Perpetual Private

Fund Profile - 31 March 2025

Implemented International Share Portfolio

Fund facts

APIR code	PER0711AU
Inception date	9 December 2013
Asset class	Global Equities
Investment style	Multi manager blend
Benchmark	MSCI AC World Index – Net Return (Unhedged in AUD)
Suggested length of investment	Five years or more
Unit pricing frequency	Daily
Distribution frequency	Quarterly
Legal type	Unit trust
Product type	Wholesale Managed Investment Scheme
Status	Open
Management fee*(%)	0.93%
Buy/Sell spread	0.22% / 0.00% as at October 2024
Issuer	Perpetual Investment Management Limited

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

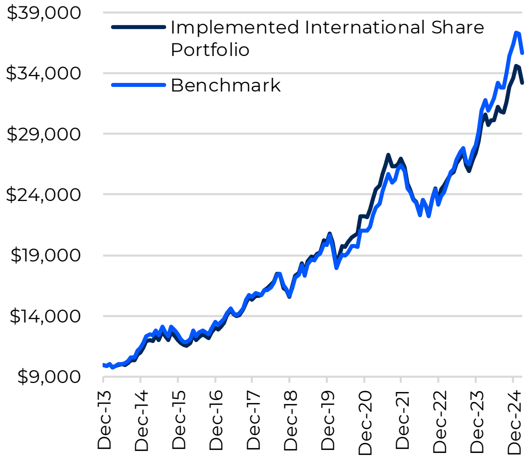
Investment objective

To provide investors with long term capital growth through investment in a diversified portfolio of international shares. To outperform the stated benchmark over rolling three-year periods.

Benefits

Provides investors with the potential for maximising capital growth, with broad market exposure.

Growth of $10,000 since inception (net of fees)



Source: State Street.

Net performance

As at 31 March 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	-3.6%	-1.1%	8.6%	10.9%	12.7%	11.6%
Growth return	-4.0%	-1.5%	-5.3%	3.2%	4.8%	6.1%
Distribution return	0.4%	0.4%	13.8%	7.7%	7.9%	5.5%
Benchmark	-4.2%	-2.0%	12.2%	13.8%	14.8%	12.3%
Excess Return	0.6%	0.9%	-3.6%	-2.9%	-2.1%	-0.7%

Source: State Street. Past performance is not indicative of future performance. *Since Inception

Top 10 stock holdings

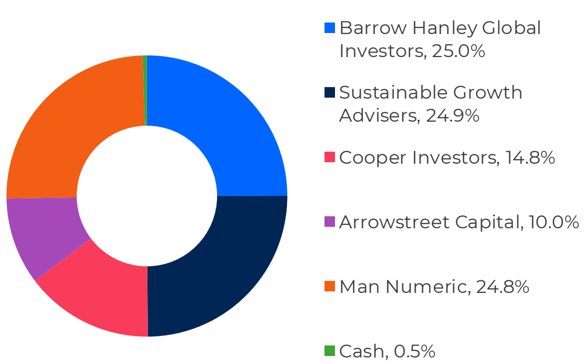
As at 31 March 2025

Stock	Weight %	Country
Visa Inc.	3.2%	United States
Microsoft Corporation	3.1%	United States
Amazon.com	3.1%	United States
Meta Platforms	2.2%	United States
Alphabet Inc.	2.0%	United States
Intuit Inc.	1.8%	United States
Apple Inc.	1.7%	United States
Merck & Co., Inc.	1.7%	United States
NVIDIA Corporation	1.5%	United States
HDFC Bank	1.5%	India
Total Top 10 Holdings %	**21.7%**	

Source: State Street, FactSet.

Portfolio exposure by manager

As at 31 March 2025



Source: State Street

Investment approach

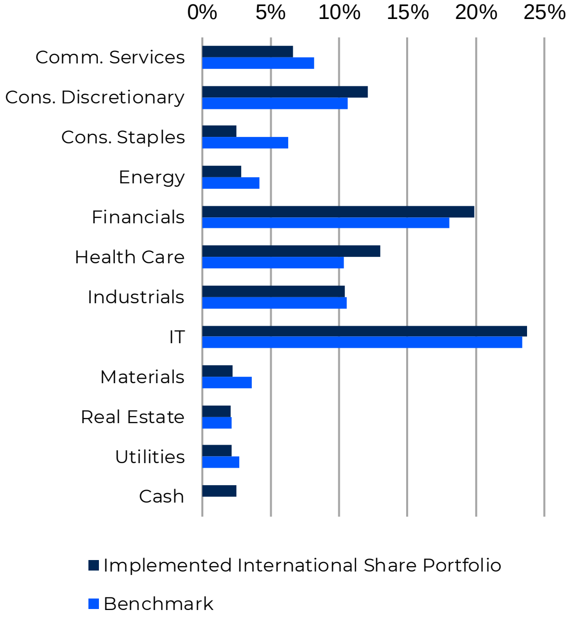
A multi-manager framework is utilised, where specialist investment managers are selected to form a diverse and complementary mix of investment strategies and styles. This can help reduce volatility by avoiding over exposure to a particular specialist investment manager. Derivatives may be used in managing the portfolio.

Investment strategy

The portfolio combines managers who apply either a bottom-up fundamental stock picking or quantitative approach to security selection, have a repeatable investment process, work within appropriate risk management frameworks, operate in an aligned and stable organisational structure, and have a performance track record that is consistent with their style and approach. We believe combining these characteristics positions the portfolio to best deliver a stable outcome within a multi-manager framework.

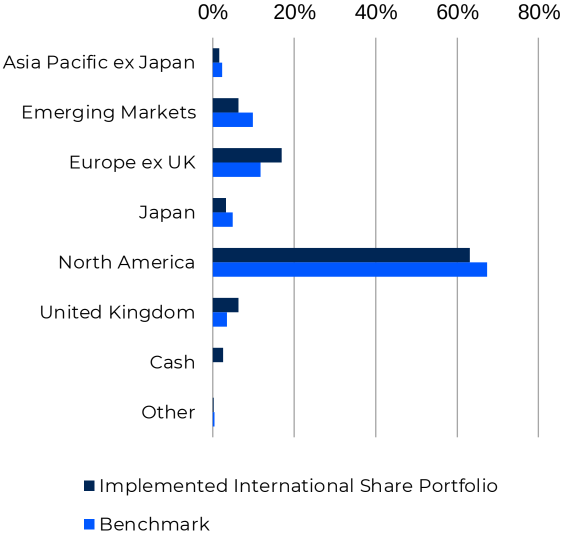
The Implemented International Share Portfolio combines managers who operate across all industry sectors and geographic regions, including both developed and emerging markets. All managers within the portfolio play a specific role, despite individually managing appropriately diversified portfolios. The portfolio is diversified in a range of ways including by market capitalisation (small, mid, and large cap), investment style (value, growth, quality, or a combination). The overarching characteristic of the managers within the portfolio is a modest bias towards 'quality', embodying our 'protect and grow' investment philosophy. Excluding the Global Small Cap manager, each manager runs relatively high conviction portfolios. Our more concentrated managers manage portfolios of between 20 and 45 securities, while more diversified managers typically manage portfolios of between 50 and 70 securities. The portfolio blends the above-mentioned group of managers targeting a portfolio that combines investment styles, market capitalisation biases, and other characteristics in a way that complements each other, and should over time deliver a well-balanced, consistent performance outcome. The end result is the creation of a portfolio that aims to have an overall volatility below that of the broader benchmark, while exhibiting a modest level of tracking error.

Sector exposures
As at 31 March 2025



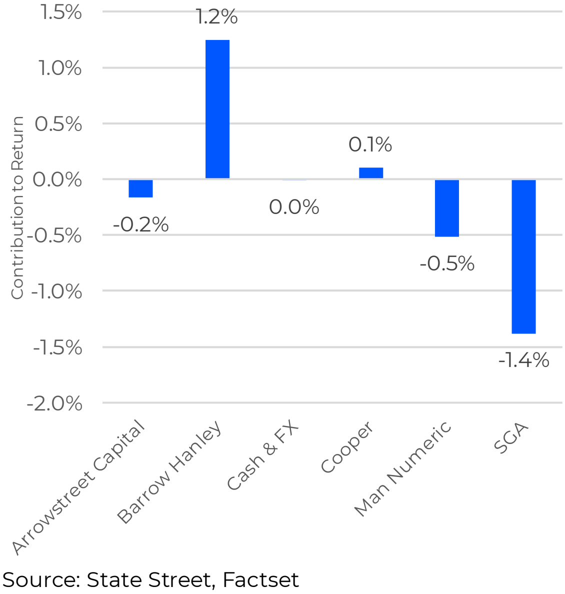
Source: State Street, FactSet.

REGION EXPOSURES
As at 31 March 2025



Source: State Street, Factset

Contribution by manager
Quarter to 31 March 2025



Source: State Street, Factset

Manager line-up and approach
As at 31 March 2025

Manager	Approach
Barrow Hanley Global Investors	Diversified portfolio, mid-large cap value.
Man Numeric	Concentrated portfolio, quantitative global large to mega cap.
Cooper Investors	Concentrated portfolio, mid to large gap quality.
Sustainable Growth Advisers	Concentrated portfolio, mid to large cap growth.
Arrowstreet Capital	Quantitative core global small cap.

Market Commentary

International shares ended the March quarter in negative territory, with the MSCI All Country World Index (ACWI) down -2.0% in AUD terms. Beneath the surface, however, there was wide dispersion in performance across regions, sectors, and investment styles.

Geographically, US equities led global declines. In Australian dollar terms, the S&P 500 fell -5.0%[1], while the Nasdaq tumbled -10.8%[2], as investors rotated out of expensive growth stocks. In contrast, non-US developed markets outperformed, with European shares driving global returns. Germany surged +16.9%[3] after unveiling a €500 billion infrastructure fund and increased defence spending - both exempt from its tight fiscal rules. France (+9.6%[4]) and the UK (+8.7%[5]) also posted strong gains, supported by domestic stimulus optimism and a rotation away from US tech. In Asia, the Hang Seng rallied +15.1%[6], buoyed by enthusiasm for China's DeepSeek AI platform and solid IT earnings. Japan lagged, with the Nikkei down -6.1%[7] and Emerging Markets posted a modest gain (+2.3%)[8], supported by improved Chinese economic data.

Sector performance was mixed. Although only three of the eleven MSCI ACWI sectors posted negative returns, two of them—Consumer Discretionary (-8.2%[9]) and Information Technology (-12.2%[10]) - were heavily weighted and deeply negative. Tesla led losses in Consumer Discretionary amid demand concerns and policy uncertainty, while Tech stocks were hit hard following the debut of DeepSeek, which cast doubt on the dominance of US artificial intelligence leaders. On the other end, Energy rose +8.5%[11] on rising demand expectations and renewed European fiscal support. Defensive sectors also outperformed, with Utilities up +5.9%[12] and Consumer Staples gaining +5.0%[13].

Style-wise, the quarter marked one of the widest performance gaps in recent memory. Growth stocks were hardest hit, with the MSCI World Growth Index down -8.3%[14], while Value stocks rose +4.1%[15], helped by exposure to energy, financials, and more stable earnings streams.

Small caps also struggled, with the MSCI ACWI Small Cap Index down -4.6%[16], impacted by a combination of rising worries about economic growth and stubbornly high interest rates.

Portfolio Commentary

The Perpetual Implemented International Share Portfolio outperformed the MSCI All Country World Index (unhedged AUD) on a net-of-fees basis in the first quarter of 2025. There were no changes to the manager line-up during the period.

Arrowstreet Capital outperformed both the MSCI ACWI (unhedged AUD) and its strategy benchmark, the MSCI World Small Cap Index (unhedged AUD). Relative to its small-cap benchmark, regional positioning was a key positive contributor - particularly the underweight to the US and overweight exposures to Europe and Emerging Markets. Sector positioning detracted, mainly due to an overweight to Materials and an underweight to Global REITs. Stock selection added value, with the strongest contributors being *Aoshikang Technology*, *NMS Holdings Corp.*, and *Yamagata Bank*. Key detractors included *Net Insight AB*, *Meta Platforms*, and *IG Port*.

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[1] As measured by the S&P 500 index – Net Return in AUD terms (Unhedged)
[2] As measured by the NASDAQ Composite index – Gross Return in AUD terms (Unhedged)
[3] As measured by the DAX index – Gross Return in AUD terms (Unhedged)
[4] As measured by the CAC 40 index – Net Return in AUD terms (Unhedged)
[5] As measured by the FTSE 100 index – Net Return in AUD terms (Unhedged)
[6] As measured by the Hang Seng index – Net Return in AUD terms (Unhedged)
[7] As measured by the Nikkei 225 index – Net Return in AUD terms (Unhedged)
[8] As measured by the MSCI Emerging Markets index – Net Return in AUD terms (Unhedged)
[9] As measured by the MSCI AC World – Consumer Discretionary – Net Return index in AUD terms (Unhedged)
[10] As measured by the MSCI AC World – Information Technology – Net Return index in AUD terms (Unhedged)
[11] As measured by the MSCI AC World – Energy – Net Return index in AUD terms (Unhedged)
[12] As measured by the MSCI AC World – Utilities – Net Return index in AUD terms (Unhedged)
[13] As measured by the MSCI AC World – Consumer Staples – Net Return index in AUD terms (Unhedged)
[14] As measured by the MSCI World Index Growth – Net Return index in AUD terms (Unhedged)
[15] As measured by the MSCI World Index Value – Net Return index in AUD terms (Unhedged)
[16] As measured by the MSCI AC World Index Small Cap – Net Return in AUD terms (Unhedged)

Barrow Hanley delivered strong outperformance relative to the MSCI ACWI (unhedged AUD) in Q1 2025, with regional allocation, sector positioning, and stock selection all contributing positively. An underweight to Information Technology and overweights to Utilities and Energy added to returns. Strong stock selection within Industrials - particularly European and defence-related names like *Rheinmetall AG* and *BAE Systems plc* - also supported performance. Additional contributions came from successful stock picks in Utilities, Consumer Discretionary, Materials, Financials, and Real Estate. Regionally, the strategy benefited from overweights to Europe, an underweight to the US, and selective exposure to Emerging Markets, notably China and Brazil.

Cooper Investors outperformed the MSCI ACWI (unhedged AUD) for the quarter, supported by strong stock selection and regional positioning. The largest regional contributor was an overweight to the UK, while an underweight to Emerging Markets detracted slightly. Sector allocation had a limited overall impact, with a helpful underweight to Information Technology offset by detractions from overweights to Consumer Discretionary and an underweight to Energy. Stock selection drove returns, with key contributors including *CME Group Inc.*, *Sony Group*, and *Visa Inc.*, while *Alphabet*, *Microsoft*, and *Booking Holdings Inc.* were the primary detractors.

Man Numeric underperformed the MSCI ACWI (unhedged AUD) in Q1 2025. A regional overweight to Europe contributed positively, though an underweight to Emerging Markets detracted. Sector allocation was negative overall, with the absence of exposure to Consumer Staples and an underweight to Financials weighing on returns. An overweight to Information Technology also detracted. Stock selection was the largest drag, with positive contributions from *Johnson & Johnson* and *Siemens Aktiengesellschaft*, offset by weaker performance from *Salesforce* and *Alphabet*.

SGA underperformed the MSCI ACWI (unhedged AUD) in the March quarter. Regional positioning was mildly positive, with an overweight to Europe and an underweight to Japan supporting relative returns. However, sector allocation detracted due to underweights to the outperforming Consumer Staples and Energy sectors, alongside an overweight to Information Technology. Stock selection was also negative, with underperformance from holdings in *Novo Nordisk*, *Taiwan Semiconductor Manufacturing*, and *Salesforce*. Partial offsets came from not holding *Tesla* and gains from *Visa*.

Manager Insights And Outlook

Last quarter we spoke to the 'shifting sands' we observed in markets, with leadership changing over short (daily and weekly) horizons. While markets trended higher over the period - including in the lead-up to Donald Trump's inauguration - with the benefit of hindsight, it's now clear that equities were seeking clarity amid an increasingly uncertain policy backdrop.

In the lead-up to, and immediately following, Trump's inauguration, investors have been trying to understand what his policies and approach could mean for global growth, inflation, interest rates, and, in turn, equity markets. Many pundits expected a continuation of his first-term playbook - 'pro-business' policies that would support markets. Increasingly, however, it has become clear that Trump intends to deliver on key campaign promises: deporting 'illegal' immigrants and rebalancing US trade via tariffs.

Following the recent 'Liberation Day' announcements and the market's reaction, uncertainty has risen - and will likely continue to weigh on investor sentiment in the period ahead. The initial response to the tariffs was a broad sell-off in US equities, led by expensive, high-beta technology stocks. In contrast, European and Rest of World (RoW) companies have fared relatively better.

We've observed a shift in equity market leadership, with 'Value' style managers performing admirably in the current environment, and a modest flight to 'Quality'. Most notably, high-beta, high-growth, and strong momentum names generally underperformed. We wouldn't be surprised to see Value and Quality continue to outperform as markets digest the potential implications of tariffs on company fundamentals, revenue and earnings outlooks, and, in some cases, business models. In the near term, we also expect investors to favour companies with greater earnings certainty.

We remain focused on the nexus between valuations and earnings delivery. Despite recent price action, markets are not ‘cheap’, with valuations still at or above long-term averages. We believe corporates’ ‘margin for error’ has narrowed, and that earnings misses will likely be met with harsh treatment and sharp price drawdowns. Avoiding names where this risk is elevated will be key to delivering strong outcomes.

We continue to watch with interest how markets evolve through 2025. While there is optimism for a rally in the second half of the year, risks remain elevated - driven by political uncertainty and the rising risk of a modest slowdown in global growth.

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