

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 April 2025 2025
Issuer	Perpetual Investment Management Limited

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

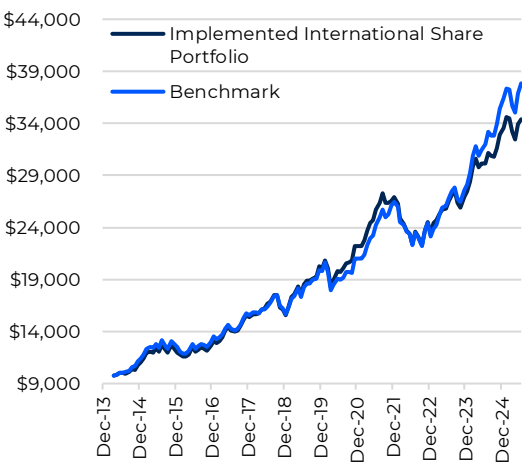
Investment objective

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 June 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	1.6%	3.6%	14.3%	15.4%	11.8%	11.7%
Growth return	-6.6%	-4.7%	4.4%	6.6%	3.7%	5.5%
Distribution return	8.2%	8.3%	9.9%	8.8%	8.1%	6.1%
Benchmark	2.6%	6.0%	18.4%	19.2%	14.8%	12.6%
Excess Return	-1.0%	-2.4%	-4.1%	-3.9%	-3.0%	-0.9%

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

Top 10 stock holdings

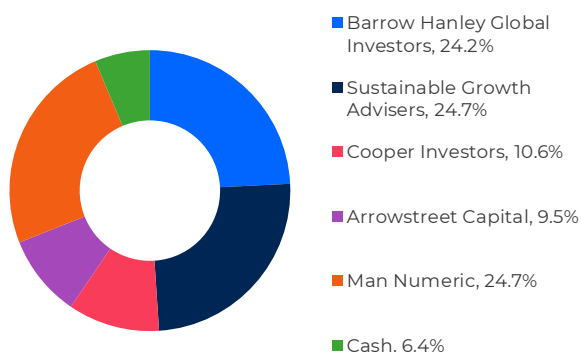
As at June 2025

Stock	Weight %	Country
Microsoft Corporation	3.4%	United States
Amazon.com	3.3%	United States
Meta Platforms	2.5%	United States
Visa Inc.	2.5%	United States
Alphabet Inc.	2.1%	United States
NVIDIA Corporation	2.1%	United States
Intuit Inc.	1.9%	United States
Salesforce, Inc.	1.5%	United States
Merck & Co., Inc.	1.5%	United States
HDFC Bank	1.4%	India
Total Top 10 Holdings %	22.2%	

Source: State Street, FactSet.

Portfolio exposure by manager

As at June 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.

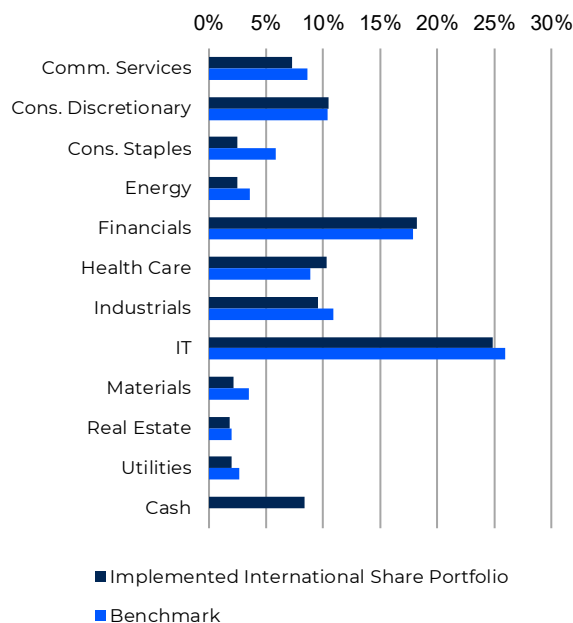
Investment strategy

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

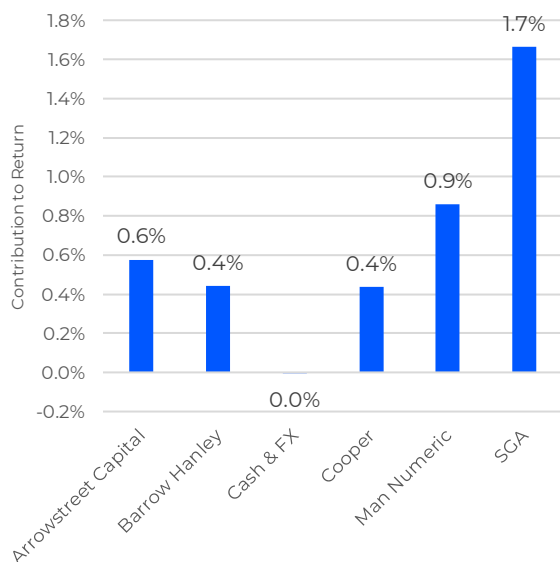
As at June 2025



Source: State Street, FactSet.

Contribution by manager

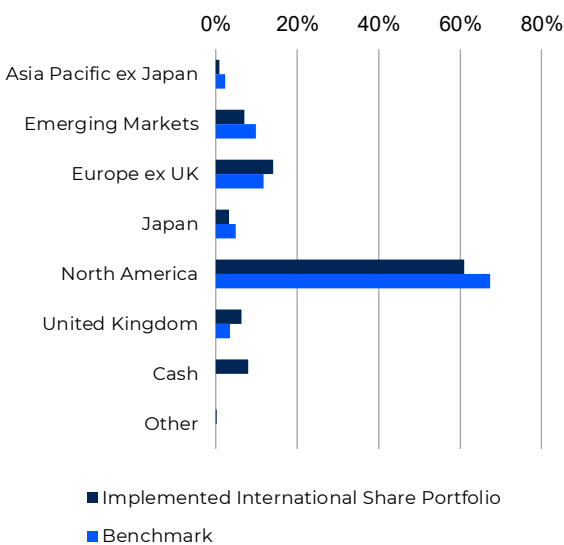
Quarter to June 2025



Source: State Street, Factset

Region exposures

As at June 2025



Source: State Street, Factset

Manager line-up and approach

As at June 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 delivered strong gains over the June quarter, with the MSCI All Country World Index (ACWI) rising 6.0%¹ in AUD terms. This performance came despite several headwinds, including renewed geopolitical tensions in the Middle East, heightened trade uncertainty following President Trump's 2nd April tariff announcements, and softer global economic data. Markets rebounded sharply from April's sell-off, buoyed by a partial reversal of aggressive tariff measures, a strong US earnings season - particularly in tech - and growing expectations for central bank easing later in the year. Over the 12 months to June, the MSCI ACWI returned 18.4%, and has delivered an impressive 19.2% annualised basis over the past three years.

Growth stocks (+11.9%²) strongly outperformed Value (+0.2%³), with tech-heavy names drawing renewed interest from investors following the April dip. Small caps also posted a solid gain (+6.8%⁴) but continue to lag large caps over the longer term.

In the US, a rally in mega-cap technology stocks drove performance, with the so-called "Magnificent 7" rising 21% in USD terms and Nvidia alone gaining nearly 50%. Market breadth in the US remained narrow, with equal-weighted indices lagging headline benchmarks by one of the widest margins in a decade. The S&P 500 returned 5.4%⁵ and the Nasdaq Composite 12.2%⁶. A weaker US dollar against most major currencies - including a 5.2% depreciation against the Australian dollar - modestly dampened unhedged returns for Australian investors, though underlying local-currency gains remained strong.

European equities also posted strong returns and continued to outperform other major markets on a year-to-date basis. Germany (+11.5%⁷) continued to benefit from fiscal expansion and rising industrial activity, while France (+3.7%⁸) and the UK (+4.2%⁹) also advanced, despite sluggish economic growth. In the Asia Pacific region, performance was more mixed. Japanese equities rose 12.1%¹⁰, while Chinese equities lagged (-0.4%¹¹). Elsewhere, Taiwan and Korea outperformed on the back of semiconductor strength, and the MSCI Emerging Markets Index rose 6.5%¹², supported by improving sentiment, a lower USD, and de-escalation in US-China trade tensions.

At the sector level, Information Technology (+17.2%), Communication Services (+12.0%) and Industrials (+9.7%) led the way, buoyed by tariff exemptions, strong earnings, and global demand for infrastructure and AI-linked technology. In contrast, Energy (-8.5%) declined as oil prices ended the quarter lower, despite a brief surge in June driven by supply concerns linked to the Israel-Iran conflict. Health Care (-8.4%) underperformed due to uncertainty around pharmaceutical tariffs and policy proposals. Consumer Staples (-1.6%) and Real Estate (-1.6%) also ended the quarter in negative territory.

¹ As measured by the MSCI ACWI – Net Return in AUD terms (Unhedged)

² As measured by the MSCI World Index Growth – Net Return index in AUD terms (Unhedged)

³ As measured by the MSCI World Index Value – Net Return index in AUD terms (Unhedged)

⁴ As measured by the MSCI AC World Index Small Cap – Net Return in AUD terms (Unhedged)

⁵ As measured by the S&P 500 index – Net Return in AUD terms (Unhedged)

⁶ As measured by the NASDAQ Composite index – Gross Return in AUD terms (Unhedged)

⁷ As measured by the DAX index – Gross Return in AUD terms (Unhedged)

⁸ As measured by the CAC 40 index – Net Return in AUD terms (Unhedged)

⁹ As measured by the FTSE 100 index – Net Return in AUD terms (Unhedged)

¹⁰ As measured by the Nikkei 225 index – Net Return in AUD terms (Unhedged)

¹¹ As measured by the Hang Seng index – Net Return in AUD terms (Unhedged)

¹² As measured by the MSCI Emerging Markets index – Net Return in AUD terms (Unhedged)

Portfolio Commentary

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

Arrowstreet Capital underperformed 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 modest detractor, while stock selection was negative, and sector allocation was neutral. Overweight positioning in Europe and underweight exposure to the US contributed to performance. Sector positioning was neutral, despite underweight exposures in Health Care and Real Estate contributing. At the stock level, the main contributors were Bankinter SA, AJ Bell, and Brinker International, while Brighthouse Financial, ACI Worldwide, and Lincoln National Corp detracted.

Barrow Hanley underperformed the MSCI ACWI (unhedged AUD) in the June quarter, with regional allocation, sector positioning, and stock selection all detracting from relative performance. Overweight positioning in European and UK listed stocks and underweight in US stocks all detracted over the period. Underweight positioning in Information Technology and overweights to Real Estate and Energy sectors detracted from relative returns. Stock selection was weakest across Communication Services, Information Technology and Health Care. Key contributors include Vertiv Holdings, Carnival Corporation and Rheinmetall AG, while the main detractors included Sanofi, Merck & Co and Elevance Health.

Cooper Investors underperformed the MSCI ACWI (unhedged AUD) in the June quarter, with regional positioning and stock selection detracting from relative performance, while sector allocation contributed. Overweight positioning in the UK, and underweight exposure to the US detracted from performance. Underweight positioning in Health Care and Energy contributed, while an underweight allocation to Information Technology detracted. The main contributors during the quarter were Microsoft, Booking.com and Diploma, while exposure to Accenture, LSEG and GE Healthcare detracted.

Man Numeric underperformed the MSCI ACWI (unhedged AUD) in the June quarter. Regional allocation and stock selection detracted, while sector positioning contributed. A regional overweight to Europe detracted, though an overweight to the US contributed. An overweight in IT, was the primary contributor, while underweight positioning in Consumer Staples, and Industrials, as well as an overweight in Health Care were the main detractors. The main detractors over the period were Merck & Co, Abbvie and Qualcomm, while Intuit, Meta Platforms and Eli Lilly contributed.

SGA outperformed the MSCI ACWI (unhedged AUD) in the June quarter. Regional positioning was mildly positive, with an underweight to Europe and an overweight to the US supporting relative returns. Sector allocation contributed during the period, supported by underweights to Consumer Staples and Energy sectors, overweight positioning in Information Technology, while overweight positioning in Health Care detracted. Largest contributors for the period were Microsoft, Arm Holdings and Nvidia, while the largest detractors were UnitedHealth, Icon and Apple.

Manager Insights and Outlook

Market dynamics continue to evolve, with our 'shifting sands' thesis continuing to hold through the quarter. After strong outperformance of Value and Quality investment styles in the first quarter of 2025, we saw President Trump's announcement of 'reciprocal tariffs' rock markets in early April. With this came a sharp selloff across a range of sectors and regions, however, since the depths of the sell off, markets have rallied strongly, again with notable changes in leadership from week to week.

While many were concerned about the Israel / Iran conflict and the risk that US would intervene (which ultimately it did) combined with the risk it could lead to broader conflict and subsequently a significant sell off in markets; it became clear that the oil and energy complex remains the markets preferred 'tool' for expressing risks as they relate to the Middle East and that for intents and purposes, the Middle East is relatively limited on its impact on the world economy.

Looking forward, we believe that the market views President Trump's ability to negotiate and agree several trade deals with selected trading partners in recent weeks as proof that he will ultimately be successful with all the US's trading partners. This remains to be seen; however, we expect near term progress on trade deals to primarily be with countries who are incentivised to work faster to achieve an outcome with the US i.e. they are heavily reliant on the US consumer demand for their domestic industries.

Furthermore, US tariffs remain at the highest levels in almost a century, and while this will likely result in modestly higher inflation in the near term, we expect the market to focus on what this means for revenue, margins and profits as we come into the next earnings season.

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. Further, we expect the market to reward those management teams who demonstrate apt understanding of their supply chains and have the ability to adjust in response of tariffs and protect margins.

More information

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