

PERPETUAL DIVERSIFIED INCOME FUND

April 2025



FUND FACTS

Investment objective: Aims to provide 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.

Benchmark: Bloomberg AusBond Bank Bill Index**
Mgmt Fee: 0.70% pa*
Buy / Sell spread: 0.15% / 0.25%
Benchmark Yield: 3.950% as at 30 April 2025
Suggested minimum investment period Three years or longer

FUND BENEFITS

Provides investors with the potential for regular income, above cash returns and lower volatility than other income strategies through an actively managed, highly diversified and liquid investment.

FUND RISKS

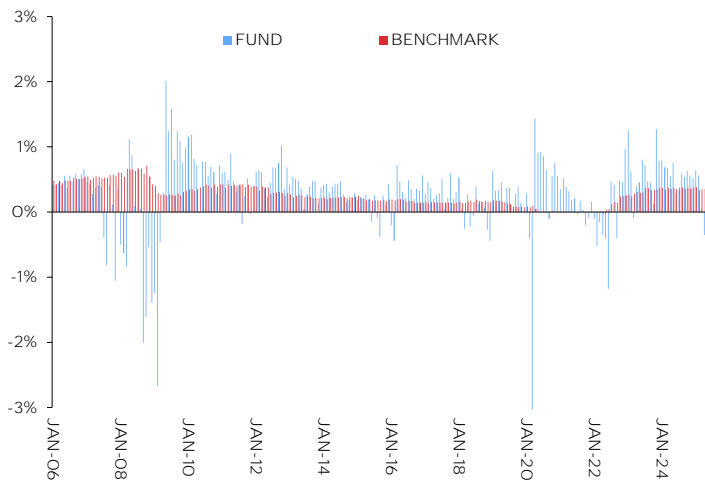
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether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

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

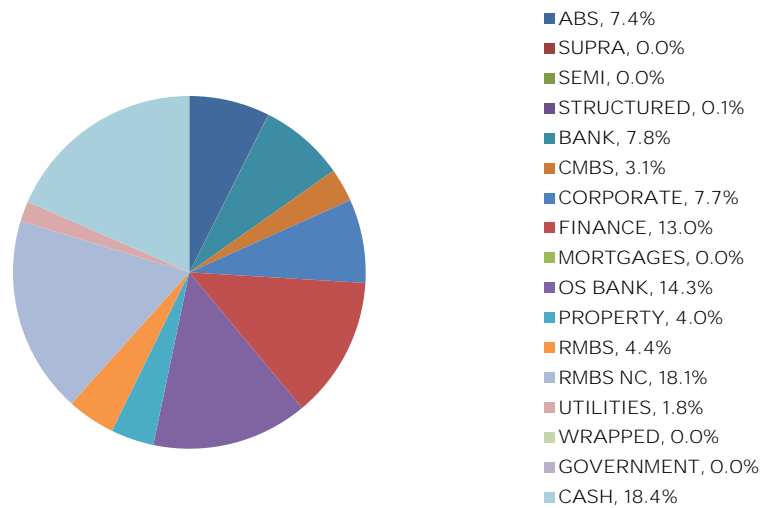
	APIR	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS PA	5 YRS PA	7 YRS PA	10 YRS PA
Perp. WealthFocus Investments	PER0284AU	-0.35	0.25	1.99	5.23	5.42	4.45	3.13	3.03
Perp. WealthFocus Investment Advantage	PER0490AU	-0.34	0.27	2.01	5.33	5.45	4.47	3.14	3.04
Perp. WealthFocus Super	PER0286AU	-0.37	0.17	1.69	4.44	4.67	3.84	2.68	2.60
Perp. WealthFocus Pensions	PER0285AU	-0.35	0.25	1.99	5.21	5.40	4.43	3.12	3.02
Perp. WealthFocus Term Allocated Pension	PER0339AU	-0.35	0.25	1.99	5.21	5.40	4.43	3.12	3.02
Bloomberg AusBond Bank Bill Index**		0.35	1.04	2.18	4.46	3.68	2.21	2.03	2.01

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

MONTHLY PERFORMANCE SINCE INCEPTION^



PORTFOLIO SECTORS



PORTFOLIO COMPOSITION

	BREAKDOWN
Senior Debt	36.54%
Subordinated Debt	49.24%
Hybrid Debt	14.23%
Core Component	93.92%
Plus Component	6.08%
% Geared	0.00%
Running Yield [#]	5.64%
Portfolio Weighted Average Life	2.98 yrs
No. Securities	126

* 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

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 5.6% at month end, with the spread (credit yield premium) measured at 1.6%.

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 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 Fund's cash allocation was elevated at month end in recognition of increased liquidity concerns.

The outlook for credit remains negative and the Fund continues to maintain a defensive posture. The Fund retains a conservative liquidity profile with an elevated allocation to cash 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.

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.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426 and issued by PIML as responsible entity of the Perpetual Diversified Income Fund ARSN 110 147 665, investable through Perpetual WealthFocus Investments, and Perpetual WealthFocus Investment Advantage Fund ARSN 091 142 460 ('the WealthFocus Investment Funds') and Perpetual Superannuation Limited (PSL) ABN 84 008 416 831 AFSL No 225246 RSEL No L0003315 as trustee for Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500 RSE R1057010 (which includes the Super Plan, Pension Plan and Term Allocated Pension). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The relevant product disclosure statement (PDS), issued by PIML as responsible entity for the WealthFocus Investment Funds or PSL as trustee for Perpetual WealthFocus Superannuation Fund, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital.

Total returns shown in this publication have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. ¹ Fund information in this document is relevant to the Wholesale option unless stated.

¹ Fund information in this document is relevant to the wholesale option unless stated.

[^] The chart represents the Wealthfocus Investment option.

^{**} 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

