

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 September 2025
Issuer	Perpetual Investment Management Limited

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

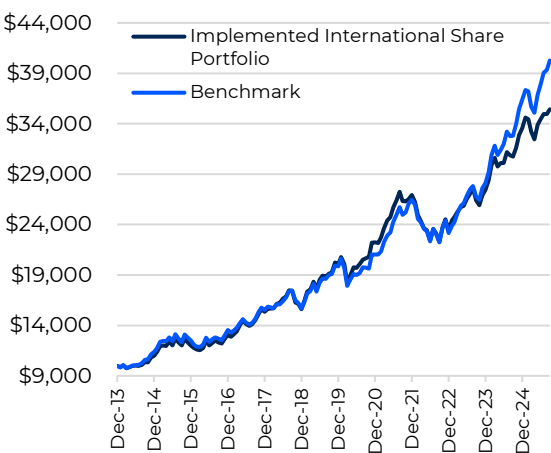
Investment objective

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

Net performance

As at September 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	1.3%	2.9%	15.2%	16.7%	11.4%	11.7%
Growth return	1.1%	2.7%	5.0%	7.8%	3.3%	5.7%
Distribution return	0.2%	0.2%	10.2%	8.9%	8.1%	6.0%
Benchmark	2.3%	6.4%	22.8%	21.9%	15.3%	12.9%
Excess Return	-1.0%	-3.5%	-7.5%	-5.2%	-3.9%	-1.2%

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

Top 10 stock holdings

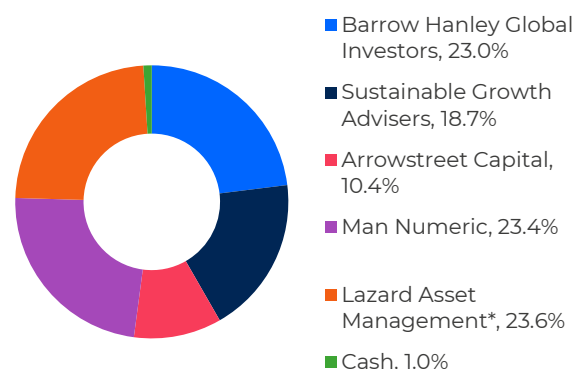
As at September 2025

Stock	Weight %	Country
Microsoft Corporation	3.2%	United States
NVIDIA Corporation	3.2%	United States
Alphabet Inc.	3.1%	United States
Amazon.com	3.0%	United States
Meta Platforms	2.2%	United States
Apple Inc.	2.0%	United States
Merck & Co., Inc.	1.7%	United States
Intuit Inc.	1.6%	United States
Visa Inc.	1.5%	United States
QUALCOMM Incorporated	1.4%	United States
Total Top 10 Holdings %	22.9%	

Source(s): State Street, FactSet.

Portfolio exposure by manager

As at September 2025



Source(s): State Street, FactSet. *Effective 15/08/2025, Lazard Asset Management were appointed

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.

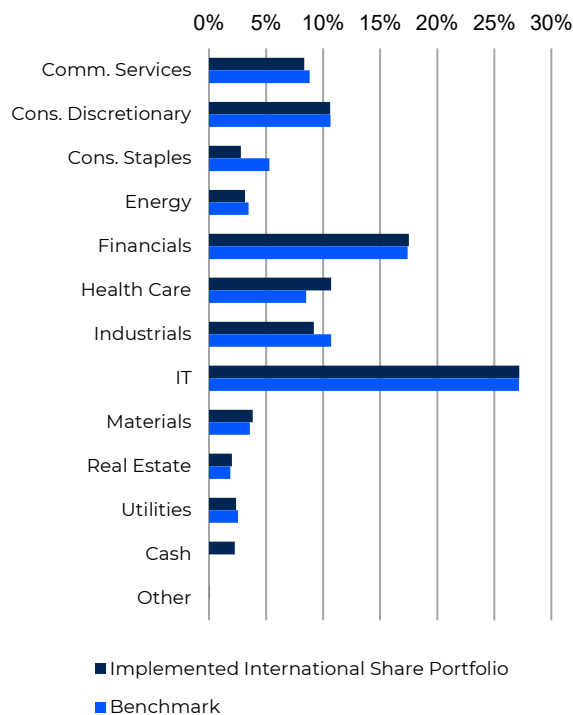
Investment strategy

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

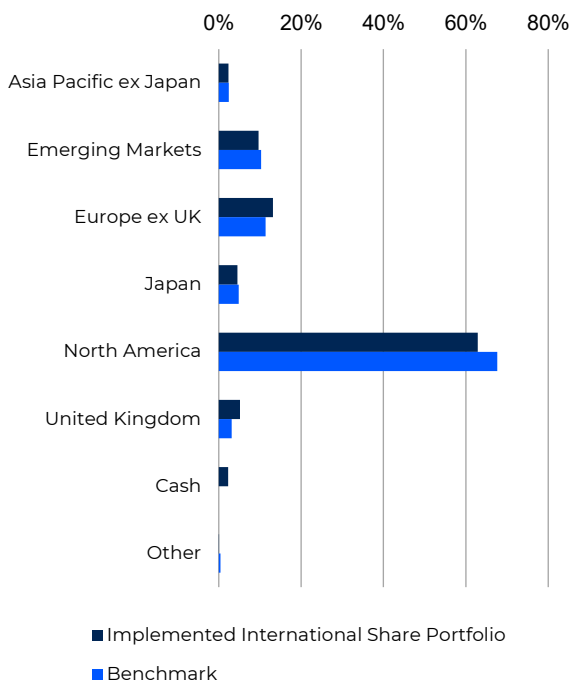
As at September 2025



Source(s): State Street, FactSet.

Region exposures

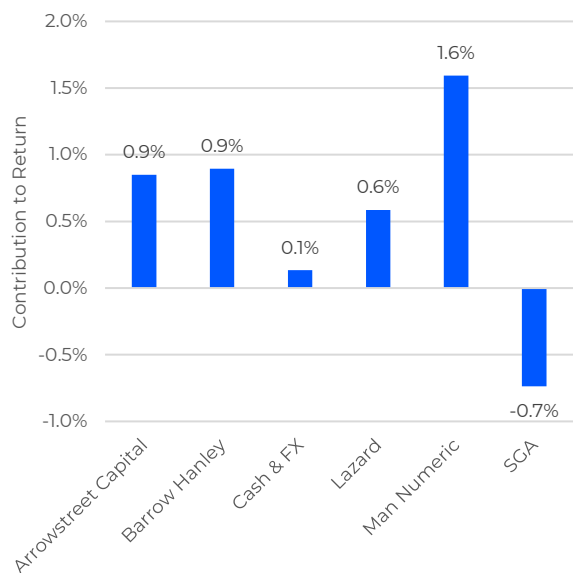
As at September 2025



Source(s): State Street, Factset

Contribution by manager

Quarter to September 2025



Source(s): State Street, Factset

Manager line-up and approach

As at September 2025

Manager	Approach
Barrow Hanley Global Investors	Diversified portfolio, mid-large cap value
Man Numeric	Concentrated portfolio, quantitative global large to mega cap
Sustainable Growth Advisers (SGA)	Concentrated portfolio, mid to large cap growth
Arrowstreet Capital	Quantitative, core, global small cap
Lazard Asset Management	Quantitative, core, benchmark aware

Market Commentary

International shares enjoyed another buoyant period, brushing off the complicated economic and geopolitical landscape, to return a robust 6.4%¹ for the quarter, and 2.3% for September; a month that is typically the weakest in the year. With the turmoil of President Trump's April 2nd tariffs announcement firmly in the rearview, markets have embraced a 'glass half full' perspective, opting instead to focus on the clear potential of the Artificial Intelligence (AI) revolution, over the haze of trade tensions and geopolitical conflict.

As such, the backdrop of global investment markets riding the continued and rapidly paced growth of AI and its related industries, has driven the performance of Growth companies over Value, delivering 7.4%² over the 3 months to the end of September (vs 4.7%³) and 28.1% over 12 months (vs 17.2%). Indeed, when we look through a sectoral lens, Information Technology and Communication Services, both of which contain the main tech giants you would associate with the AI ecosystem, are the stand-out best performing sectors over the 3 month period returning 11.5%⁴ and 10.5%⁵ respectively.

Pleasingly however, markets more broadly have been basking in the positive market sentiment AI has inspired, along with the continued delays to Trump's tariffs and a robust consumer. Indeed, the third best performing sector (behind Information Technology and Communication Services) was Consumer Discretionary, which returned a respectable 8.4%⁶ over three months. Even smaller companies have been enjoying farer conditions, returning 6.9%⁷ over the period, a healthy 0.7% higher than their larger company peers. This isn't to say that all segments of markets were strong. Consumer Staples was the only sector with a negative return for the quarter, receding -2.9%⁸, taking its 12-month performance to 4.4% (in stark contrast to Communication Services' 40.8% for the same period). Real Estate and Health Care were also somewhat subdued (returning 1.5%⁹ and 2.1%¹⁰ respectively), as post COVID inflation and higher-for-longer interest rates weigh on their earnings and valuation multiple.

On a regional basis, Hong Kong's Hang Seng index was the best performing of the primary markets we follow, returning 12.4%¹¹ in local currency terms; a gain that outpaces that of the US' tech-heavy Nasdaq market at 11.4%¹² (also in local currency terms). A combination of Chinese government buying through state-owned enterprises, attractive valuation differentials and some positive developments in China's own tech industry, has been stoking share market returns across Asia. Trailing the pack, we saw Germany's DAX index consolidate with a -0.1%¹³ return for the quarter, after some strong performance over the year (23.6%).

¹ As measured by the MSCI All Country World index in AUD terms

² As measured by the MSCI World Growth index in AUD terms

³ As measured by the MSCI World Value index in AUD terms

⁴ As measured by the MSCI AC World - Information Technology index in AUD terms

⁵ As measured by the MSCI AC World - Communication Services index in AUD terms

⁶ As measured by the MSCI AC World – Consumer Discretionary index in AUD terms

⁷ As measured by the MSCI AC World Small Cap index in AUD terms

⁸ As measured by the MSCI AC World - Consumer Staples index in AUD terms

⁹ As measured by the MSCI AC World - Real Estate index in AUD terms

¹⁰ As measured by the MSCI AC World - Health Care index in AUD terms

¹¹ As measured by the Hang Seng Index in local currency terms

¹² As measured by the Nasdaq Composite in local currency terms

¹³ As measured by the German DAX in local currency terms

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 third quarter of 2025. During the quarter, Cooper Investors Global Stalwart portfolio was terminated in favour of Lazard Global Equity Advantage.

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 modest contributor, while most of the strategy's outperformance was driven by positive stock selection. Stock selection was strongest across Industrials, Materials and Information Technology, but a headwind in Health Care. Sector allocation detracted over the period.

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

Man Numeric modestly outperformed the MSCI ACWI (unhedged AUD) in the September quarter. The portfolios allocation to larger cap stocks and sector exposures contributed to performance, while regional allocation detracted. Stock selection with Emerging Markets, and North America were the main contributors to performance. Of note, stock selection within Information Technology was poor, as was Consumer Discretionary, while positive within Health Care and Communication Services. Key contributors to performance during the period were Alphabet Inc (Class A), Johnson & Johnson, Abbvie, Inc and Samsung Electronics, while notable detractors included SAP SE, Salesforce Inc, Adobe Inc, and Intuit (all software businesses).

SGA materially underperformed the MSCI ACWI (unhedged AUD) in the September quarter. Despite regional positioning having a mildly positive impact, sector allocation and stock selection detracted from returns during the period. Stock selection detracted from performance across all sectors held in the portfolio, but primarily Information Technology, Consumer Discretionary and Financials. Largest contributors for the period were Alphabet, Nvidia, TSMC and United Health, while the largest detractors were Chipotle, Intuit, and Gartner.

Lazard outperformed the MSCI ACWI (unhedged in AUD) since its inception in mid-August 2025 through to the end of Q3 2025. Stock selection was the primary driver of outperformance, while sector allocation also made a modest contribution to returns. More detailed commentary will be provided, in line with other managers in the portfolio, in future quarters.

Manager Insights and Outlook

Following the April tariff announcement, investors adopted a more cautious stance given heightened apprehensions about trade policy and its economic implications. Nonetheless, this decline in confidence was transitory, with sentiment stabilising by May and risk appetite subsequently recovering. Equity markets have since advanced, reaching new highs, and reflecting a broadly constructive sentiment despite ongoing uncertainties.

US equities remain priced above historical averages, though a closer examination reveals subtleties. The S&P 500's valuation is notably influenced by a concentration of high-value constituents; it would be inaccurate to characterise the entire US market as uniformly expensive. In fact, smaller-cap stocks generally present more attractive valuations.

Within emerging markets, equities trade at a discount relative to developed markets, implying that growth risks and tariff concerns have largely been absorbed into current prices. Chinese corporates have demonstrated improving fundamentals against a challenging macroeconomic backdrop, and emerging market equities have historically outperformed during periods of US dollar weakness.

Although valuations are a key consideration, earnings growth is the principal driver of equity performance. Corporate profit results have generally exceeded expectations in recent periods. While some organisations have withdrawn earnings guidance due to persistent macroeconomic uncertainties, management commentary has thus far indicated that tariff-related impacts have been limited. Analyst projections have, to date, been overly pessimistic regarding the effects of tariffs on margins, as firms have managed to mitigate costs either through price adjustments or operational efficiencies.

Within the United States, investment in artificial intelligence has emerged as a principal driver of economic momentum. According to JP Morgan, since the debut of ChatGPT in November 2022, companies engaged in AI have contributed approximately 80% of the S&P 500's earnings growth and 90% of capital expenditure growth. The remainder of the market is anticipated to deliver earnings growth of around 4% in the fourth quarter, illustrating a bifurcated economic landscape. It is important to keep in mind that semi-conductors are cyclical sector, and demand can change quickly on the back of management decisions, particularly around the efficacy of AI integration into business practices and processes.

An emergent theme during the quarter has been a pronounced shift toward more cost-conscious consumer behaviour. With tariffs contributing to higher prices, consumers are demonstrating increased prudence and a heightened emphasis on value and affordability. The impact on consumer-oriented companies will vary according to each company's value proposition and its capacity to absorb or circumvent increased input costs. Businesses providing essential products, with robust supply chains, or those commanding strong brand loyalty are likely to prove more resilient, whereas companies more exposed to tariffs or facing weakening demand may experience greater pressure on margins and earnings growth.

It is our assessment that the margin for error has narrowed; earnings disappointments may be met with significant share price declines. Selectively avoiding higher-risk exposures will be critical to achieving strong investment outcomes. Moreover, we anticipate that the market will reward management teams exhibiting a sophisticated understanding of their supply chains and an ability to adapt to tariffs while safeguarding margins. Looking ahead, we expect a higher level of volatility throughout the final quarter of 2025, driven by uncertainties related to US trade policy, Federal Reserve decisions, and geopolitical developments. Nevertheless, such volatility may present compelling opportunities for discerning investors.

More information

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