Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

April 2025

FUND FACTS

Investment objective: The Fund aims to provide investors with a positive return above the cash rate over rolling three-year periods (before fees and taxes) by primarily investing in and actively trading fixed income securities and related derivatives.

Benchmark: RBA Cash Rate
Inception date: March 2012
Size of fund: $701.0 million as at 31 March 2025
Mgmt Fee: 0.85% pa*
Benchmark Yield: 4.100% as at 30 April 2025
Suggested minimum investment period: Three years or longer

FUND BENEFITS

Perpetual aims to meet its objective by utilising an active and risk aware investment process that leverages the full use of the Perpetual Credit team's experience. The strategy allows the team discretion to invest in areas of the market or a company's capital structure where they see relative value. The portfolio is diversified, takes into account changes in market-wide and security-specific credit margins while seeking to maximise returns from liquidity premiums.

FUND RISKS

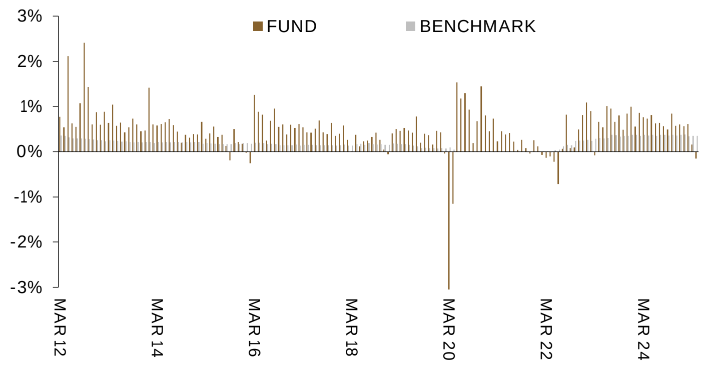
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

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

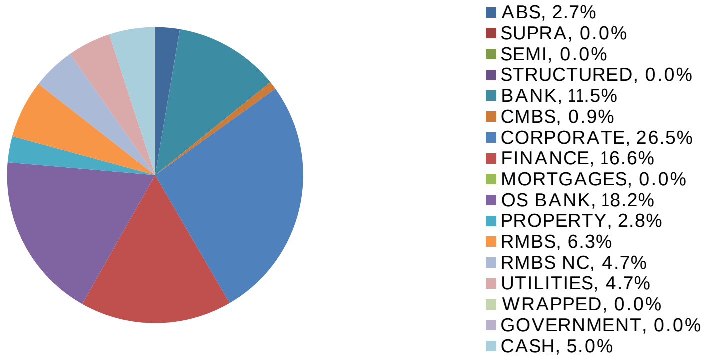
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	-0.15	0.63	2.39	6.53	8.05	6.71	6.35	4.63	5.80
RBA Cash Rate	0.34	1.02	2.13	4.39	4.34	3.69	2.25	1.95	2.12

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.

MONTHLY PERFORMANCE SINCE INCEPTION



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	32.53%
Subordinated Debt	54.74%
Hybrid Debt	12.72%
% Geared	0.00%
Running Yield#	6.51%
Portfolio Weighted Average Life	3.11 yrs
No. Securities	213
Long	94.98%
Short	0.00%
Net	94.98%

GEOGRAPHIC LOCATION OF MATERIAL ASSETS

The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

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

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

Even as interest rates declined, income return remains the most substantial contributing factor to performance. The Fund continues to collect a healthy yield premium above the RBA cash rate, led by allocation to non-financial corporate loans alongside contributions from securitised assets and domestic banks. At month end, the Fund's running yield was 6.7% with the average spread measured at 2.5%.

Domestic spreads tightened marginally in February, benefitting from strong demand for primary issuance. The Fund's non-financial corporate exposures were mixed with spreads widening marginally on a small number of Australian corporates and USD denominated high yield positions.

A notable contributor to spread return during the month was a new hybrid deal from Ausnet Services Holdings. The $950M deal was Australia's largest non-financial corporate hybrid listing and met very strong demand build a book that was 5 times oversubscribed. The Fund was able to secure allocation which performed well upon issue as the spread contracted. The Manager elected to trim the position, locking in profits. The corporate hybrid space will continue to draw attention as bank hybrids are phased out following confirmation from APRA in late 2024.

Elsewhere, the Fund took part in a new offshore bank offshore bank deals from Banco Santander and DBS Bank. Allocation to non-bank financials was increased with the Manager electing to add exposure to insurers. Allocation to Domestic banks was reduced while non-financial corporate exposures were added to in secondary.

The credit outlook reached positive territory before softening to a slight negative score in the first week of March. With the outlook for credit finely balanced, the Fund remains defensively positioned while retaining the capacity to take advantage of relative value opportunities as they arise.

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.

MORE INFORMATION
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