

Fund Profile - 31 March 2026

# Implemented RI Australian Share Portfolio

## Fund facts

<b>APIR code</b>	PER6066AU
<b>Inception date<sup>^</sup></b>	1 November 2024
<b>Asset class</b>	Domestic Equities
<b>Investment style</b>	Multi manager blend
<b>Benchmark</b>	S&P/ASX 300 Accumulation Index
<b>Suggested length of investment</b>	Five years or more
<b>Unit pricing frequency</b>	Daily
<b>Distribution frequency</b>	Quarterly
<b>Legal type</b>	Unit trust
<b>Product type</b>	Wholesale Managed Investment Scheme
<b>Status</b>	Open
<b>Management fee*</b>	0.90%
<b>Buy/Sell spread</b>	0.12% / 0.12% as at June 2025
<b>Issuer</b>	Perpetual Investment Management Limited

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

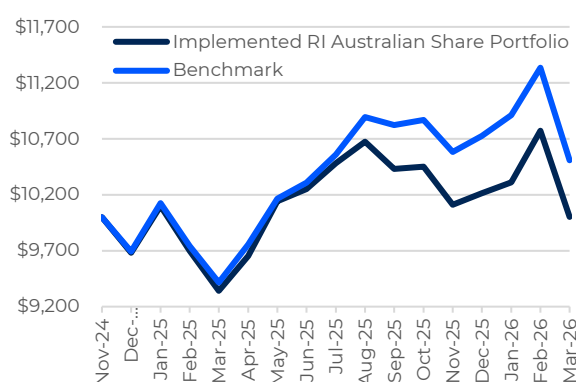
## Investment objective

To provide investors with long term capital growth and income by investing in a diversified portfolio of Australian shares, aiming to outperform the S&P/ASX 300 Accumulation Index (before fees and tax) over rolling three-year periods.

## Benefits

Provides investors with access to a diversified portfolio of Australian shares through a professionally managed, multi-manager structure. Manager-specific risk is reduced through the diversification of investment style and philosophy. Responsible Investment considerations are inherent within the specialist investment managers' investment strategies.

## Growth of \$10,000 since inception



Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance.

## Net performance

As at March 2026

Returns	1M	3M	1YR	3YR	5YR	S/I*
<b>Total return</b>	-7.2%	-2.1%	7.1%	-	-	0.0%
<b>Growth return</b>	-7.4%	-2.4%	2.3%	-	-	-3.8%
<b>Distribution return</b>	0.3%	0.3%	4.8%	-	-	3.8%
<b>Benchmark</b>	-7.3%	-2.0%	11.6%	-	-	3.8%
<b>Excess Return</b>	0.1%	-0.0%	-4.5%	-	-	-3.8%

Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance. \*Since Inception<sup>^</sup>.

## Top 10 stock holdings

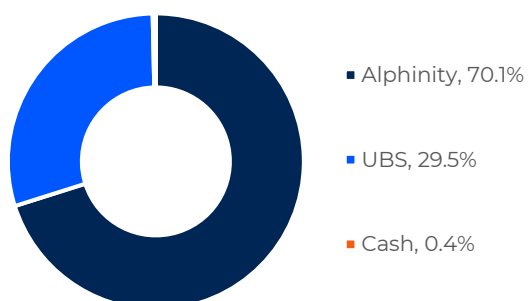
As at March 2026

Stock	Weight	Country
BHP Group Limited	7.6%	Australia
Commonwealth Bank	6.6%	Australia
ANZ Banking Group	6.1%	Australia
Westpac Banking Corporation	5.1%	Australia
Macquarie Group	4.8%	Australia
National Australia Bank	4.4%	Australia
Rio Tinto Ltd.	3.5%	Australia
CSL Limited	3.5%	Australia
Brambles Limited	3.4%	Australia
QBE Insurance Group Limited	3.4%	Australia
<b>Total Top 10 Holdings %</b>	<b>48.3%</b>	

Source(s): State Street, FactSet.

## Portfolio exposure by manager

As at March 2026



Source(s): State Street, FactSet.

## Investment approach

The Portfolio adopts a multi-manager approach, combining specialist investment managers with complementary styles and philosophies. This diversification seeks to reduce volatility by avoiding over-exposure to any single manager or investment style. Specialist investment managers are selected based on their ability to implement Responsible Investment strategies, which may include replication of an ESG index. Derivatives may be used in managing the portfolio.

Specialist investment managers are selected for their distinct investment styles and/or biases which are intentionally chosen to improve the risk/return characteristics of the overall investment blend. Collectively, this multi-manager structure aims to deliver a well-diversified portfolio across holdings, sectors, and market capitalisations. Perpetual undertakes rigorous due diligence prior to manager selection. Each selected manager is engaged under a separate account arrangement, allowing full transparency over the underlying holdings. Managers are subject to ongoing review and may be appointed or removed at Perpetual's discretion, without prior notice to investors. As such, the composition of specialist investment managers may vary throughout the life of your investment.

## Investment strategy

The strategy is biased towards utilising investment managers that have a robust investment process, operate within an appropriate risk management framework and operate in an aligned and stable organisational structure. Utilising a multi-manager framework, the strategy aims to provide a blend of managers that together are expected to deliver a relatively smooth return profile, while including Responsible Investment considerations as part of their investment strategy.

Each investment manager is granted the flexibility to apply their unique investment philosophy and approach to assessing investments from an ESG and responsible investment perspective. This may include the use of both negative and/or positive screening methodologies. However, all specialist investment manager strategies must include the Global Industry Classification Standard (GICS<sup>®</sup>) based exclusionary screens as outlined in the Product Disclosure Statement (PDS), which prohibit investment in companies identified in specific GICS sub-sectors.

From a portfolio construction perspective, the highest weighting within the Portfolio is allocated to a “Core” manager, one that adopts a hybrid investment approach – combining fundamental bottom up company analysis and other quantitative or systematic inputs to their stock selection process, so as to deliver a portfolio that is broadly style neutral with a more stable return profile through time and risk metrics that are more closely aligned to the benchmark. Beyond the Core, managers are then selected with particular investment styles or biases that are complementary to one another.

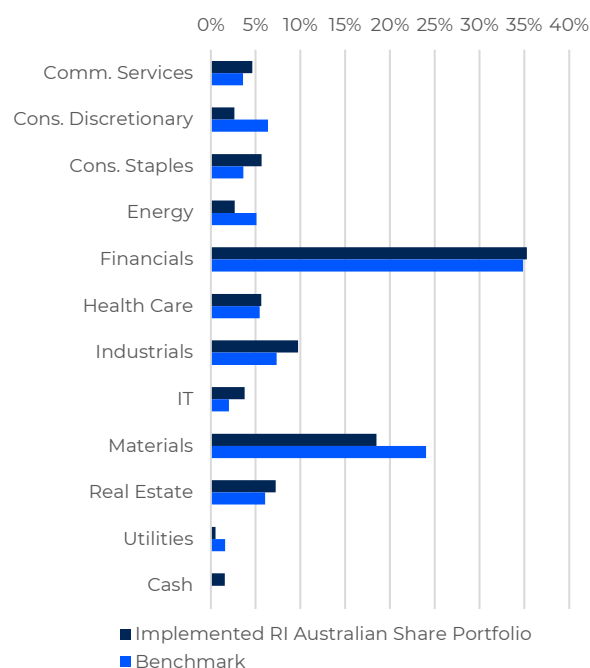
## Manager line-up and approach

As at March 2026

Manager	Approach
<b>Alphinity Investment Management</b>	Core manager with a hybrid fundamental/quant approach, with a multi-layered ESG integration process.
<b>UBS Asset Management</b>	Passive exposure to MSCI Australia Selection Index, representing companies meeting specific ESG criteria.

## Sector exposures

As at March 2026



Source(s): State Street, FactSet.

## Exclusionary screens

As at March 2026

### Excluded Industries for Direct Investment\*

**Tobacco** – (GICS sector 30203010) – Defined as “Manufacturers of cigarettes and other tobacco products”

**Casinos and Gaming** – (GICS sector 25301010) – Defined as “Owners and operators of casinos and gaming facilities. Includes companies providing lottery and betting services”

**Brewers or Distillers and Vintners** – (GICS sectors 30201010 & 30201020) – Defined as “Producers of beer and malt liquors, distillers, vintners and producers of alcoholic beverages”

**Other specialised REITS** – (GICS sector 60108010) – Defined as “Companies or trusts engaged in the acquisition, development, ownership. Leasing, management and operation of properties not classified elsewhere under another GICS equity real estate investment trusts classification”

\*Please refer to the Product Disclosure Statement for further information in relation to our ESG screening criteria.

## Market Commentary

Australian equities ended the March quarter in the red, with the S&P/ASX300 falling -2.0%<sup>1</sup> over the period. While the calendar year began with relatively muted gains, waning investor sentiment was further quelled by hotter-than-expected inflation through the December quarter, paving the way for the Reserve Bank of Australia's (RBA) first rate hike in over two years. Against this increasingly hawkish backdrop, Australian companies entered the half-year reporting season facing minimal tolerance for earnings disappointment. In spite of this, results broadly reinforced a return to fundamentals rather than a collapse in confidence, with companies rewarded for business strategy execution and effective capital resource management. Such resilience was evident in February performance, with the S&P/ASX 300 rising 3.9%<sup>2</sup>. However, these gains were quickly unwound as escalating geopolitical tensions across the Middle East culminated in coordinated strikes by the United States and Israel on key Iranian targets, prompting a series of retaliatory measures including the restriction of transit through the Strait of Hormuz, a critical chokepoint for Middle Eastern exports. Mounting concerns around sustained supply chain disruptions, fuel security, and additional inflationary pressures drove a de-risking correction into quarter-end, compounded by the RBA's decision to lift the cash rate again at its March meeting, a stark departure from policy expectations just six months earlier.

From a size perspective, large caps meaningfully outperformed their smaller counterparts during the quarter. The S&P/ASX 100 fell -0.9%<sup>3</sup>, while the ASX Small Ordinaries declined a sharper -10.9%<sup>4</sup>. Rising interest rates, deteriorating risk appetite, and higher input costs weighed disproportionately on smaller companies. This marks a notable reversal from recent quarters, where small caps had benefited from the cumulative tailwind of the RBA's 2025 easing cycle and strong flows into resource and gold names.

The implications of this conflict were inherently evident in sector-level performance, with investors rotating toward traditional defensives as volatility rose. Consumer Staples (8.4%<sup>5</sup>) and Utilities (10.3%<sup>6</sup>) were the primary beneficiaries, while Consumer Discretionary extended its year of underperformance, falling -14.9%<sup>7</sup> over the quarter. Energy (+36.1%<sup>8</sup>) was the clear standout, as solid earnings and supportive valuations coalesced with rising oil prices to fuel positive returns in each month. Initial strength in Materials and Financials ex-REITs eroded to only modest gains of 3.4%<sup>9</sup> and 0.4%<sup>10</sup>, factoring in a decline of -13.2%<sup>11</sup> and -6.6%<sup>12</sup> in March alone. A-REITs (-16.4%<sup>13</sup>) suffered under the deteriorating policy rate outlook, while Information Technology (-27.2%<sup>14</sup>) and Health Care (-16.8%<sup>15</sup>) again closing out the weakest performers as sector-specific headwinds persisted. Industrials slide -5.9%<sup>16</sup> as rising uncertainty and higher input costs weighed on activity expectations, while Communication Services (-1.3%<sup>17</sup>) escaped relatively unscathed by the conflict given the non-discretionary and recurring nature of its core earnings.

From a style perspective, Value stocks (6.8%<sup>18</sup>) continued to outpace Growth (-6.2%<sup>19</sup>), now outperforming by a significant margin on an annualised three-year basis. Persistently sticky inflation entrenched a 'higher-for-longer' rate environment, with investors increasingly seeking earnings durability and tangible cash-flow generation. Value's outperformance was further bolstered by its heavier exposure to

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<sup>1</sup> As measured by the S&P/ASX 300 – Total Return index

<sup>2</sup> As measured by the S&P/ASX 300 – Total Return index

<sup>3</sup> As measured by the S&P/ASX 100 – Total Return index

<sup>4</sup> As measured by the S&P/ASX Small Ordinaries – Total Return index

<sup>5</sup> As measured by the S&P/ASX 300 Consumer Staples (Sector) – Total Return index

<sup>6</sup> As measured by the S&P/ASX 300 Utilities (Sector) – Total Return index

<sup>7</sup> As measured by the S&P/ASX 300 Consumer Discretionary (Sector) – Total Return index

<sup>8</sup> As measured by the S&P/ASX 300 Energy (Sector) – Total Return index

<sup>9</sup> As measured by the S&P/ASX 300 Materials (Sector) – Total Return index

<sup>10</sup> As measured by the S&P/ASX 300 Financials ex-REITs (Sector) – Total Return index

<sup>11</sup> As measured by the S&P/ASX 300 Materials (Sector) – Total Return index

<sup>12</sup> As measured by the S&P/ASX 300 Financials ex-REITs (Sector) – Total Return index

<sup>13</sup> As measured by the S&P/ASX 300 A-REIT (Sector) – Total Return index

<sup>14</sup> As measured by the S&P/ASX 300 Information Technology (Sector) – Total Return index

<sup>15</sup> As measured by the S&P/ASX 300 Health Care (Sector) – Total Return index

<sup>16</sup> As measured by the S&P/ASX 300 Industrials (Sector) – Total Return index

<sup>17</sup> As measured by the S&P/ASX 300 Communication Services (Sector) – Total Return index

<sup>18</sup> As measured by the MSCI Australia Value – Net Return index

<sup>19</sup> As measured by the MSCI Australia Growth – Net Return index

commodities and energy-linked businesses, while Growth lagged as multiples continued to compress across high-valuation technology and healthcare names.

## **Portfolio Commentary**

The Implemented Responsible Investment (RI) Australian Share Portfolio performed in line with its benchmark on a net-of-fees basis over the first quarter of 2026.

**Alphinity** outperformed its benchmark during the period. Not having any exposure to the strong performing Energy sector was a material detractor over the period, as was their relative overweight to the Technology sector. However, this was more than offset by strong stock selection, particularly within the Materials, Technology and Communication Services sectors. Key contributors were their overweight holdings in a2 Milk, Alcoa, BHP, Rio Tinto, QBE Insurance and Superloop.

**UBS** manages a passive strategy designed to track the MSCI Australia Selection Index. This index underperformed the broader ASX 300 benchmark by 2.8% for the quarter. The primary detractors were key positions held in CSL, Goodman Group, Northern Star and Xero, as well as not having any exposure to BHP or Commonwealth Bank of Australia.

## Manager Insights and Outlook

As we entered the March quarter, our approach to the Australian equities market was shaped by a measured and cautious outlook. While we remained constructive overall, we anticipated more modest returns through 2026 and recognised we were facing into a more complex investment landscape. Resilient economic growth and labour markets, coupled with a steady inflow of capital from domestic, offshore and retail investors, had provided underlying tailwinds for local equities. However, this was tempered by concerns around elevated valuations, persistent inflationary pressures and the prospect of a more hawkish RBA, alongside ongoing macroeconomic uncertainty and geopolitical tensions offshore. Against this backdrop, we had maintained a core portfolio that is structured to navigate ongoing market rotations, with a focus on valuation discipline, earnings resilience, and exposure to sectors where fundamentals support long-term returns.

The March quarter ultimately unfolded as a tale of two very different halves. The period began on a strong footing, with corporate resilience on display through a robust February reporting season that broadly exceeded expectations. The S&P/ASX300 was up 3.9% that month alone with broad-based indications that corporate fundamentals remained intact for Australian Equities. Earnings beats outweighed earnings misses, with beats largely driven by improved margins (i.e. cost out) as opposed to top line revenue sales growth. Looking over the past 25 years, it was also the 2nd best reporting period from an EPS upgrade perspective, with the ASX200 EPS upgrades of +1.9% only being bested by the post COVID February 2021 reporting season rally. That said, headline strength masked a far more volatile and fragmented market beneath the surface. Dispersion of returns across stocks, sectors and styles was exceptionally high, with very large share price reactions from companies on the day of reporting (-5% for a miss and +3.4% for a beat, on average). Major banks demonstrated notable resilience, benefiting from a more supportive macro environment characterised by positive volume growth, strong credit quality and solid net interest margins. The Materials sector also stood out, delivering strong results on the back of commodity prices that materially exceeded consensus expectations.

However, this earlier optimism post reporting season proved short-lived. From late February, market dynamics changed decisively as geopolitical risk moved to the forefront. The US-Israeli air strikes on Iran on 28 February marked a clear inflection point, triggering a rapid escalation in tensions that culminated in Iran closing the Strait of Hormuz from 2 March. As a critical global energy chokepoint, through which around 20% of the world's oil and LNG flows, the closure immediately reignited supply-side fears, driving a sharp spike in oil prices. This energy shock added a fresh inflationary impulse at an already sensitive point in the cycle, reinforcing concerns around higher interest rates and materially dampening risk appetite. Equity markets responded swiftly. March was characterised by a broad-based sell-off as investors de-risked. Locally, the Energy sector was the clear and standout beneficiary, rising 19.2% in March as higher oil prices flowed directly through to earnings expectations. Defensive sectors such as Utilities and Consumer Staples also proved relatively resilient, while those more cyclical, interest-rate-sensitive and globally exposed segments of the market, particularly Technology, REITs and Materials, bore the brunt of the sell-off.

Looking ahead, the near-term outlook remains highly uncertain, with geopolitical developments now a dominant driver of market volatility, often eclipsing underlying corporate and economic fundamentals. While equity valuations remain elevated - even after the recent sell-off - the dislocation has created compelling opportunities to selectively deploy capital into high-quality businesses that have been sold down indiscriminately, particularly across cyclical and growth-oriented segments of the market. In an environment defined by heightened volatility and rapidly shifting market dynamics, we have remained disciplined in maintaining a well-balanced core portfolio.

## More information

1800 631 381

pcresearch@perpetual.com.au

perpetual.com.au/managed

^ Fund commenced in November 2024 with performance reporting from December 2024 once the fund had made an investment.

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