Perpetual Private

PERPETUAL SELECT INTERNATIONAL SHARE FUND

March 2025

FUND FACTS

Investment objective: Long-term capital growth through investment in a diversified portfolio of international shares.

Suggested length of investment: Five years or longer

BENEFITS

Offers investors access to returns from companies overseas. Investing internationally allows investors the ability to diversify their portfolio, reducing overall volatility.

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.

INVESTMENT APPROACH

The Fund combines specialist investment managers with different investment styles and philosophies. This can help reduce the volatility of the Fund by avoiding over exposure to a particular specialist investment manager.
The currency exposure of international assets is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

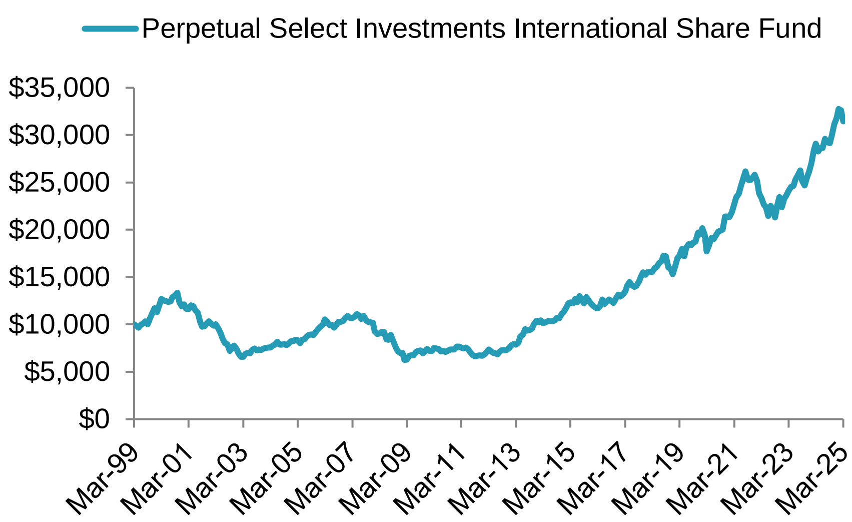
TOTAL RETURNS % (AFTER FEES) AS AT 31 MARCH 2025

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments International Share Fund	PER0256AU	-3.6	-1.1	7.8	8.0	10.4	12.2
Perpetual Select Super International Share Fund	WDL0009AU	-3.3	-0.9	7.4	7.8	10.0	11.3
MSCI All Country World Index - Net Return (unhedged in AUD)		-4.2	-2.0	8.8	12.2	13.8	14.8

Past performance is not indicative of future performance

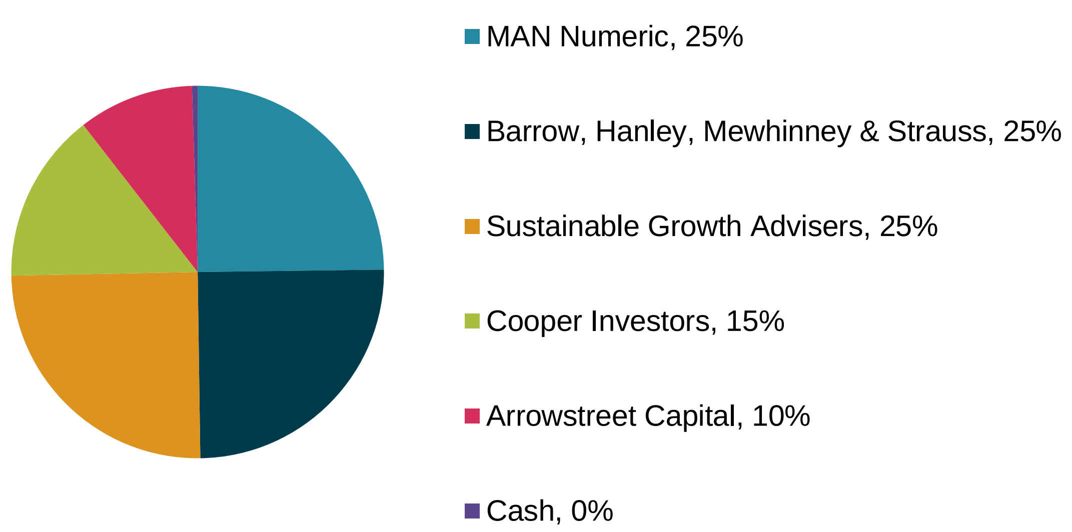
February 2022 onwards, Mercer Super/Pension International Shares Median is no longer published by Mercer

GROWTH OF $10,000 SINCE INCEPTION*



*The Growth of $10,000 chart includes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales or redemption charges which would lower these figures.

PORTFOLIO EXPOSURES^



Source: State Street

^Portfolio exposures represent the Perpetual Select Investments International Share Fund

TOP 10 STOCK HOLDINGS	WEIGHTS (%)
Visa Inc.	3.2
Microsoft Corporation	3.1
Amazon.com, Inc.	3.1
Meta Platforms Inc	2.2
Alphabet Inc.	2.0
Intuit Inc.	1.8
Apple Inc.	1.7
Merck & Co., Inc.	1.7
NVIDIA Corporation	1.5
HDFC Bank Limited	1.5

MANAGER INVESTMENT APPROACH	
MAN Numeric	Concentrated portfolio, quantitative global large to mega cap
Barrow, Hanley, Mewhinney & Strauss	Diversified portfolio, mid to large cap value
Cooper Investors	Concentrated portfolio, mid to large cap quality
Arrowstreet Capital	Quantitative core global small cap
Sustainable Growth Advisers	Concentrated portfolio, mid to large cap growth

MARKET COMMENTARY

International shares ended the March quarter in negative territory, with the MSCI All Country World Index (ACWI) down -2.0% in AUD terms. Beneath the surface, however, there was wide dispersion in performance across regions, sectors, and investment styles.

Geographically, US equities led global declines. In Australian dollar terms, the S&P 500 fell -5.0%, while the Nasdaq tumbled -10.8%, as investors rotated out of expensive growth stocks. In contrast, non-US developed markets outperformed, with European shares driving global returns. Germany surged +16.9% after unveiling a €500 billion infrastructure fund and increased defence spending - both exempt from its tight fiscal rules. France (+9.6%) and the UK (+8.7%) also posted strong gains, supported by domestic stimulus optimism and a rotation away from US tech. In Asia, the Hang Seng rallied +15.1%, buoyed by enthusiasm for China's DeepSeek AI platform and solid IT earnings. Japan lagged, with the Nikkei down -6.1% and Emerging Markets posted a modest gain (+2.3%), supported by improved Chinese economic data.

Sector performance was mixed. Although only three of the eleven MSCI ACWI sectors posted negative returns, two of them—Consumer Discretionary (-8.2%) and Information Technology (-12.2%) - were heavily weighted and deeply negative. Tesla led losses in Consumer Discretionary amid demand concerns and policy uncertainty, while Tech stocks were hit hard following the debut of DeepSeek, which cast doubt on the dominance of US artificial intelligence leaders. On the other end, Energy rose +8.5% on rising demand expectations and renewed European fiscal support. Defensive sectors also outperformed, with Utilities up +5.9% and Consumer Staples gaining +5.0%.

Style-wise, the quarter marked one of the widest performance gaps in recent memory. Growth stocks were hardest hit, with the MSCI World Growth Index down -8.3%, while Value stocks rose +4.1%, helped by exposure to energy, financials, and more stable earnings streams.

Small caps also struggled, with the MSCI ACWI Small Cap Index down -4.6%, impacted by a combination of rising worries about economic growth and stubbornly high interest rates.

PORTFOLIO COMMENTARY

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

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 key positive contributor - particularly the underweight to the US and overweight exposures to Europe and Emerging Markets. Sector positioning detracted, mainly due to an overweight to Materials and an underweight to Global REITs. Stock selection added value, with the strongest contributors being Aoshikang Technology, NMS Holdings Corp., and Yamagata Bank. Key detractors included Net Insight AB, Meta Platforms, and IG Port.

Barrow Hanley delivered strong outperformance relative to the MSCI ACWI (unhedged AUD) in Q1 2025, with regional allocation, sector positioning, and stock selection all contributing positively. An underweight to Information Technology and overweights to Utilities and Energy added to returns. Strong stock selection within Industrials - particularly European and defence-related names like Rheinmetall AG and BAE Systems plc - also supported performance. Additional contributions came from successful stock picks in Utilities, Consumer Discretionary, Materials, Financials, and Real Estate. Regionally, the strategy benefited from overweights to Europe, an underweight to the US, and selective exposure to Emerging Markets, notably China and Brazil.

Cooper Investors outperformed the MSCI ACWI (unhedged AUD) for the quarter, supported by strong stock selection and regional positioning. The largest regional contributor was an overweight to the UK, while an underweight to Emerging Markets detracted slightly. Sector allocation had a limited overall impact, with a helpful underweight to Information Technology offset by detractions from overweights to Consumer Discretionary and an underweight to Energy. Stock selection drove returns, with key contributors including CME Group Inc., Sony Group, and Visa Inc., while Alphabet, Microsoft, and Booking Holdings Inc. were the primary detractors.

Man Numeric underperformed the MSCI ACWI (unhedged AUD) in Q1 2025. A regional overweight to Europe contributed positively, though an underweight to Emerging Markets detracted. Sector allocation was negative overall, with the absence of exposure to Consumer Staples and an underweight to Financials weighing on returns. An overweight to Information Technology also detracted. Stock selection was the largest drag, with positive contributions from Johnson & Johnson and Siemens Aktiengesellschaft, offset by weaker performance from Salesforce and Alphabet.

SGA underperformed the MSCI ACWI (unhedged AUD) in the March quarter. Regional positioning was mildly positive, with an overweight to Europe and an underweight to Japan supporting relative returns. However, sector allocation detracted due to underweights to the outperforming Consumer Staples and Energy sectors, alongside an overweight to Information Technology. Stock selection was also negative, with underperformance from holdings in Novo Nordisk, Taiwan Semiconductor Manufacturing, and Salesforce. Partial offsets came from not holding Tesla and gains from Visa.

RETURNS BREAKDOWN (INVESTMENTS)

	FY 2024	FY 2023	FY 2022
Growth Return %	-1.0%	17.4%	-18.6%
Distribution Return %	14.0%	0.5%	5.5%
Total Return %	13.0%	18.0%	-13.1%

DISTRIBUTION BREAKDOWN

	FY 2024	FY 2023	FY 2022
Cents per unit	20.9956	0.6966	8.7614

PRODUCT FEATURE

	SUPER	INVEST.
Inception date	Dec 94	Mar 99
Management/Investment Fee (p.a.)*	0.92%	1.30%
Ongoing fee discount	Yes	No
Admin fee	0.10%	0.00%
Buy spread	0.22%	0.22%
Sell spread	0.00%	0.00%
Contribution fee	0.00%	0.00%
Withdrawal fee	$0.00	$0
Monthly member fee	$0.00	$0
Min. initial contribution	$3,000	$2,000
Min. additional contribution	$0	$0
Savings plan	Yes	Yes
Withdrawal plan	No	Yes
Distribution frequency	N/A	Quarterly
Contact information	1800 677 648	

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

OUTLOOK

Last quarter we spoke to the 'shifting sands' we observed in markets, with leadership changing over short (daily and weekly) horizons. While markets trended higher over the period - including in the lead-up to Donald Trump's inauguration - with the benefit of hindsight, it's now clear that equities were seeking clarity amid an increasingly uncertain policy backdrop.

In the lead-up to, and immediately following, Trump's inauguration, investors have been trying to understand what his policies and approach could mean for global growth, inflation, interest rates, and, in turn, equity markets. Many pundits expected a continuation of his first-term playbook - 'pro-business' policies that would support markets. Increasingly, however, it has become clear that Trump intends to deliver on key campaign promises: deporting 'illegal' immigrants and rebalancing US trade via tariffs.

Following the recent 'Liberation Day' announcements and the market's reaction, uncertainty has risen - and will likely continue to weigh on investor sentiment in the period ahead. The initial response to the tariffs was a broad sell-off in US equities, led by expensive, high-beta technology stocks. In contrast, European and Rest of World (RoW) companies have fared relatively better.

We've observed a shift in equity market leadership, with 'Value' style managers performing admirably in the current environment, and a modest flight to 'Quality'. Most notably, high-beta, high-growth, and strong momentum names generally underperformed. We wouldn't be surprised to see Value and Quality continue to outperform as markets digest the potential implications of tariffs on company fundamentals, revenue and earnings outlooks, and, in some cases, business models. In the near term, we also expect investors to favour companies with greater earnings certainty.

We remain focused on the nexus between valuations and earnings delivery. Despite recent price action, 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.

We continue to watch with interest how markets evolve through 2025. While there is optimism for a rally in the second half of the year, risks remain elevated - driven by political uncertainty and the rising risk of a modest slowdown in global growth.

[1]As measured by the S&P 500 index – Net Return in AUD terms (Unhedged)
[2]As measured by the NASDAQ Composite index – Gross Return in AUD terms (Unhedged)
[3]As measured by the DAX index – Gross Return in AUD terms (Unhedged)
[4]As measured by the CAC 40 index – Net Return in AUD terms (Unhedged)
[5]As measured by the FTSE 100 index – Net Return in AUD terms (Unhedged)
[6]As measured by the Hang Seng index – Net Return in AUD terms (Unhedged)
[7]As measured by the Nikkei 225 index – Net Return in AUD terms (Unhedged)
[8]As measured by the MSCI Emerging Markets index – Net Return in AUD terms (Unhedged)
[9]As measured by the MSCI AC World – Consumer Discretionary – Net Return index in AUD terms (Unhedged)
[10]As measured by the MSCI AC World – Information Technology – Net Return index in AUD terms (Unhedged)
[11]As measured by the MSCI AC World – Energy – Net Return index in AUD terms (Unhedged)
[12]As measured by the MSCI AC World – Utilities – Net Return index in AUD terms (Unhedged)
[13]As measured by the MSCI AC World – Consumer Staples – Net Return index in AUD terms (Unhedged)
[14]As measured by the MSCI World Index Growth – Net Return index in AUD terms (Unhedged)
[15]As measured by the MSCI World Index Value – Net Return index in AUD terms (Unhedged)
[16]As measured by the MSCI AC World Index Small Cap – Net Return in AUD terms (Unhedged)

MORE INFORMATION

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