

# Perpetual Income Opportunities Fund

## Fund facts

<b>APIR code</b>	PER0436AU
<b>Inception date<sup>1</sup></b>	March 2008
<b>Benchmark</b>	Bloomberg Ausbond Bank Bill Index +2% p.a. <sup>^</sup>
<b>Size of Fund:</b>	\$247 million
<b>Distribution frequency</b>	Annually as at 30 June 2024
<b>Liquidity</b>	Quarterly withdrawals subject to restrictions, refer to PDS
<b>Management fee*(%)</b>	0.50% as at 30 June 2024
<b>Buy/Sell spread</b>	0.00% / 0.00% as at 9 October 2024
<b>Risk Level<sup>2</sup></b>	5 – Medium to High

\*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

## Investment objective

To provide long-term capital growth through investment in a diversified portfolio of corporate strategies, asset backed strategies and other investments consistent with the fund's investment approach.

To outperform the Bloomberg Ausbond Bank Bill Index over rolling three-year periods by 2% per annum.

## Strategy

Build a diversified portfolio that includes specialist credit and absolute return investments.

Subject to our investment opportunities to detailed research, screening them for expected return, risk, downside protection properties and portfolio fit.

Select the highest ranked investment managers that have passed our Quality Filters.

Perpetual Income Opportunities Fund

## Market opportunity

Both Australian and global banks are currently under pressure to reduce their loan books. This is driving the opportunity for the Perpetual Income Opportunities Fund to invest in strategies that conduct institutional grade direct lending to high quality companies and real estate assets that require capital.

A common trait of the lending opportunity is that lending is senior in the capital structure and secured against assets. We have identified and built material investments in three key credit sectors, specifically infrastructure debt, senior bank loans and commercial mortgages.

## Net performance

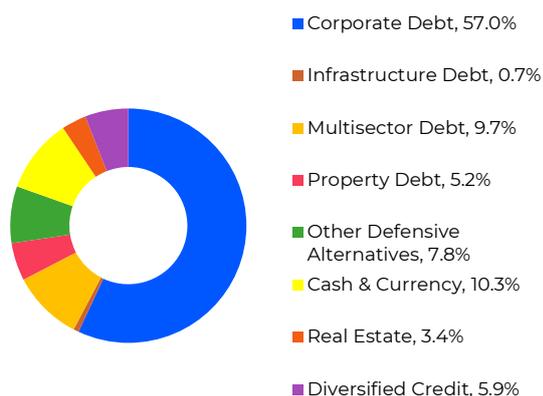
As at 31 March 2025

Returns <sup>3</sup>	1M	3M	1YR	3YR	5YR	S/I*
<b>Total return</b>	0.5%	0.9%	5.6%	5.5%	5.1%	4.5%
<b>Growth return</b>	-0.2%	0.1%	1.3%	-0.5%	0.7%	0.0%
<b>Distribution return</b>	0.7%	0.7%	4.3%	6.0%	4.4%	4.5%
<b>Benchmark</b>	0.5%	1.6%	6.5%	5.2%	3.5%	3.9%
<b>Excess Return</b>	0.0%	-0.7%	-0.9%	0.2%	1.5%	0.5%

Source: State Street. Past performance is not indicative of future performance. \*Since Inception

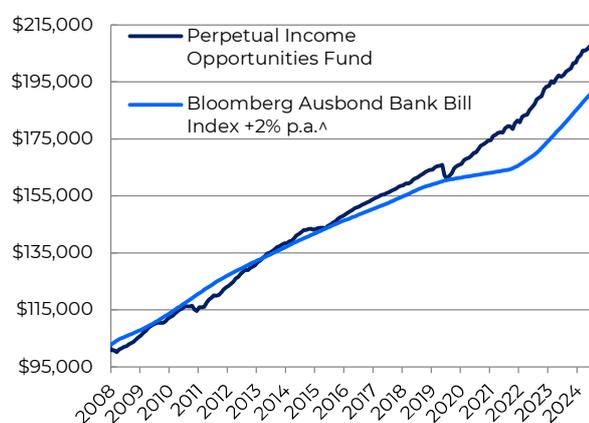
## Portfolio exposure by manager

As at 31 March 2025



Source: State Street, PPIRT

## Growth of \$100,000 since inception (net of fees)<sup>3</sup>



Source: State Street.

## Investment characteristics

As at 31 March 2025

SECTOR	GEOGRAPHIC LOCATION		MARKET TYPE <sup>7</sup>		
	ONSHORE	OFFSHORE	LISTED	TRADED	PRIVATE
Asset-Backed Strategies	39%	61%	0%	0%	100%
Corporate Strategies	21%	79%	0%	17%	83%
Other Defensive Alternatives	0%	100%	0%	0%	100%
Total	24%	76%	0%	14%	86%
FX Hedge Level	90%				

Source: State Street, PPIRT.

## Holding information

As at 31 March 2025

Top 10 Exposures <sup>4</sup>	Asset Class	Weight
CVC Global Yield	Corporate Debt	25.5%
Perpetual Credit Income Fund	Multisector Debt	9.7%
Kapstream Private Investment Fund	Diversified Credit	5.9%
Clearmatch Insurance Premium Funding	Other Defensive Alternatives	4.9%
Pemberton European Strategic Credit Opportunities Fund II	Corporate Debt	4.2%
Invesco Credit Partners Fund II	Corporate Debt	4.2%
Nuveen Asia Pacific Cities Fund	Real Estate	3.4%
Pemberton European Strategic Credit Opportunities Fund	Corporate Debt	3.0%
Blackstone Corporate Funding EUR Fund	Corporate Debt	2.8%
Pemberton Strategic Credit III	Corporate Debt	2.5%
<b>Total Top 10 Holdings %</b>		<b>66.2%</b>

Source: State Street, PPIRT.

Cash level & leverage	Weight
Cash(AUD) <sup>5</sup>	7.18%
Leverage ratio <sup>6</sup>	1.23
Maturity profile: As at 31 January 2025 the Fund has no direct gearing liabilities. Liabilities are generally paid within 30 days of the invoice date.	

## Market Commentary

Income alternatives delivered positive absolute returns in the March quarter, providing stability during a period of heightened market volatility.

Market sentiment weakened over the first quarter of 2025, as trade policy-related uncertainty stymied M&A activity. Capital deployment has marginally slowed, although demand remains positive. At the time of writing, the impact has largely been contained to more liquid parts of the market — such as investment grade credit, high yield, and leveraged loans — with only minimal negative returns.

In our last commentary, we noted that, barring a major external shock, we expected private credit markets to remain broadly healthy. The recent escalation in trade tariffs and retaliatory measures has introduced a new layer of uncertainty, and while it's too early to assess the full impact, we are monitoring developments closely. At this stage, credit fundamentals remain largely unchanged, and most companies have yet to revise their earnings outlooks. That said, if current conditions persist, we may see some pressure on corporate earnings over time, which could flow through to private credit valuations in the quarters ahead.

Liability management exercises remain prevalent, though activity levels have not increased meaningfully. We expect this to pick up as funding costs rise further within the private credit space. If negative sentiment and policy uncertainty continue, demand for credit may slow as capital is reallocated to rebalance listed exposures. Higher funding costs, if sustained, could also weigh on refinancing and new capital formation activity.

Asset-backed finance remains an attractive segment, offering strong relative value. However, we remain cautious about consumer-linked structures, where rising stress could affect default probabilities. Our focus remains on more traditional, well-collateralised exposures - such as mortgages, equipment, and invoice finance - with material levels of subordination.

During the March quarter, we funded our third investment in insurance equity, taking advantage of attractive entry points. While our core research focus remains on asset-backed and middle market lending, recent market volatility has led us to pivot toward capital solutions strategies, which we believe are well positioned to perform in a more challenging environment.

## More information

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[perpetual.com.au/managed-accounts](https://perpetual.com.au/managed-accounts)

1) Fund commenced in March 2008 with performance reporting from 30 June 2008 once the fund had made an investment. The fund was opened to external investors in June 2009. 2) Negative annual returns expected in 4 to less than 6 years over any 20 year period. 3) Total returns have been calculated using exit prices after taking into account Perpetual's ongoing fees and assuming reinvestment of distributions (where applicable). No allowance has been made for contribution fees, withdrawal fees or taxation. 4) Top 10 externally managed exposures. 5) The difference between 'Cash (AUD)' and 'Cash & Currency' (as per the sector asset allocation pie chart) represents offshore currencies held for transactional purposes. 6) The leverage ratio is provided as required by ASIC Regulatory Guide 240. Please note that this is look-through leverage of the Fund based on the leverage of the underlying absolute return managers. The Fund itself will not borrow or apply gearing in the ordinary course of business. 7) Market type data is estimation only, provided by the Perpetual Private research team.

^ The fund's benchmark from inception to 31/05/2023 was the Bloomberg Australian Bank Bill Index + 1% pa. Effective from 01/06/2023, the benchmark has been changed to the Bloomberg Australian Bank Bill Index + 2% pa. Historical performance captures the prior benchmark until the effective date of the new benchmark being implemented.

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