25%        | 5.00%        | 5.93%        | 5.92%        | 5.05%        | 5.42%        |
| <b>Growth</b>            | 0.90%        | 0.05%        | -1.14%       | -0.83%       | -0.37%       | -1.19%       | -0.91%       |

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. 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 June 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. [Chart image pending refresh from the June performance workbook.]

## PORTFOLIO CHARACTERISTICS

|                   |        |                       |        |
|-------------------|--------|-----------------------|--------|
| Running yield     | 7.19%  | Yield to maturity     | 7.93%  |
| Average margin    | 3.47%  | Avg years to maturity | 2.92   |
| Modified duration | 1.09   | Credit duration       | 1.60   |
| Floating          | 64.53% | Fixed                 | 32.46% |
| Cash              | 3.01%  | Securities held       | 51     |

Net asset value **\$102.18m** as at 30 June 2026

## FUND POSITIONING — JUNE 2026

During June several ASX-listed Tier 1 securities were redeemed at their first call dates, with the proceeds reinvested into investment-grade AT1 lines carrying fixed rates of 7.00–7.65%. Running yield was broadly unchanged at 7.19%, while yield to maturity fell from 9.72% to 7.93% and average credit margin from 5.35% to 3.47% — essentially a spread normalisation as the two high-margin listed cap notes (NABPF and SUNPH) were exited and the proceeds redeployed into fixed-rate investment-grade bank and financial debt.

The principal structural change was a rotation into fixed rate: fixed exposure rose from 12.75% to 32.46% and floating fell to 64.53%, lifting modified duration from 0.38 to 1.09 years, while credit duration eased to 1.60 years and average years to maturity extended to 2.92. Investment-grade exposure was little changed at around 65% of the Fund, with the composition shifting toward the BBB band and away from AAA and sovereign. The Fund returned 0.29% after fees in June, following its 1.08% distribution for the June quarter.

## 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](http://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 warrant its accuracy and, to the extent permitted by law, 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.