

Simon Poidevin: Why Kangaroo bonds are bouncing back

By Perpetual

28 January 2026



Improving user experience

We use Microsoft Clarity to understand how you use our website to improve your experience. See our [Privacy Policy](#) for details

- European and US utilities drive AUD issuance
- No currency risk while investors benefit from green transition
- Find out about [Perpetual Diversified Income Fund \(ASX:DIFF\)](#)

In 2025, the Australian dollar (AUD) bond market ranked third globally for issuance, behind only the US dollar and Euro markets. A growing portion of this market consists of Kangaroo bonds - bonds issued in Australian dollars by offshore entities - says Poidevin, a senior credit analyst at Perpetual.

While the sector was previously dominated by governments and banks, corporate issuance has stepped up significantly over the past two years.

“US and European utilities are coming in size and there is a snowball effect, given the success of prior issuance in terms of deal coverage and pricing,” Poidevin says.

Recent issuers include Germany’s EnBW and E.ON, France’s EDF, Spain’s Iberdrola and US NextEra Energy.

Benefits to issuers

Kangaroo bonds offer offshore entities valuable funding diversification. With massive capital expenditure required over the next decade to drive the energy transition in Europe and elsewhere, these bonds are becoming an attractive funding alternative for corporates.

“The AUD bond market is well established, there are solid market fundamentals, and the rule of law is well applied,” Poidevin says.

Australia boasts deep capital markets that provide liquidity for Kangaroo bonds, supported by active investors like Perpetual, superannuation funds, and a growing private wealth sector.

“Historically the Australian bond market has been focused on five-to-seven-year maturities, but over the past couple of years there has been longer tenor of 10 years plus. Longer tenors meet the long-term nature of the underlying asset base of European utilities,” he notes.

Significantly, the local market also offers entities the option of issuing in green formats.

Benefits to investors

Kangaroo bonds provide investors with exposure to European and US assets without cross-currency risk.

Improving user experience

We use Microsoft Clarity to understand how you use our website to improve your experience. See our [Privacy Policy](#) for details

The Kanga market is poised for growth in 2026. Over the past two years, investor demand has been at least double the volume of issuance, Poidevin says. “The primary reason issuers are coming to our market is diversification of funding.”

European utilities, in particular, need to deploy huge amounts of capital to build renewables and grid infrastructure. “They issue in their own currency and in USD, but they will still need other sources of funding,” he explains.

“Treasury teams across Europe and the US are likely talking to each other recommending the AUD market on performance and execution, and it will have a snowballing effect.”

About Simon Poidevin and Perpetual’s credit and fixed income team

Simon Poidevin is senior manager research within Perpetual’s credit and fixed income team. He manages the team’s analysts and research process across the corporates, infrastructure and utilities sectors.

Find out more about ASX-listed Perpetual Diversified Income Fund (ASX:DIFF) [here](#) or the managed fund [here](#).

Want to know more? [Contact a Perpetual account manager](#)



Improving user experience

We use Microsoft Clarity to understand how you use our website to improve your experience. See our Privacy Policy for details



Senior Manager, Research / Senior Credit Analyst

This information has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426, as issuer of units in each of the Perpetual Pure Equity Alpha Fund (ARSN 155 515 138), Perpetual Share-Plus Long- Short Fund (ARSN 103 864 937)(**Funds**) and Perpetual ESG Australian Share Active ETF (ASX: GIVE), Perpetual Diversified Income Active ETF (ASX: DIFF) (**Active ETFs**). PIML is also the investment manager of the Perpetual Equity Investment Company Limited (ASX: PIC) ACN 601 406 419 (**Company**).

It 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, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The information is believed to be accurate at the time of compilation and is provided in good faith. This document may contain information contributed by third parties. PIML does not warrant the accuracy or completeness of any information contributed by a third party. This document contains forward looking statements and forecasts based on information available at the time of writing and may change without notice. No assurance is given that the forecast will prove to be accurate, as future events may impact actual results and these could differ materially from those anticipated. Any views expressed in this document are opinions of the author at the time of writing and do not constitute a recommendation to act.

The Perpetual Investment Funds product disclosure statement (PDS) for the Funds and Active ETFs issued by PIML, should be considered before deciding whether to acquire or hold units in the Funds and Active ETFs. The relevant PDSs and Target Market determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.

The continuous disclosure announcements lodged with the Australian Securities Exchange (ASX) which are available at www.asx.com.au, should be considered before deciding whether to acquire, dispose, or hold units/ shares in the Active ETFs and the Company.

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.

Improving user experience

We use Microsoft Clarity to understand how you use our website to improve your experience. See our Privacy Policy for details