Nathan Hughes: Why income stocks look more attractive

By Perpetual Asset Management
21 October 2026

Proposed capital gains tax changes have increased the relative appeal of income, while select dividend-paying equities can provide the potential for income to grow over time. Perpetual's NATHAN HUGHES explains

Sustainable income depends on more than chasing the highest yield, with a focus on business quality, conservative balance sheets, recurring earnings, sound management and strong free cash flow.

That's the message from Nathan Hughes, portfolio manager of the Perpetual Income Share Fund, in his latest video podcast.

Hughes highlights opportunities across sectors including energy, utilities and resources, where active management can help identify sustainable dividends and avoid potential dividend traps.

Here are some excerpts from Nathan's video:

"The attractiveness of franked income stream is that that income stream can grow over time.

“We're really looking for fundamentally good companies with strong cash flows that can support a sustainable and growing dividend yield over time, rather than simply just looking for the highest yielding stocks at any moment.

“Often the sign of a really high yield is a sign of trouble ahead.

“It's all about not just taking a headline yield at face value and doing the work to understand... why it could be sustainable or why not.”

Watch the full video to learn more

Listen to the audio version



About Nathan Hughes and Perpetual Income Share Fund

Nathan Hughes is a portfolio manager with Perpetual’s Australian equities team. He joined Perpetual in 2010 and has more than 20 years of investing experience.

Nathan manages the Perpetual ESG Australian Share Active ETF (ASX:GIVE), including its unlisted share class, as well as the Perpetual Income Share Fund.

Find out about Perpetual ESG Australian Share Fund
Browse Perpetual’s Australian equities capabilities
Want to know more? Contact a Perpetual account manager



Nathan Hughes

Portfolio Manager, ESG Australian Share Fund, Industrial Share Fund, Income Share Fund; Co-Portfolio Manager Strategic Capital Fund
BCom, CFA

This video has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML).

This video 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 whether the information is suitable for your circumstances and we recommend that you seek professional advice.

The capital gains tax changes referred to in this video apply from 1 July 2027.

The product disclosure statement (PDS) for the Perpetual Income Share Fund, issued by PIML, should be considered before deciding whether to acquire, dispose 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.

This video may contain information contributed or prepared by third parties. Any information contributed or prepared by third parties is believed to be accurate as at the time of compilation and is being provided in good faith without independent verification. PIML does not warrant the accuracy or completeness of any information provided by a third party.

References to securities in this video are for illustrative purposes only and are not recommendations, and the securities may or may not be currently held by the Fund.

To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. 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. Past performance is not indicative of future performance. All investing involves risk including the possible loss of principal.