



1 November 2023

<Client Name>
<Address 1>
<Suburb> <Postcode> <State>
<Country>

Dear Investor

Perpetual Investment
Management Limited
ABN 18 000 866 535

Level 18
Angel Place
123 Pitt Street
SYDNEY NSW 2001
Australia

DX 365 Sydney
Telephone 02 9229 9000

IMPORTANT CHANGES TO THE PERPETUAL CHARITABLE AND COMMUNITY INVESTOR FUND

Perpetual Investment Management Limited ABN 18 000 866 535 (**'Responsible Entity'** or **'RE'**) is writing to notify you of some important changes to your investment in the Perpetual Charitable and Community Investor Fund (**'the Fund'**), effective 1 December 2023.

The investment return objective of the Fund aims to provide income tax exempt charitable trusts and non-profit organisations with long-term capital growth and to maximise income through investment in a diversified portfolio with an emphasis on Australian shares and alternative investments.

Proposed changes

Update to investment guidelines

The RE has reviewed the current investment guidelines and intends to make the following updates to meet the investment return objectives of the Fund:

Asset Class	Current Disclosure	From 1 Dec 2023	Current Range (%)	New Range (%)
Cash	2%	2%	0-30%	0-15%
International Fixed Income	7%	3%	0-20%	0-15%
Australian Fixed Income	6%	2%	0-20%	0-15%
Income Alternatives	10%	18%	0-20%	0-40%
Real Estate	8%	8%	5-15%	0-15%
Australian Shares	47%	42%	25-60%	20-65%
International Shares	10%	10%	0-30%	0-30%
Growth Alternatives	10%	15%	0-20%	0-30%
	100%	100%		

Change to Fund liquidity

The investment guideline changes will result in the Fund being able to invest in Income Alternatives and Growth Alternatives by more than 20% of the Fund. Income Alternatives and Growth Alternatives are classed as illiquid assets given the time required to convert them into more liquid assets such as cash. Consequently, the Fund will change from being considered a 'liquid' fund to an 'illiquid' fund under the Corporations Act 2001 (Cth). This change will have the following impact:

- Applications and withdrawals will be processed on a monthly basis, aligned to new pricing frequency. A withdrawal offer (in accordance with the Corporations Act 2001 (Cth)) is expected to be made to investors each month, closing at midday on the second last business day of the month.
- Unit pricing of the Fund will be calculated and disclosed monthly instead of the current daily frequency.

Update to Disclosure Documents

The Product Disclosure Statement ('PDS') for the Fund will be reissued as a long-form PDS to replace the current shorter form PDS and it will incorporate the proposed changes set out in this letter.

Reasons for proposed changes

The investment strategy of the Fund is regularly reviewed, aiming to ensure that the Fund's expected risk-adjusted return remains optimal and meets the investment return objectives. The RE recognises the importance of prioritising the consistent achievement of the investment return objectives of the Fund, particularly given the challenging income environment experienced in recent periods.

One of the investment return objectives of the Fund is to aim for income distributions (excluding any amount considered to be capital) of 4.0% per annum before fees and after the effect of franking credits (**Income Distribution Objective**).

The most recent review of the investment strategy identified that the proposed changes to the investment guidelines are designed to improve the expected risk/return metrics of the Fund's investments and provide a more consistent level of income for the Fund across annual periods.

Given the very low historical withdrawal levels for the Fund and the long-term investment horizon, the RE considers that reducing the liquidity frequency for investors to monthly is a suitable compromise, for the potential increase in likelihood of the Fund meeting and exceeding the Income Distribution Objective on an annual basis and long-term investment returns.

Impact to fees & costs

The management fee payable to the RE will remain at the current rate of 1.12%pa following the proposed changes. The management fee will be calculated on the end of month Net Asset Value of the Fund rather than on the daily Net Asset Value, given the change to monthly unit pricing.

It is expected that the indirect costs for the implementation of the Fund's investment activities will increase as a result of the higher allocation into Income Alternatives and Growth Alternatives, which generally have comparatively higher underlying management fees.

What this means for you

No specific action is required by investors in the Fund following these proposed changes. You should consult your financial adviser and independent tax adviser if you have concerns regarding the impact these proposed changes may have on the suitability of the Fund to your specific investment circumstances.

More information

For more information about the Fund refer to perpetual.com.au/funds/perpetual-charitable-and-community-investor-fund website under 'Resources'. If you would like to discuss details of your investment or have any questions, please contact your financial adviser or contact Perpetual on 1800 011 022 or email investments@perpetual.com.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Balsamo', written in a cursive style.

Adam Balsamo

Head of Product and Marketing, Perpetual Private