

Perpetual Private

# PERPETUAL INCOME OPPORTUNITIES FUND

Fund Update – 31 July 2020

## FUND FACTS

<b>Benchmark:</b>	Bloomberg Ausbond Bank Bill Index +1% p.a.
<b>Inception Date<sup>1</sup>:</b>	March 2008
<b>Size of Fund:</b>	\$178 million
<b>APIR:</b>	PER0436AU
<b>ICR<sup>2</sup>:</b>	1.79% as at 30 June 2019
<b>Buy/Sell spread</b>	0.11% / 0.00% as at July 2020
<b>Liquidity:</b>	Quarterly withdrawals subject to restrictions, refer to PDS
<b>Distribution Frequency:</b>	Quarterly
<b>Risk Profile<sup>3</sup>:</b>	5 – Medium to High

## INVESTMENT OBJECTIVE

To provide consistent income through investment in a diversified portfolio of absolute return funds, specialist credit funds and other investments consistent with the fund's investment approach.

To outperform the Bloomberg Ausbond Bank Bill Index over rolling three-year periods by 1% per annum.

## STRATEGY

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

Subject 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.

## 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

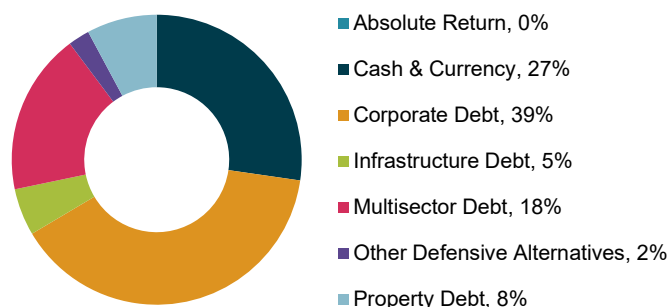
As at July 2020

NET RETURNS <sup>4</sup>	1M%	3M%	1Y%	3Y% (p.a.)	5Y% (p.a.)	INCEPTION % (p.a.)
Total return	1.0%	2.2%	0.8%	2.5%	2.8%	4.2%
Growth return	1.0%	2.0%	-1.4%	-0.2%	-0.3%	-0.2%
Distribution return	0.0%	0.2%	2.1%	2.7%	3.1%	4.4%
Benchmark	0.1%	0.3%	1.7%	2.5%	2.7%	4.0%
Excess Returns	0.9%	1.9%	-1.0%	0.0%	0.1%	0.2%

Source: RBC. Past performance is not indicative of future performance.

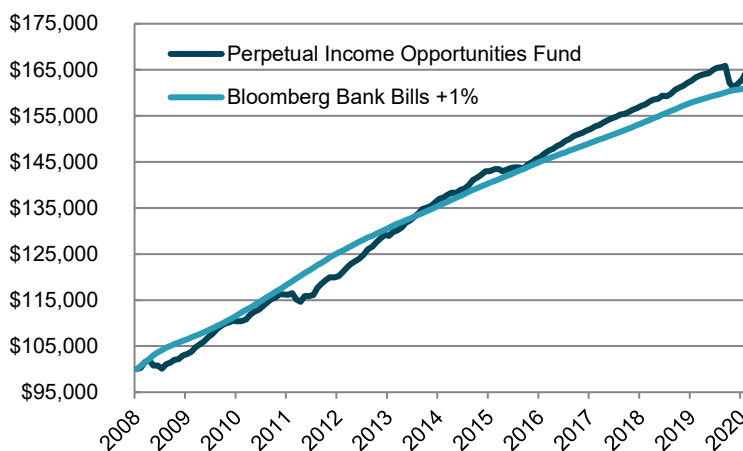
## SECTOR ASSET ALLOCATION

As at July 2020



Source: RBC, PPIRT.

## GROWTH OF \$100,000 SINCE INCEPTION (NET OF FEES)<sup>4</sup>



Source: RBC. Past performance is not indicative of future performance.

## HOLDING INFORMATION

As at July 2020

TOP 5 EXPOSURES <sup>5</sup>	WEIGHT
Perpetual Credit Income Fund	7.1%
ICG Australia Senior Loan Fund	7.0%
ICG Global Loan Fund	6.8%
Westbourne Infrastructure Debt Fund 2	5.2%
ICG Senior Debt Partners Fund 2	4.5%

CASH LEVEL & LEVERAGE	WEIGHT
Cash (AUD) <sup>6</sup>	26.3%
Leverage Ratio <sup>7</sup>	1.23
Maturity Profile: As at 31 March 2020 the Fund has no direct gearing liabilities. Liabilities are generally paid within 30 days of the invoice date.	

Source: RBC, PPIRT

## INVESTMENT CHARACTERISTICS

As at July 2020

SECTOR	GEOGRAPHIC LOCATION		MARKET TYPE <sup>8</sup>		
	ONSHORE	OFFSHORE	LISTED	TRADED	PRIVATE
Absolute Return	0%	100%	0%	100%	0%
Specialist Credit	26%	74%	0%	16%	84%
Other Defensive Alternatives	0%	100%	0%	0%	100%
Total	25%	75%	0%	15%	85%
FX Hedge Level	103%				

Source: RBC, PPIRT

1) Fund commenced in March 2008 and was opened to external investors in June 2009. 2) This percentage is an estimate of the ongoing fees which include all fees and expenses, including investment management performance fees as at 30 June 2018. 3) Negative annual returns expected in 4 to less than 6 years over any 20 year period. 4) 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. 5) Top 5 externally managed exposures. 6) The difference between 'Cash (AUD)' and 'Cash & Currency' (as per the sector asset allocation pie chart) represents offshore currencies held for transactional purposes. 7) 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. 8) Market type data is estimation only, provided by the Perpetual Private research team. 9) Specialist Credit in this instance signifies the exclusion of Absolute Return and Cash investments.

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### MORE INFORMATION

Perpetual Private

Phone 1800 631 381

Email [perpetualprivate@perpetual.com.au](mailto:perpetualprivate@perpetual.com.au)

[www.perpetual.com.au/advice](http://www.perpetual.com.au/advice)

