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

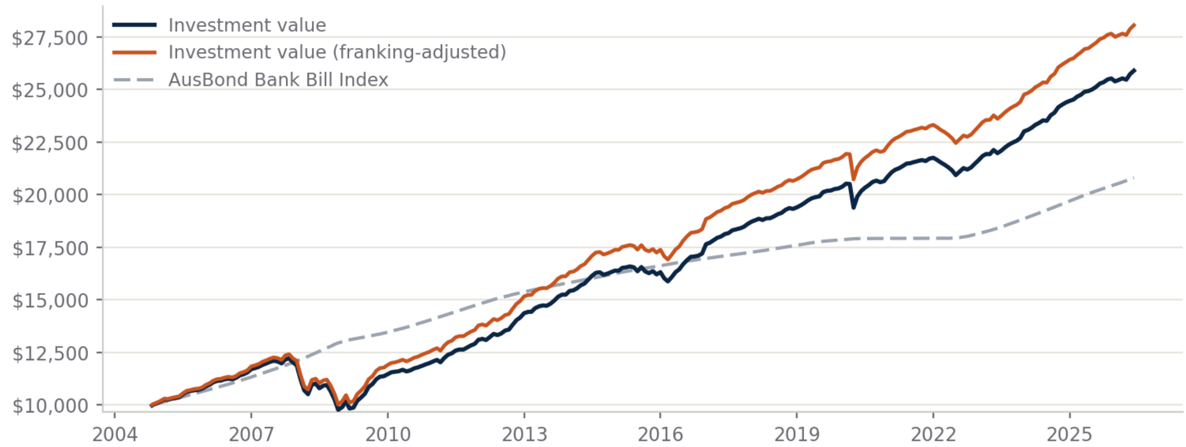
Platforms Wealth02, HUB24, Netwealth, OneVue, Praemium Investment, Ausmaq, BT Panorama, Clearstream and Australian Money Market.

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

% p.a.	3M	6M	1Y	2Y	3Y	5Y	Incep.
Total return	**1.98%**	**2.30%**	**3.86%**	**5.10%**	**5.55%**	**3.86%**	**4.51%**
Cash distribution	1.08%	2.25%	5.00%	5.93%	5.92%	5.05%	5.42%
Growth	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.