

Perpetual Pure Credit Alpha Fund – Class W

We have updated and reissued the Product Disclosure Statement (PDS) for Perpetual Pure Credit Alpha Fund - Class W (PDS issue 5 dated 1 May 2024). Effective on and from 1 May 2024, the following is a summary of the key changes reflected in the Perpetual Pure Credit Alpha Fund – Class W PDS. This PDS incorporates PDS updates published since the previous version, which can be found on the [Perpetual Pure Credit Alpha Fund Class W updates page](#).

Capitalised terms in this flyer have the same meaning as set out in the Perpetual Pure Credit Alpha Fund – Class W (‘Fund’) PDS, unless stated otherwise.

CHANGES TO THE KEY FEATURES RELATING TO THE FUND

We have made changes to the “Key features relating to the Fund” table, in particular relating to the Investment strategy, Valuation, location and custody of assets and Leverage features of the Fund.

UPDATES TO THE FUND PROFILE

We have updated the Fund Profile for the Fund as shown below. These changes do not impact the way the Fund is being managed or the objective of the Fund, rather the changes are being made to better reflect how the Fund is being managed by the Perpetual Credit and Fixed Income team.

	PREVIOUS	NEW																				
Risk level	5 – Medium to high	4 – Medium																				
Investment approach	The Fund’s investment portfolio will be diversified, taking into account changes in market-wide and security-specific credit margins while seeking to maximise returns from liquidity premiums. In addition, it is the intention to enhance returns through: <ul style="list-style-type: none"> • the ability to purchase securities with no minimum credit rating • the appropriate use of leverage • investing in different levels of the capital structure based on opportunities in the market • creating short positions on credit securities using derivatives. 	The Fund’s investment portfolio will be diversified, taking into account changes in market-wide and security-specific credit margins while seeking to maximise returns from liquidity premiums. In addition, it is the intention to enhance returns through: <ul style="list-style-type: none"> • the ability to purchase securities with no minimum credit rating • investing in different levels of the capital structure based on opportunities in the market • creating short positions on credit securities using derivatives which may result in gearing. 																				
Investment guideline	<table border="0"> <tr> <td>Investment grade debt</td> <td>50-100%</td> </tr> <tr> <td>Sub-investment grade/non-rated debt</td> <td>0-50%</td> </tr> <tr> <td>Equity</td> <td>0-15%</td> </tr> <tr> <td>Illiquid assets</td> <td>0-18%</td> </tr> <tr> <td>Gearing level</td> <td>0-50%</td> </tr> </table>	Investment grade debt	50-100%	Sub-investment grade/non-rated debt	0-50%	Equity	0-15%	Illiquid assets	0-18%	Gearing level	0-50%	<table border="0"> <tr> <td>Investment grade debt¹</td> <td>50-100%</td> </tr> <tr> <td>Sub-investment grade/non-rated Debt²</td> <td>0-50%</td> </tr> <tr> <td>Asset denominated in foreign currencies³</td> <td>0-35%</td> </tr> <tr> <td>Illiquid assets⁴</td> <td>0-18%</td> </tr> <tr> <td>Gearing level⁵</td> <td>0-15%</td> </tr> </table>	Investment grade debt ¹	50-100%	Sub-investment grade/non-rated Debt ²	0-50%	Asset denominated in foreign currencies ³	0-35%	Illiquid assets ⁴	0-18%	Gearing level ⁵	0-15%
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Minimum Investment	\$100,000	\$25,000																				

¹ Investment grade is a term given to debt securities that have a high probability of payment of interest and repayment of principal.

² Sub-investment grade is a term given to debt securities where there is a higher risk that the issuer may not be able to meet interest payments or the repayment of principal if difficult conditions arise. The Fund predominantly invests in investment grade debt securities, but we may increase our sub-investment grade exposure under favourable economic conditions. Sub-investment grade debt securities may include, but are not limited to, private debt, asset backed securities, hybrids and equity arising from debt instruments.

³ Foreign exposure will be typically hedged back to Australian dollars (AUD).

⁴ Illiquid assets are defined as assets within the above allocations that have no readily available secondary market and are not marketable securities, such as certain types of corporate loans. Units in unlisted funds are considered illiquid where underlying assets meet that definition.

⁵ The gearing level is the Fund’s exposure to borrowings and derivatives (when used to gear) divided by the total gross value of assets.

UPDATES TO ADDITIONAL INVESTMENT INFORMATION

	PREVIOUS	NEW
Fund Investments	<p>The Fund predominantly invests in cash (deposits and money market) and fixed income securities, but may have exposure to other securities as well as derivative instruments. The Fund predominantly holds Australian assets but may also hold offshore assets (for which the currency risk may be hedged).</p> <p>The Fund may invest in assets directly or indirectly via other Perpetual managed funds that have similar investment objectives and authorised investments.</p>	<p>The Fund predominantly invests in cash (deposits and money market) and fixed income securities, but may have exposure to other securities as well as derivative instruments. The Fund predominantly holds Australian assets but may also hold offshore assets up to 35% of the net asset value of the Fund (for which the currency risk is typically hedged).</p> <p>The Fund may invest in assets directly or indirectly via other Perpetual managed funds that have similar investment objectives and authorised investments.</p>

In addition to the above, a table has been added in the “Fund Investments” section of the PDS that contains details on the types of assets that the Fund may invest in.

	PREVIOUS	NEW
Environmental, social, governance (ESG) and ethical factors	<p>Increasingly, investment managers are developing their own policies regarding their method for considering environmental, social (which includes labour standards) and governance (ESG) factors which may influence the purchase, sale or retention of an individual investment.</p> <p>Perpetual has a long-standing commitment to responsible investment, and in 2009 became a signatory to the United Nations supported Principles for Responsible Investment (PRI). PRI signatories recognise the growing social and political expectation that the companies they invest in conduct themselves responsibly and sustainably. Our commitment to PRI acknowledges that, as a company and as an industry, we must continue to improve our understanding of how ESG factors impact investment returns for individual assets and across the economy.</p> <p>Our consideration of ESG factors for the Fund does not include making ethical or moral judgements on particular practices or issues. Instead, when deciding whether to buy, retain or sell an investment, we consider those ESG risks only to the extent that they are relevant to the current or future value of the investment.</p>	<p>Perpetual believes that the relevance of ESG issues to the performance of our investment products has become more apparent. We recognise the growing expectation that companies conduct themselves responsibly and sustainably. Perpetual has a long-standing commitment to responsible investing; and in 2009 became a signatory to the United Nations supported Principles for Responsible Investment (PRI).</p> <p>Perpetual’s investment philosophy acknowledges that while traditional financial measures are an important consideration, ESG matters can also influence investment performance. Perpetual does not have a predetermined view as to what it regards as ESG factors (including labour standards) or how far they are taken into account. We incorporate an assessment of ESG factors (including labour standards) in our investment analysis and the decision to select, retain or sell an investment, where those considerations are determined by the portfolio managers as a factor that may impact the current or future financial performance of the investment.</p> <p>We have a process to integrate ESG factors into our active investment strategies for fixed income and credit. This process considers:</p> <ul style="list-style-type: none"> • what ESG factors the investment is exposed to and whether any of these factors present risks to the investment’s current or future financial performance • what impact ESG factors are likely to have on the investment’s prospects; and • how well ESG factors are being managed by the company, and therefore how likely the possible impacts are to occur. • Fixed income and credit – our ESG risk scoring process, which includes internal and external research on an issuer’s approach to managing ESG factors and the issuer’s revenue sources, allows credit analysts to assess as part of their credit research on each

		<p>corporate issuer, the ESG risks of that issuer and whether the issuer has any controls or measures in place to address these risks. The credit analyst uses this information to determine an ESG risk score between 1 (low) and 4 (very high). This score is included in each corporate issuer's credit profile. It assists the portfolio manager to evaluate credit risk and relative value pricing considerations in managing credit portfolios.</p> <p>There are certain asset classes where ESG factors (including labour standards) are not taken into account when deciding whether to select, retain or sell an investment. This includes, but may not be limited to derivatives and exchange traded products.</p> <p>Where we believe it is in the interest of the Fund's investors, we may also actively engage with companies to encourage them to improve their ESG practices by:</p> <ul style="list-style-type: none"> • having processes and systems in place to identify and manage ESG risks effectively that may impact the current or future value of the company; • being transparent, honest and accountable, which includes providing the level of disclosure necessary for informed investment decision-making, and • having corporate structures and management incentives to manage the company in the long term interest of creditors.
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UPDATES TO UNDERSTANDING INVESTMENT RISK

The Fund's investment strategy may involve specific risks. The types of significant and investment strategy risks applicable to the Fund has been updated.

UPDATES TO FEES AND OTHER COSTS

The Fees and Costs Summary and Additional Explanation of Fees and Costs have been updated. This includes changes to management fees, estimated transaction costs, estimated total ongoing annual fees and costs and Buy/Sell spread as at the date of the PDS.

	PREVIOUS	NEW
Management Fee (% p.a.)	1.00%	0.85%
Estimated Transaction Costs (% p.a.)²	-0.03%	0%
Estimated Total Ongoing Annual Fees and Costs (% p.a.)	0.97%	0.85%
Buy/Sell Spread	0.15%/0.25%	0.15%/0.20%

² Estimated transaction costs represent net transaction costs borne by all investors in the Fund after any buy/sell spread recoveries charged on investor-initiated transactions for the financial year ended 30 June 2023, which may vary in future years without notice. Transaction costs should not be considered in isolation of investment returns. It is important to understand that actively managed investments are likely to have higher transaction costs than passively managed investments, such as index funds, because of the higher expected volume of trading of the portfolio's assets in generating investment returns.

For a copy of the new PDS issue number 5 dated 1 May 2024, please visit our website at www.perpetual.com.au or request a free copy by contacting us on 1800 022 033 during business hours (Sydney time)

This information has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. 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 Product Disclosure Statement (PDS) for the Perpetual Pure Credit Alpha Fund – Class W (Fund), issued by PIML, should be considered before deciding whether to acquire or hold units in the Fund. The Fund's 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 Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital.

More information

Contact your financial adviser or call:

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