

PERPETUAL SELECT INTERNATIONAL SHARE FUND

December 2025

FUND FACTS

Investment objective: Long-term capital growth through investment in a diversified portfolio of international shares.

Suggested length of investment: Five years or longer

INVESTMENT APPROACH

The Fund combines specialist investment managers with different investment styles and philosophies. This can help reduce the volatility of the Fund by avoiding over exposure to a particular specialist investment manager. The currency exposure of international assets is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

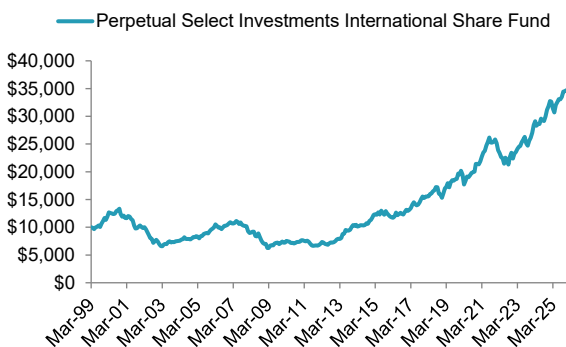
TOTAL RETURNS % (AFTER FEES) AS AT 31 DECEMBER 2025

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments International Share Fund	PER0256AU	0.5	3.5	6.5	9.0	15.7	10.1
Perpetual Select Super International Share Fund	WDL0009AU	0.4	3.3	6.1	8.4	14.6	9.5
MSCI All Country World Index - Net Return (unhedged in AUD)		-0.6	2.7	9.2	13.6	21.3	14.5

Past performance is not indicative of future performance

February 2022 onwards, Mercer Super/Pension International Shares Median is no longer published by Mercer

GROWTH OF \$10,000 SINCE INCEPTION*



*The Growth of \$10,000 chart includes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales or redemption charges which would lower these figures.

TOP 10 STOCK HOLDINGS	WEIGHTS (%)
Alphabet Inc.	3.7
NVIDIA Corporation	3.5
Microsoft Corporation	2.9
Amazon.com, Inc.	2.7
Merck & Co., Inc.	1.9
Meta Platforms Inc	1.8
Taiwan Semiconductor Manufacturing Co., Ltd.	1.8
Apple Inc.	1.6
Salesforce, Inc.	1.5
QUALCOMM Incorporated	1.5

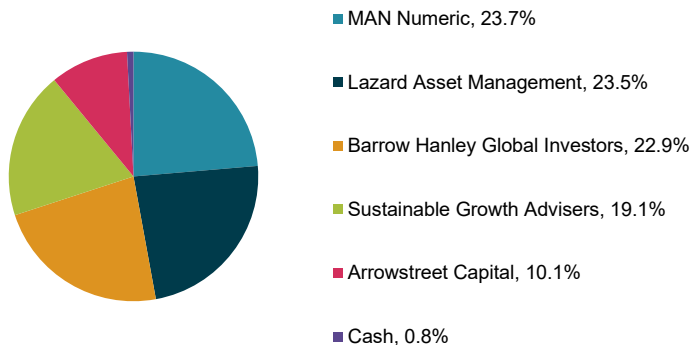
BENEFITS

Offers investors access to returns from companies overseas. Investing internationally allows investors the ability to diversify their portfolio, reducing overall volatility.

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.

PORTFOLIO EXPOSURES[^]



[^]Portfolio exposures represent the Perpetual Select Investments International Share Fund

MANAGER INVESTMENT APPROACH

MAN Numeric	Concentrated portfolio, quantitative global large to mega cap
Barrow Hanley Global Investors	Diversified portfolio, mid to large cap value
Lazard Asset Management	Quantitative, core, benchmark aware
Arrowstreet Capital	Quantitative core global small cap
Sustainable Growth Advisers	Concentrated portfolio, mid to large cap growth

MARKET COMMENTARY

International shares delivered solid gains to close out 2025, returning 2.7% for the December quarter and 13.6% for the full year. This represents the third consecutive calendar year of double-digit returns for the MSCI All Country World Index, albeit the most muted of the three. The December quarter saw persistent trade tensions, the 43-day US government shutdown (the longest in history), and ongoing debates about the sustainability of AI-driven valuations, all of which contributed to periods of heightened volatility. However, the US Federal Reserve's rate cuts in both October and December generally supported risk assets. In addition, corporate earnings results were overall positive and economic growth remained robust. The US dollar weakened 0.6% against the Australian dollar over the three-month period, modestly dampening unhedged returns for Australian investors.

From a style perspective, market breadth improved during the quarter, with Value stocks (+2.7%) outperforming Growth (+2.1%). This performance differential was driven by mixed earnings in the technology sector and growing concerns regarding the elevated valuations of certain AI-linked stocks. Consequently, investors rotated capital into cyclical and defensive sectors, which were supported by resilient economic data and more attractive trading multiples. On a full-year basis, however, performance was effectively tied, with Growth (+12.5%) and Value (+12.2%) delivering similar returns as early-year AI momentum was counterbalanced by the year-end rotation. Smaller companies returned 2.0% for the quarter and 11.2% for the previous 12-months. While positive, small caps continue to trail their larger counterparts over the longer term.

At the sector level, Health Care was the strongest performer, rising 9.2%. This was attributed to investors rotating into defensive assets trading at attractive valuations, alongside relief that the government shutdown did not result in material decreases in US federal healthcare spending. Materials also gained 5.8% as the prices of certain commodities rallied, while Financials rose 4.3%, supported by improved lending prospects in a lower-rate environment. Conversely, Information Technology and Communication Services posted a return of 2.3% and 2.7%, respectively. A departure from the outsized gains investors have become accustomed to in these sectors. Real Estate was the weakest performer, declining -3.1%. The sector faced headwinds from lingering home affordability concerns, particularly out of the US, and a rise in longer-dated bond yields.

Regionally, 2025 marked the first time in several years where international markets (excluding the US) outperformed US equities. While the bulk of this outperformance was established in the first quarter, the performance gap narrowed significantly following the "Liberation Day" market lows in April. Performance was led by the UK and Japan, with the FTSE 100 increasing 6.1% and the Nikkei 225 rising 5.0, the latter supported by the election of Prime Minister Sanae Takaichi and expectations of fiscal stimulus. US returns were more muted compared to the normal pattern that has been observed over the last several years, with the S&P 500 and Nasdaq Composite Index posting 1.9% and 2.1%, respectively. Emerging Markets performed strongly, returning 4.1% for the quarter, led by South Korea and Taiwan where demand for AI memory technology and semiconductors remained robust. Falling global interest rates and a generally weaker US dollar provided further support. Conversely, despite a strong run earlier in 2025, Chinese equities underperformed, with the Hang Seng index declining -4.8% over the quarter, as profit-taking and domestic property market weakness weighed on investor sentiment.

PORTFOLIO COMMENTARY

The Perpetual Select International Share Fund outperformed the MSCI All Country World Index (unhedged AUD) on a net-of-fees basis in the fourth quarter of 2025. There were no manager changes during the quarter.

Arrowstreet Capital outperformed both the MSCI ACWI (unhedged AUD) and its strategy benchmark, the MSCI World Small Cap Index (unhedged AUD). Outperformance was primarily driven by stock selection, particularly within North America. The primary contributors to total return during the period were Sandisk Corporation, Aris Mining Corporation and Charles River Laboratories.

Barrow Hanley performed in line the MSCI ACWI (unhedged AUD) in the December quarter. Stock selection detracted from performance over the quarter, while regional allocation made a modest contribution and the manager's sector exposures were neutral in aggregate. Sector attribution shows stock selection detracting during the quarter, while allocation and interaction were positive. Notably, stock selection was overwhelmingly positive in Financials and to a lesser extent in Information Technology, while stock selection detracted in Industrials and Health Care. Regional attribution shows that allocation effect was positive, driven by an overweight exposure to UK and European listed stocks. Key contributors to total return include Standard Chartered, Merck & Co and Bank of Nova Scotia while the main detractors to relative performance included BAE Systems, Alibaba and Rheinmetall.

Man Numeric outperformed the MSCI ACWI (unhedged AUD) in the December quarter. Stock selection was the primary driver of outperformance, while sector allocation also contribution, and regional allocations were neutral. Regional attribution shows that stock selection was positive across all major regions, with North America (US) being particularly strong, followed by Emerging Markets. Sector attribution shows that stock selection across all sectors was positive except Industrials, while overweight positioning in Health Care contributed meaningfully. Key contributors to performance during the period were Alphabet Inc Merck & Co and Samsung Electronics, while notable detractors included Meta, Microsoft and SAP.

RETURNS BREAKDOWN (INVESTMENTS)

	FY 2025	FY 2024	FY 2023
Growth Return %	4.4%	-1.0%	17.4%
Distribution Return %	9.4%	14.0%	0.5%
Total Return %	13.8%	13.0%	18.0%

DISTRIBUTION BREAKDOWN

	FY 2025	FY 2024	FY 2023
Cents per unit	13.9717	20.9956	0.6966

PRODUCT FEATURE

	SUPER	INVEST.
Inception date	Dec 94	Mar 99
Management/Investment Fee (p.a.)*	0.92%	1.02%
Ongoing fee discount	Yes	No
Admin fee	0.10%	0.00%
Buy spread	0.22%	0.22%
Sell spread	0.00%	0.00%
Contribution fee	0.00%	0.00%
Withdrawal fee	\$0.00	\$0
Monthly member fee	\$0.00	\$0
Min. initial contribution	\$3,000	\$2,000
Min. additional contribution	\$0	\$0
Savings plan	Yes	Yes
Withdrawal plan	No	Yes
Distribution frequency	N/A	Quarterly
Contact information	1800 677 648	

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

SGA materially underperformed the MSCI ACWI (unhedged AUD) in the December quarter. Stock selection was the primary driver of underperformance, while sector allocation was marginally positive, and regional allocation was marginally negative. Sector attribution shows that stock selection detracted from performance, primarily within Information Technology, Health Care and Industrials. Regional attribution shows that stock selection was negative across most regions, notably in the US and Europe (ex UK), while Japan was positive. Regional allocation was not a notable contributor. Largest contributors for the period were Alphabet, TSMC and Fast Retailing Co, while the largest detractors were ARM Holdings, Microsoft and Alibaba.

Lazard outperformed the MSCI ACWI (unhedged in AUD) in the December quarter. Stock selection was the primary driver of outperformance, while sector allocation and regional allocations also making a modest contribution to returns. Regional attribution shows that stock selection was positive across all regions with exception of Europe ex. UK. Sector attribution shows that a modest underweight to Consumer Staples contributed to performance. The largest contributors for the period were Alphabet, Micron Technologies and Samsung, while the largest detractors were Fiserv, Microsoft and Meta.

- 1 As measured by the MSCI All Country World index in AUD (unhedged) terms
- 2 As measured by the MSCI World Value index in AUD (unhedged) terms
- 3 As measured by the MSCI World Growth index in AUD (unhedged) terms
- 4 As measured by the MSCI AC World Small Cap index in AUD (unhedged) terms
- 5 As measured by the MSCI AC World – Health Care index in AUD (unhedged) terms
- 6 As measured by the MSCI AC World – Materials index in AUD (unhedged) terms
- 7 As measured by the MSCI AC World – Financials index in AUD (unhedged) terms
- 8 As measured by the MSCI AC World – Information Technology index in AUD (unhedged) terms
- 9 As measured by the MSCI AC World – Communication Services index in AUD (unhedged) terms
- 10 As measured by the MSCI AC World – Real Estate index in AUD (unhedged) terms
- 11 As measured by the FTSE 100 in AUD (unhedged) terms
- 12 As measured by the Nikkei 225 in AUD (unhedged) terms
- 13 As measured by the S&P 500 in AUD (unhedged) terms
- 14 As measured by the Nasdaq Composite index in AUD (unhedged) terms
- 15 As measured by MSCI Emerging Markets index in AUD (unhedged) terms
- 16 As measured by the Hang Seng index in AUD (unhedged) terms

OUTLOOK

The new calendar year brings the opportunity to spend some time navel-gazing and thinking about what the year ahead might bring. As we look into 2026, there are several ideas percolating in our thinking. Artificial intelligence – While AI remains an exciting prospect for productivity enhancements across industries and sectors, the current hype requires a 'pause for thought' as to what the next stage might bring. Some of our current questions include:

Can the AI's business model (which we still think is yet to be proven) sustain debt-financed capex, high aggregate debt levels, and increased interrelated-party transactions and financings, etc.?

Can corporates in traditional industries generate adequate return on AI-capex investment to deliver increased revenue? Or, will most of the benefits come from 'corporate efficiencies' (cost out)?

Can AI companies sustain what are already arguably stretched valuations? (To this end (and as at the time of writing), recent earnings from Nvidia were positive and impressive, but the stock price has taken a pause, and retreated somewhat.)

Emerging Markets – Up until recently, Emerging Market equity has lagged behind broader Developed Market equities, and most notably US equities. Recent (positive) price movements across Emerging Market assets have moved towards long term average valuations, but relative to Developed Markets, they still look attractive. To support the case for Emerging Market equities, we'll be looking to see clear indications of sustainable EPS growth. Given China's recent weakness, to support our thesis, we need to see stabilisation in China's macroeconomic outlook, and preferably fiscal stimulus. Elsewhere in Emerging Markets, we are seeing greater emphasis on corporate reforms. For example, South Korea is implementing a Corporate Value-Up Program that is making solid progress toward changing corporate behaviour and increasing shareholder value, and looking to emulate pockets of success witnessed in Japan with similar programmes. Finally, impact of tariffs on EM growth has been less than anticipated, with those countries expecting greater impacts taking a proactive approach and implementing policy responses prioritizing domestic markets and enhancing economic resilience. At the same time, lower central bank policy rates have been a significant net positive for financial conditions within emerging markets.

Broadening equity markets – Earnings growth has largely been confined to US mega-cap stocks over the last three years, however recent months have seen a broadening of earnings growth both in terms of market cap, and region. With strong fiscal impetus from the Trump Administration coming into effect in 2026, we hope to see this nascent trend continue. Further afield, European nations are also engaging in fiscal stimulus (eg. Germany) while the ECB embarked on a rate cutting programme in 2025, from which we expect to see fruits of lower interest rates as 2026 proceeds.

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