Perpetual Pure Series Funds

PERPETUAL PURE CREDIT ALPHA FUND CLASS W

March 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: $424.7 million as at 31 December 2023
Mgmt Fee: 1.00% pa*
Benchmark Yield: 4.350% as at 31 March 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

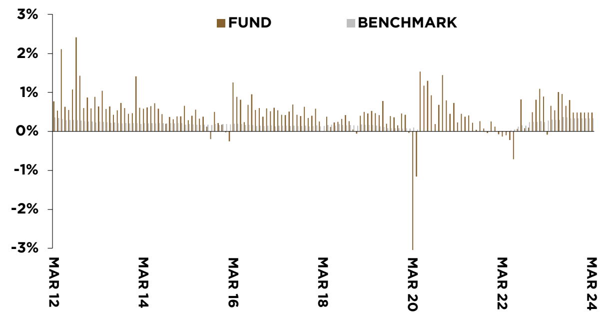
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

TOTAL RETURNS % (AFTER FEES) AS AT 31 March 2024

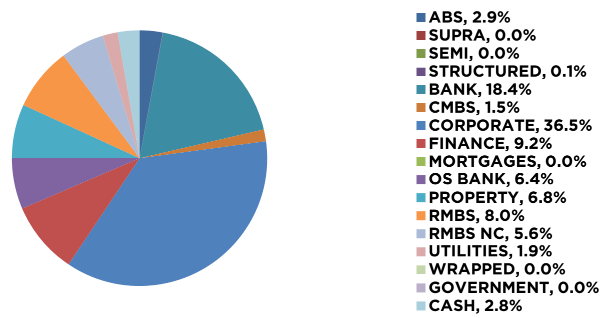
	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA	INCEPT PA
Perpetual Pure Credit Alpha Fund W Class	0.76	2.20	4.58	9.52	6.35	4.88	4.43	4.39	5.71
RBA Cash Rate	0.37	1.09	2.18	4.23	3.16	2.13	1.50	1.51	1.91

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	51.90%
Subordinated Debt	39.31%
Hybrid Debt	8.79%
% Geared	0.00%
Running Yield#	6.92%
Portfolio Weighted Average Life	3.18 yrs
No. Securities	177
Long	97.33
Short	-0.02
Net	97.32

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

March saw both government & credit securities rally as global economic data continues to surprise on the upside, raising hopes that a soft economic landing is still on the horizon. Despite nominal growth surprising to the upside, the US Federal Reserve left rates unchanged in March but, importantly, the "dot plots" of expected future rates continued to indicate three cuts before the year's end.

Domestic credit spreads participated in the global rally and tightened in March, as the short end outperformed. Corporate spreads kept pace with Financials, while Utilities also performed strongly. March saw Moody's upgrade of the Australian banks following their Advanced Loss Given Failure analysis and coinciding methodology change. Offshore spreads continued their strong performance with Australian domiciled, Euro denominated credit performing notably well.

Domestic bond yields rallied in March ahead of most global bond markets. Australian 10-year Government bond yields rallied 17bps breaking the 4% mark settling at 3.97% to end the month. US 10-Year Treasury yields meanwhile rallied 4bps to 4.20%. Domestically, semi-government bonds underperformed Commonwealth government bonds.

Primary markets were active during March. The Tier 2 market saw a high-volume month boosted by a $1.5bn AUD 10NC5 deal from HSBC that generated a $5.8bn orderbook, one of the largest subordinated debt orderbooks in the Australian market's history. We also saw new deals from Infrastructure names (such as Transurban), Telecommunications (such as National Broadband Network) and Utilities issuers (Ausgrid).

PORTFOLIO COMMENTARY

Consistent with previous months, running income was the most substantial contributor to performance with the Fund collecting a healthy income premium above the RBA Cash Rate. Income return continues to be 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 2.9%.

Credit spreads continued to tighten, consolidating on their strong start to the year. This contributed to performance across non-financial corporates, domestic financial and securitise sectors. The Fund is well positioned to benefit from further spread contraction while mitigating credit risks via its relatively short weighted average life.

Sector allocations were marginally adjusted during March. Domestic bank exposures were trimmed and allocation to hybrids was selectively reduced. The Fund's non-financial sector exposure was increased over the month and the Fund took part in a new senior unsecured fixed rate bond from Aurizon.

The credit outlook score improved from neutral to positive in the first week of April following upgrades to valuation and macroeconomic indicators. The outlook for credit remains delicately poised with macroeconomic indicators the most significant headwind for spreads. 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 improved from neutral to positive in the first week of April following upgrades to some of our indicators.

Valuation indicators were upgraded to neutral coming into April. US High Yield spreads widened relative to recent levels, improving the valuation outlook. Meanwhile, Australian & US investment grade indicators remain neutral.

Robust economic growth prints turned our macro-outlook marginally positive. Manufacturing PMIs are showing signs of improvement in the US, UK & China with all 3 PMIs now in expansionary territory, while leading growth indicators in the US also improved.

Meanwhile, we saw no change to our market supply and demand indicators. High issuance volumes over recent months were met with robust market demand reflected in oversubscribed primary market deals and robust secondary market liquidity. However, while demand appears strong, the market is beginning to become a bit saturated with investors increasingly funding primary market purchases out of secondary market sales.

Technical indicators remained positive in March with US credit and equity both positive, however, our equity volatility signal flipped from neutral to negative. Intermediary positioning appears balanced with brokers showing modest inventories.

** UBS Australian Bond Index changed to Bloomberg AusBond Bank Bill Index effective 26 September 2014

MORE INFORMATION

Adviser Services 1800 062 725
Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

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