Perpetual Investment Funds

PERPETUAL ESG CREDIT INCOME FUND - CLASS A

April 2025

FUND FACTS

Investment objective: To provide investors with regular income and consistent returns above the Bloomberg AusBond Bank Bill Index (before fees and taxes) over rolling three-year periods by investing in a diverse range of income generating assets that meet Perpetual's ESG and values-based criteria.

Benchmark:	Bloomberg AusBond Bank Bill Index
Inception date:	June 2018
Size of fund:	$54.2 million as at 31 March 2025
APIR:	PER1744AU
Mgmt Fee:	0.59% pa*
Benchmark Yield:	3.950% as at 30 April 2025

Suggested minimum investment period: Three years or longer

FUND BENEFITS

Provides investors access to an actively managed credit and fixed income fund and the opportunity to align their investments with their personal values and ESG preferences.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

TOTAL RETURNS % (AFTER FEES) AS AT 30 April 2025

	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual ESG Credit Income Fund – Class A	-0.42	0.20	2.15	6.01	7.44	6.32	5.12	-	3.90
Bloomberg AusBond Bank Bill Index	0.35	1.04	2.18	4.46	4.35	3.68	2.21	-	2.03

Please note: Performance for Perpetual's complete list of investment funds is available on www.perpetual.com.au. Past performance is not indicative of future performance.

POINTS OF INTEREST

- 'Liberation day' sees volatility spike in bonds and credit;
- Spreads move wider before partially recovering;
- Bond yields rally, yield curve steepens;
- RBA on hold; futures price May rate cut;
- Primary market very quiet due to volatility and holidays;
- The credit outlook is negative.

ESG APPROACH

Before being considered for investment, companies or issuers must pass a series of exclusionary screens. The screening processes is designed to limit the investible universe to only those companies or issuers that meet minimum values-based and ESG standards. The Perpetual ESG Credit Income Fund first applies a values-based and ESG exclusionary screen. Sovereign issuers are subject to a separate exclusionary screen. Please refer to the Perpetual Investment Funds PDS for further information.

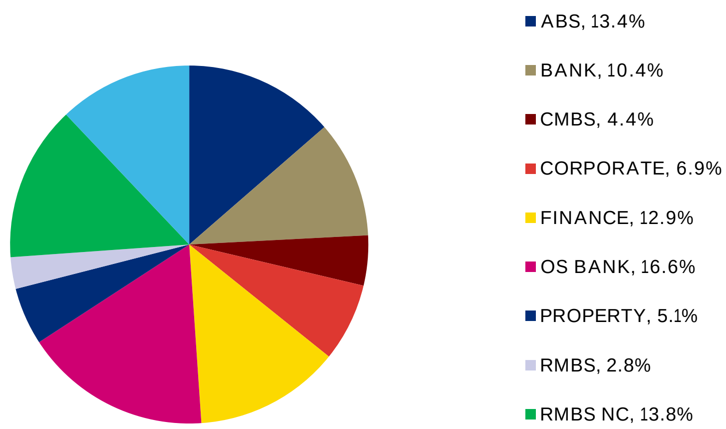
PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	24.62%
Subordinated Debt	55.91%
Hybrid Debt	19.47%
Running Yield#	5.51%
Portfolio Weighted Average Life (yrs)	3.38 yrs
No. Securities	74
Modified Duration	-0.18

* Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

^The methodology used to calculate Running Yield is derived from FactSet, and calculated as follows: The coupon rate of the security / the capital price of the security. Note that the exception is discounted securities, where a Yield to Maturity calculation is used.

PORTFOLIO SECTORS



MARKET COMMENTARY

April was marked by significant volatility in global financial markets, primarily driven by the announcement of 'Liberation Day' tariffs by US President Trump. The announcement led to a surge in volatility with US equities entering correction territory and equity volatility reaching levels previously seen during the global financial crisis. Sentiment improved later in the month following the announcement of exemptions and the relief rally saw Australian equities end the month higher while US equities were down slightly.

Bond markets also experienced significant movements in April. Domestic bond yields ended the month lower and the yield curve steepened throughout the month as short end yields outperformed. The RBA left cash rates unchanged during April, acknowledging the 'continuing decline in inflation' and highlighting that noting that the labour market 'might not be quite as tight' as previously identified. Futures markets moved to price in a May rate cut and a further 75bps of cuts in the next 12 months, recognizing easing inflation concerns and global economic uncertainty. US bonds saw greater volatility with an early April rally giving way to a sharp spike in long term bond yields driven by technical factors and concerns around demand for treasuries, before rallying again to end the month lower.

Credit spreads ended April wider following a month of increased volatility and uncertainty in global markets. The Australian iTraxx index traded in a wide range, selling off in the first half of the month before moderating to end 5 bps wider at month end. Cash spreads also widened over the month with higher beta segments – including subordinated and high yield credit moving sharply wider in the wake of the liberation day tariff announcements. Semi-government and supranational spreads were more resilient, with semi's ending the month marginally tighter.

Primary market activity was materially reduced in April as uncertainty following the US Tariff announcements and associated volatility gave way to holiday shortened weeks in the second half of the month. A small number of securitisation, government adjacent and short dated deals priced during April with the only corporate issuance of note being a 7-year $600M fixed rate bond from Sydney Airport.

PORTFOLIO COMMENTARY

Credit spread expansion was the most substantial determining factor during the month, detracting from performance. Credit sold off sharply in early April before spread expansion moderated and began to retrace over the second half of the month. The Fund's allocation to securitised sector and financial were the most significant detractors while non-financial corporates were more resilient. More acute spread expansion among high beta positions including offshore bank subordinated debt impacted relative return. Exposure to USD denominated subordinated and hybrid bank debt also detracted as USD spreads moved wider.

The Fund's yield premium above benchmark remains a key contributor to performance, partially mitigating the impact of elevated spread volatility during April. The Fund's yield advantage is led by allocation to securitised assets and subordinated financials. The portfolio's running yield was 5.5% at month end, with the spread (credit yield premium) measured at 2.0%.

The Manger was active in secondary markets during the month, taking the opportunity to adjust sector and risk allocations. The Fund's exposure to RMBS, non-conforming RMBS and CMBS was reduced slightly in early April. The Fund's allocation to subordinated debt was reduced over the month – as the manager trimmed RMBS exposure – while senior and hybrid debt exposures were selectively increased. Meanwhile, the manager took advantage of the recent volatility in US credit markets to add attractively priced USD denominated major bank subordinated paper.

The outlook for credit remains negative and the Fund continues to maintain a defensive posture. The Fund retains a conservative liquidity profile and slightly elevated cash allocation to mitigate the impact of reduced market liquidity while providing ample dry powder to take advantage of relative value opportunities presented by market volatility. The Manager continues to look for attractively priced issues and relative value opportunities while carefully managing credit and liquidity risks.

The Fund invests in quality issuers that meet Perpetual's ESG and Values based criteria relating to what the company is in the business of and the way business operations are conducted respectively. Upon application of the ESG and Values based criteria, several bond issuers have been screened out. These include, for example, companies involved in the extraction of fossil fuels or companies whose revenues are significantly associated with socially questionable products or services.

OUTLOOK

The credit outlook remains challenging with negative readings throughout the Month. The outlook score initially turned Negative in early March well in advance of the volatility observed in early April.

Valuation indicators improved marginally to neutral. Elevated volatility saw investment grade indicators shift with US IG improving to positive before moderating in late April while Australia investment grade are wide of recent levels and are offering attractive relative value. AU swap spreads remain very tight

The growth outlook is marginally negative. Macroeconomic growth indicators are negative, led by the worsening outlook for US growth, potentially exacerbated by the restrictive tariff regime.

Supply and demand indicators improved during the month while remaining marginally negative. The volume of upcoming maturities is elevated, however market demand has softened and the pipeline for upcoming deals has increased, weighing on the outlook.

Technical indicators remain negative with intermediary positioning worsening over the month while US credit, equity and equity volatility indicators all remain in negative territory.

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