PERPETUAL GLOBAL INNOVATION SHARE FUND (MANAGED FUND)

ASX code: IDEA

April 2023

FUND FACTS

Investment objective: Aim to provide investors with long-term capital growth through investment in global shares that are benefiting from technological change and innovation, and outperform the MSCI All Countries World Net Total Return Index (AUD) before fees and taxes over rolling three-year periods.

FUND BENEFITS

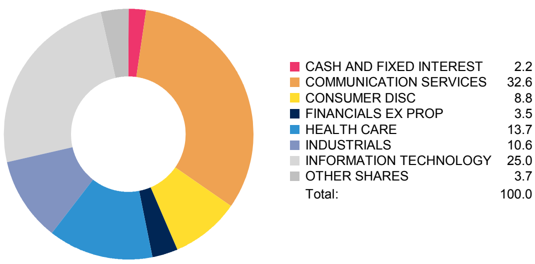
Perpetual employs a bottom-up stock selection approach to investing, where the decision to buy or sell securities is based on a fundamental valuation of stocks, with an emphasis on the potential returns a company can generate. The Manager believes that changes in technology and innovation can have a significant impact on the future earnings and valuation of companies, focusing on understanding new technology and innovation can lead to the early identification of companies with growth potential.

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.

Benchmark:	MSCI AC World Net Total Return Index (AUD)
Inception date of strategy:	June 2017
ASX commencement date:	13 December 2021
Distribution Frequency:	Half-Yearly
Management Fee:	0.99%*
Performance Fee:	20 % of outperformance*
Investment style:	Active, fundamental, bottom-up
Suggested minimum investment period:	Seven years or longer

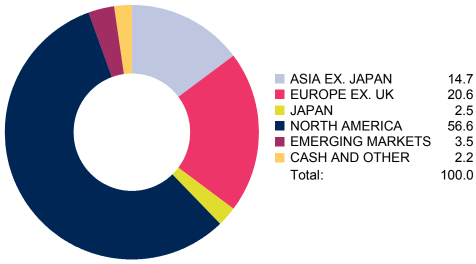
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Embracer Group AB Class B	8.9%
NVIDIA Corporation	5.4%
Microsoft Corporation	5.2%
IQVIA Holdings Inc	4.6%
GXO Logistics Inc	4.2%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 30 April 2023

	Fund	Benchmark	Excess
1 month	-0.59	2.80	-3.39
3 months	6.05	8.30	-2.25
FYTD	18.80	15.84	+2.96
1 year	-1.58	9.75	-11.33
2 year p.a.	-	-	-
3 year p.a.	-	-	-
Since incep.	-26.56	-1.74	-24.82

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Dividend Yield*	0.9%	2.8%
Price / Book	2.6	2.4
Return on Equity*	13.3%	15.4%

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating the Fund's investment style in action. These figures are forecast estimates, calculated based on consensus broker estimates where available, and should not be relied upon. Dividend Yield is a dividend forecast of underlying securities for the portfolio and does not reflect the distributions to be determined for the fund.
* Forward looking 12-month estimate.

*Information on management costs is set out in the relevant PDS

MARKET COMMENTARY

Markets in April continued to push higher with the MSCI World and MSCI All Country World Indexes finishing higher, adding nicely to year-to-date gains. Markets appeared to have shaken off the concerns over the prior month's banking fears as bank stocks, along with the broader Financials sector, outpaced the overall market. Markets appear to continue to shrug off concerns over sticky inflation and the fact that central banks continue to signal higher rates in the coming months, with the U.S. Federal Reserve (the Fed) raising rates another 25 basis points (bps) at the time of this writing.

Although broader inflation continues to fall, core inflation is not and has inched higher in the U.S. and the Eurozone, while remaining flat in the UK. Falling energy prices appear to be helping, though OPEC seems to be taking countermeasures in an attempt to keep oil prices around $80 per barrel. Despite the higher inflation in Europe, both the UK and continental Europe were the best performing regions, aided to some degree by a weakening U.S. dollar versus the Euro and the Pound. Better than expected economic data helped, and strong labour markets continue to support company sales. However, there is a disconnect between services and manufacturing, with the latter in contractionary territory and the former solidly in expansion territory.

Emerging markets was the only region to post negative returns in the month as China's decline of more than 5% in the month, making it the worst performing country, not only pressured the emerging market index but broader Asia ex-Japan countries. This decline, despite the positive GDP print, can likely be attributed to continued geo-political tensions and is something worth continuing to monitor.

PORTFOLIO COMMENTARY

The Fund's largest overweight positions include Embracer Group AB Class B, NVIDIA Corporation, and IQVIA Holdings Inc. Conversely, the Fund's largest underweight positions include Apple Inc., Alphabet Inc. Class A, and Exxon Mobil Corporation., all of which are not held in the Fund.

The overweight position in Embracer Group AB Class B contributed to relative performance. The stock spiked following an interview with CEO Lars Wingefors, where he defended the Company's acquisition strategy amid short-seller interest. Wingefors claimed that the Company's acquisition strategy, which he describes as diversification and cross-pollination, does not fit the classic playbook of a "roll-up", although he notes that while he would love to continue making big move acquisitions, it is not the right time given limited shareholder appetite.
The overweight position in Schrodinger, Inc. contributed to relative performance. The stock price benefitted after the Firm published its inaugural Corporate Sustainability Report. The report highlights the Company's vision and approach to corporate sustainability, summarises the Company's 2022 achievements and discloses key data about its corporate sustainability efforts in alignment with GRI and SASB reporting standards.
Not holding electric vehicle manufacturer Tesla, Inc. contributed to relative performance. The stock fell abruptly during April after reports revealed that Tesla's website indicated that the Company had cut prices on the "Long Range" and "Performance" versions of its Model Y by US$3000 each and had reduced the RWD version of the Model 3 by US$2000. The reports note that this marks the 6th time this year that Tesla has cut prices in the US.

The overweight position in Alibaba Group Holding Limited Sponsored ADR detracted from relative performance. The stock fell upon reports that the Group had unveiled an AI-powered chatbot, Tongyi Qianwen. CNBC cites an announcement at the 2023 Alibaba Cloud Summit, in which the Company said that Tongyi Qianwen, which will possess Chinese and English language capabilities, will initially be deployed on DingTalk and Tmall Genie, with the new AI model to be integrated across Alibaba's various businesses to improve user experience soon.
The overweight position in Sartorius Stedim Biotech SA detracted from relative performance. During the month, the Company reported a March-quarter revenue of €726M (vs consensus of €886.3M) and EBITDA of €220M (vs consensus of €297.1M). Management also confirmed its FTY23 Outlook, with consolidated sales revenue expected to increase in the low single-digit percentage range. Excluding the Covid-19-related business, the increase would be in the mid to high single-digit percentage range. In addition, acquisitions are anticipated to contribute around one percentage point to growth, with the proposed purchase of Polyplus not included in the projection.

OUTLOOK

The end of rate rises is in sight, and we believe we are unlikely to see large drawdowns in the market from here, with most of the damage taking place in the past 1-2 years. Due to the drawdowns, we've seen in our focus areas over the past 1-2 years, we believe there are significant opportunities in the market today that will perform well over the next three to five years. However, markets, along with the stocks we own, remain volatile, meaning this fund remains most suitable for investors with a longer-term horizon and the ability to withstand short-term volatility. Change is a constant in today's world, and that should provide ample opportunities for finding new profitable investments.

MORE INFORMATION

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