

## Perpetual Investment Funds

# PERPETUAL GLOBAL ALLOCATION ALPHA FUND

January 2025

### FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

### FUND BENEFITS

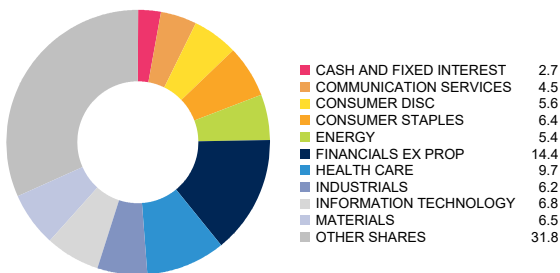
Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment teams.

### 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.

<b>Benchmark:</b>	MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022
<b>Inception Date:</b>	March 1999
<b>Size of Portfolio:</b>	\$68.55 million as at 31 Dec 2024
<b>APIR:</b>	PER0066AU
<b>Management Fee:</b>	0.55%*
<b>Investment style:</b>	Active, fundamental, disciplined, value
<b>Suggested minimum investment period:</b>	Five years or longer

### PORTFOLIO SECTORS



### TOP 10 STOCK HOLDINGS

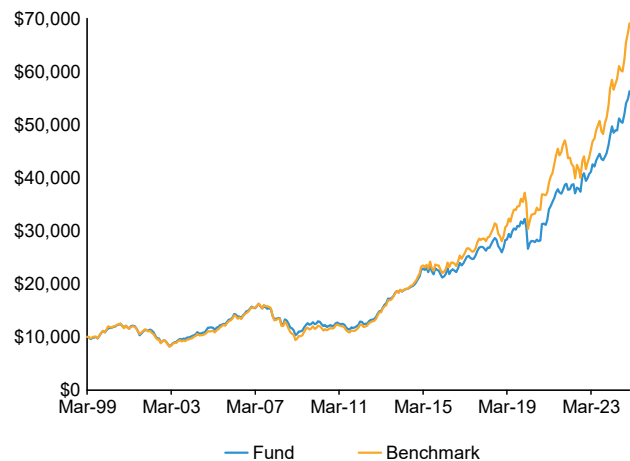
	% of Portfolio
Sanofi	1.3%
Merck & Co., Inc.	1.1%
Bank of Nova Scotia	1.0%
Comcast Corporation Class A	0.8%
Microsoft Corporation	0.8%
Air Products and Chemicals, Inc.	0.7%
Exxon Mobil Corporation	0.7%
Danone SA	0.7%
Carnival Corporation	0.7%
Qualcomm Incorporated	0.7%

### PERFORMANCE- periods ending 31 January 2025

	Fund	Historical <sup>1</sup> Performance	Benchmark	Excess
1 month	2.68	-	2.74	-0.06
3 months	8.18	-	10.85	-2.67
1 year	22.04	-	28.94	-6.91
2 year p.a.	18.80	-	27.00	-8.20
3 year p.a.	-	13.15	14.78	-1.64
4 year p.a.	-	15.98	17.15	-1.17
5 year p.a.	-	11.78	13.20	-1.43
7 year p.a.	-	11.10	13.48	-2.38
10 year p.a.	-	10.14	12.13	-1.99

<sup>1</sup>Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

### GROWTH OF \$10,000 SINCE INCEPTION



\*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

## MARKET COMMENTARY

January was an eventful month packed with impactful geopolitical headlines mixed with macroeconomic developments. The freshly inaugurated President Trump and his administration hit the ground running with a flurry of activity addressing myriad issues which resulted in gyrating markets. In spite of all the headlines generating uncertainty, January proved to be a strong month for global equity markets that finished mostly higher. Like last year, there was a notable difference in styles. Unlike last year, it is value leading the charge as the MSCI World Value Index outperformed its growth counterpart by roughly 200 basis points (bps) in U.S. dollar terms for the month. Global investors are all wondering what the impact of Trump 2.0 means for the globe, and maybe the style shift and broader market in January is an indicator. The growth levels of high momentum and AI related stocks became a source of controversy after the release of DeepSeek, a Chinese AI model reported to be developed at a fraction of the cost of comparable American products. The cost effectiveness claims could prove to be a deepfake but for now the long-term spending on AI-related CAPEX is up for debate.

## PORTFOLIO COMMENTARY

Rheinmetall AG positively contributed to relative performance during the month as the German defense manufacturer released 2027 guidance that exceeded market expectations for growth and margins. The stock was also strong after the U.S. election given leaders across Europe are calling for increased spending and reduced barriers to production and trade in order to create more self-sufficient defense environment. The company continues to deliver results, which will be important in a higher demand environment.

Sanofi positively contributed to relative returns during the month as there was a positive reaction to the earnings release driven by strong pipeline execution and in-line guidance for the fourth quarter and 2025. Key highlights include the ongoing sale of its consumer (Opella) stake, expected to generate significant proceeds by mid-year, with a portion returned to shareholders through a planned buyback. Despite initial EPS dilution from the Opella sale, the transaction boosts growth potential for the remaining company. The fourth quarter results met expectations, showing solid top-line growth driven by new launches.

Comcast Corporation detracted from relative performance during January. The same issue remains as weakness stems from broadband net subscriber losses, even as average revenue per user is in their target growth range of +3% to 4%.

The Bank of Nova Scotia detracted from relative performance in January on light news during the month. The stock was down slightly after announcing the transfer of its operations in Colombia, Costa Rica, and Panama, resulting in a 20% ownership stake in the combined entity and an after-tax charge of approximately \$980 million.

## OUTLOOK

The persistent political changes across the globe continue to drive short-term tactical repricing, but the long-term impacts are far from certain as ideology will ultimately clash with political reality. What does stand out is the juxtaposition of continued U.S. economic strength and tepid economic growth in Europe. Markets continue to expect rate cuts going forward (except in the U.S.), but the pace and magnitude remain a question, especially given the political context. While the market expected more cuts, the interplay between economic strength and the labour market led the Fed to pause rate cuts. A few areas to watch in the U.S. going forward are policy initiatives, tariff threats, ambitions to project power abroad, and whether the labour market or economy take centre stage as the Fed idles. We are also mindful that, given the geopolitical factors which are ever present, i.e., war in Ukraine, Middle East conflicts, recent elections in Europe, the U.S., and South America, markets are likely to remain more volatile as they adjust to changing economic conditions and policy goals. We believe that markets are likely to remain in this pattern until there is some visibility for several of these issues. As macro issues tend to swing markets up and down, it is important to remember that the best time to find value is when markets are either fearful or exuberant about a small opportunity set and are ultimately overlooking good companies with solid operating fundamentals.

---

Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets.

This publication 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 PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website [www.perpetual.com.au](http://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 any investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

---

## MORE INFORMATION

Adviser Services 1800 062 725

Investor Services 1800 022 033

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

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

