

Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

June 2024

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: \$454.8 million as at 31 March 2024
Mgmt Fee: 0.85% pa*
Benchmark Yield: 4.350% as at 30 June 2024
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

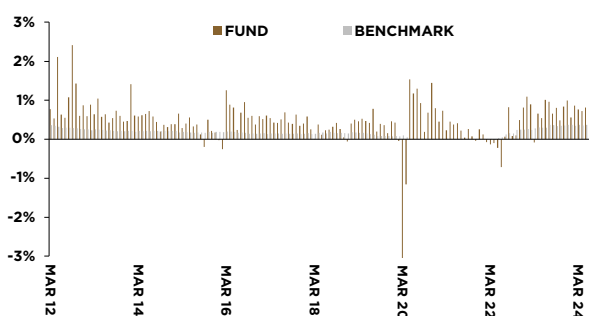
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 30 June 2024

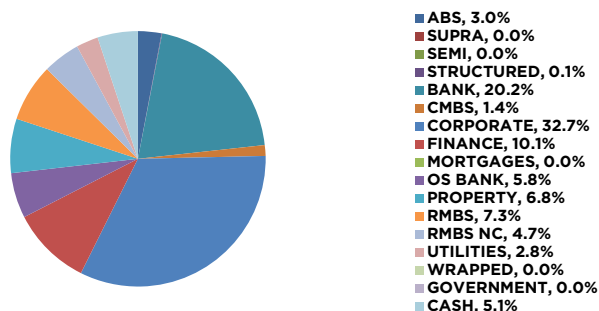
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.63	2.18	4.42	9.47	8.07	5.20	4.58	4.51	5.78
RBA Cash Rate	0.36	1.09	2.19	4.37	3.67	2.49	1.65	1.61	1.96

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	55.20%
Subordinated Debt	37.54%
Hybrid Debt	7.27%
% Geared	0.00%
Running Yield [#]	6.91%
Portfolio Weighted Average Life	3.10 yrs
No. Securities	206
Long	94.90
Short	0.00
Net	94.90

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

Financial markets strengthened through June with credit, bonds and equities posting gains. Softening economic data eased concerns around ongoing inflation pressure globally, supporting risk assets.

Domestic long term bond yields rallied over the month with 10-year bond yield falling 10 bps. The Yield curve flattened however with shortened (1-3y) yields rising reflecting successive above consensus expectation monthly inflation prints. Q2 CPI will be crucial for understanding the path of monetary policy with futures markets shifting during June to price an 50% chance of another increase at the August meeting by month end. The RBA elected to maintain the cash rate at the June meeting however their commentary was increasingly hawkish.

Domestic credit spreads traded in range of recent levels grinding marginally tighter throughout the month. Financials outperformed corporate, led by offshore banks. Semi government spreads performed well, tightening materially over the month.

Primary issuance was relatively light in June reflecting seasonal factors including end of financial year. Issuance typically eases towards the end of June and dynamic was exacerbated by the late month release of above expectation monthly inflation data. Earlier in June, ANZ raised \$4.25B in senior debt across multiple fixed and floating tranches. Elsewhere, primary market volumes were supported by robust securitisation flow. Lastly, during June the Commonwealth government issued their inaugural green bond in a \$7B 10-year deal.

PORTFOLIO COMMENTARY

The Fund's yield premium above benchmark was the most substantial determinant of outperformance during the month. The Fund continues to collect running income above the RBA Cash Rate, driven by allocations to non-financial corporates with contributions from financials and securitised sectors. The Fund's running yield was 6.9% at month end, with the spread measured at 2.6%.

Credit spread dynamics contributed to outperformance during June. Domestic credit spreads traded in range of recent levels, ending the month marginally tighter. Financials outperformed corporates with the Fund's allocation to domestic regional banks performing notably well. Over recent months, the Fund has benefitted from the convergence of the Major bank subordinated and senior curves, with the majority of the Fund's domestic bank exposure focused on tier 2 paper where the Manager has identified the best relative value. Securitised allocations performed well with RMBS spreads tightening despite a robust issuance pipeline.

Perpetual's proprietary credit outlook score remained neutral throughout June. The outlook for credit remains delicately poised with valuation, macro, supply and demand and technical factors all very close to neutral readings. The Manager remains focused on identifying attractively priced issues from companies or issuers with market leading positions and strong balance sheets. The Fund is defensively positioned, retaining the capacity to take advantage of relative value opportunities as the outlook continues to improve.

OUTLOOK

The credit outlook remained consistent throughout June and continues to offer a neutral overall score.

Valuation indicators improved over the latter half of the month with AUD swap and basis swap levels normalising. At month end, each of the value indicators were in neutral territory, remaining in range of recent and historic averages.

Our macro-outlook remains marginally positive. Lending conditions as expressed by the Senior Loan Officer survey remain negative. Meanwhile, access to equity market capital and the ratio of credit rating upgrades to downgrades remain supportive.

Supply and demand indicators remain neutral. Elevated upcoming maturity volumes in the near term are constructive however this support is expected to dissipate over the remainder of the year as maturity volumes decline. Recent supply has been strong and while demand has matched the level of issuance thus far, the volume of year to date primary issuance is weighing on the outlook.

Technical indicators declined during the month offering a neutral score by month end. Cash balances among real money accounts are below recent levels, reflecting the busy issuance schedule thus far in 2024. US equity and equity volatility indicators continue to support the outlook.

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Past performance is not indicative of future performance.
** UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

MORE INFORMATION

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