

Perpetual Private

PERPETUAL SELECT INTERNATIONAL SHARE FUND

September 2020



FUND FACTS

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

BENEFITS

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

Suggested length of investment: Five years or longer.

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.

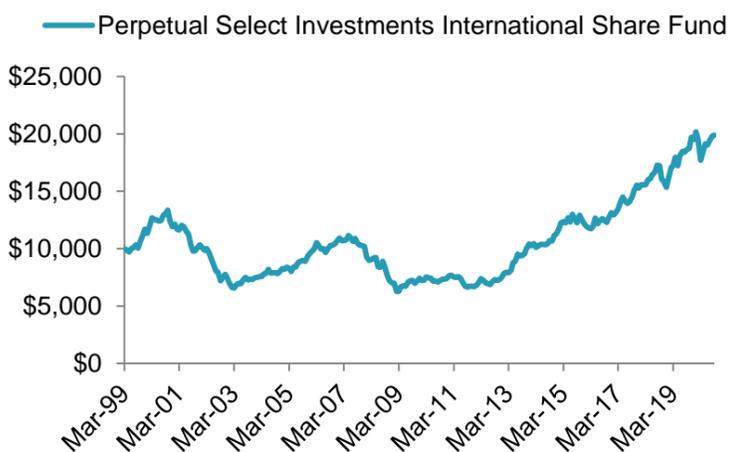
The currency exposure of international assets is monitored and hedging strategies may be implemented (using derivatives) with the aim of reducing the impact of adverse currency movements.

TOTAL RETURNS % (AFTER FEES) AS AT 30 SEPTEMBER 2020

| | APIR CODE | 1 MTH | 3 MTHS | 6 MTHS | 1 YR PA | 3 YRS PA | 5 YRS PA |
|---|-----------|-------|--------|--------|---------|----------|----------|
| Perpetual Select Investments International Share Fund | PER0256AU | 0.5 | 4.5 | 12.3 | 6.8 | 11.1 | 10.2 |
| Mercer Retail Trusts Overseas Shares - Median | | -0.2 | 3.7 | 10.1 | 1.0 | 7.7 | 7.6 |
| Perpetual Select Super International Share Fund | WDL0009AU | 0.6 | 4.1 | 11.3 | 6.1 | 10.0 | 9.0 |
| Mercer Personal Super Overseas Shares - Median | | -0.2 | 4.0 | 10.3 | 4.8 | 8.7 | 8.2 |
| Perpetual Select Pension International Share Fund | WDL0019AU | 0.7 | 4.6 | 12.4 | 6.6 | 11.9 | 10.6 |
| Mercer Allocated Pensions Overseas Shares - Median | | -0.3 | 4.3 | 12.4 | 3.7 | 9.1 | 8.8 |

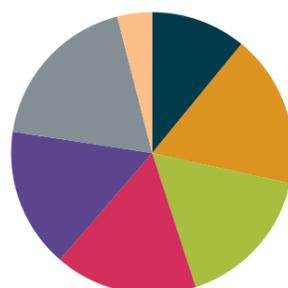
Past performance is not indicative of future performance

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



- SouthernSun Asset Management, 11%
- Hardman Johnston Global Advisers, 18%
- Sustainable Growth Advisers, 17%
- RWC Partners, 16%
- Barrow, Hanley, Mewhinney & Strauss, 16%
- Artisan Partners, 19%
- Cash, 4%

| TOP 10 STOCK HOLDINGS | WEIGHTS (%) |
|-------------------------------|-------------|
| Amazon.com, Inc. | 2.4 |
| Microsoft Corporation | 2.1 |
| Alibaba Group Holding Ltd. | 1.6 |
| Tencent Holdings Ltd. | 1.3 |
| Alphabet Inc. | 1.3 |
| Lowe's Companies, Inc. | 1.2 |
| IHS Markit Ltd. | 1.2 |
| Linde plc | 1.1 |
| Boston Scientific Corporation | 1.1 |
| Activision Blizzard, Inc. | 1.1 |

MANAGER INVESTMENT APPROACH

| | |
|-------------------------------------|--|
| Artisan Partners | Diversified portfolio, mid cap growth |
| Barrow, Hanley, Mewhinney & Strauss | Diversified portfolio, mid cap value |
| Hardman Johnston Global Advisers | Concentrated portfolio, mid to large cap growth |
| RWC Partners | Diversified portfolio, contrarian mid to small cap |
| SouthernSun Asset Management | Highly concentrated portfolio, small to mid cap |
| Sustainable Growth Advisers | Concentrated portfolio, mid to large cap growth |

MARKET COMMENTARY

Global equity markets rallied higher in Q3 despite a pull back in mega cap tech stocks in September. Emerging market equities beat developed markets, global growth outperformed value for the seventh consecutive quarter, whilst large caps bested small caps. The MSCI All Country World Index gained 6.9% in local currency terms. US equities had another strong quarter, gaining 8.8%, outpacing both developed market peers and emerging markets: the MSCI EAFE's posted a 1.2% return and the MSCI Emerging Markets' index returned 8.6%.

Consumer discretionary stocks had a strong quarter, returning 16.8%. Despite a selloff in September, information technology stocks continued their rally in Q3, returning 12.0%. Materials delivered a healthy 9.6% return, industrials gained 9.4%, and communication services 6.6%. The worst performing sector was energy with a negative 13.6% return.

PORTFOLIO COMMENTARY

The Perpetual Select International Share Fund outperformed its benchmark over the third quarter on a net of fees basis.

Artisan Partners outperformed the MSCI ACWI in Q3 and is also ahead YTD. Information technology, industrials and health care holdings were the primary sources of relative strength, whilst the portfolios residual cash position and below-benchmark exposure to consumer discretionary posed modest relative headwinds. The top individual contributors were Zoom Video Communications, Techtronic and Advanced Micro Devices. Among the bottom individual contributors were Illumina (which has subsequently been sold), Notre Dame Intermedica and Arista Networks.

SGA performed well on an absolute basis and outperformed the benchmark over the quarter. Relative portfolio performance in Q3 was negatively impacted by stock selection, but positively impacted by residual sector allocations; an overweight in the Consumer discretionary sector contributed most. Alibaba, Salesforce and Infosys were the largest contributors. The bottom contributors included Thai convenience and wholesale store operator CP All, Illumina and Regeneron.

Hardman Johnston outperformed the MSCI ACWI benchmark in Q3 and is also ahead YTD. Allocations to information technology and consumer discretionary added value from a sector perspective. Among the top individual stock contributors were computer gaming company NVIDIA, Wuxi Biologics and Alibaba. The bottom contributors included Micron Technology Advanced Energy Industries and Vertex Pharmaceuticals.

RWC underperformed the MSCI ACWI over the quarter. This was driven mainly by the portfolios lack of exposure to mega cap companies where it remains underweight due to the risk/reward trade-off the team has found elsewhere. However, some cracks were showing on the IT led momentum trade of recent quarters and some broadening of the market which benefited the portfolio. Taiwan Semiconductor, Amazon and Lennar were the largest contributors to performance. Among the bottom contributors were Telefonica, BP and UK facilities management provider, Mitie.

SouthernSun outperformed the MSCI ACWI in Q3. This was attributable largely to stock picking, as small cap value stocks, to which this strategy is biased, experienced headwinds over the quarter. Among the largest contributors were Darling Ingredients, Dycom Industries, and AGCO Corp. The bottom contributors included The Brink's Co, Centene Corp and Marel.

Barrow Hanley underperformed the MSCI ACWI over the quarter. The strategy's value style, underweight to information technology, and overweight to energy and financials were major headwinds for the portfolio. This was offset by positive stock selection in communications, consumer discretionary and information technology. Among the top contributors for the quarter were SeaWorld Entertainment, Comcast and Lowe's. Among the bottom contributors were New York Community Bancorp, and energy names Hess and Phillips 66.

There were no manager additions or terminations to the Perpetual Select International Share Fund during the quarter.

RETURNS BREAKDOWN (INVESTMENTS)

| | FY 2020 | FY 2019 | FY 2018 |
|-----------------------|---------|---------|---------|
| Growth Return % | -1.4% | 6.6% | 8.0% |
| Distribution Return % | 6.5% | 3.4% | 8.4% |
| Total Return % | 5.1% | 10.0% | 16.4% |

DISTRIBUTION BREAKDOWN

| | FY 2020 | FY 2019 | FY 2018 |
|----------------|---------|---------|---------|
| Cents per unit | 8.4690 | 4.0585 | 9.5656 |

PRODUCT FEATURE

| | SUPER | PENSION | INVEST. |
|------------------------------|---------|--------------|-----------|
| Inception date | Dec 94 | Dec 94 | Mar 99 |
| Estimated Mgmt Cost | 2.27% | 2.31% | 2.17% |
| Ongoing fee discount | Yes | Yes | Yes |
| Buy spread | 0.35% | 0.35% | 0.35% |
| Sell spread | 0.00% | 0.00% | 0.00% |
| Contribution fee | 0.00% | 0.00% | 0.00% |
| Withdrawal fee | \$0.00 | \$0.00 | \$0 |
| Monthly member fee | \$10.64 | \$10.64 | \$0 |
| Min. initial contribution | \$3,000 | \$3,000 | \$5,000 |
| Min. additional contribution | \$0 | \$0 | \$1,000 |
| Savings plan | Yes | No | Yes |
| Withdrawal plan | No | No | Yes |
| Distribution frequency | N/A | N/A | Quarterly |
| Contact information | | 1800 003 001 | |

OUTLOOK

We expect volatility in global equity markets to remain elevated as investors and economies navigate the US presidential election in November, COVID-19 developments and the possibility of less stimulus from governments in response to the pandemics economic impact.

Our long-standing bias towards active bottom up stock picking managers across the portfolio remains unchanged, which we feel is suited to the current situation, where risk can be actively managed and long-term opportunities created.

This information has been prepared by Perpetual Trustee Company Limited (PTCo) ABN 42 000 001 007, AFSL 236643. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs.

You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the relevant funds, issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426 (PIML) or Perpetual Superannuation Limited (PSL) ABN 84 008 416 831, AFSL 225246 RSE L0003315 (PSL), should be considered before deciding whether to acquire or hold units in the fund. The PDS can be obtained by calling 1800 003 001 or visiting our website www.perpetual.com.au. No company in the Perpetual Group* guarantees the performance of any fund or the return of an investor's capital. Total returns shown for the fund has been calculated using exit prices after taking into account all of Perpetual's ongoing fees, in line with the FSC Standard No.6 and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. *Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

MORE INFORMATION

Adviser Services 1800 003 001
Email investments@perpetual.com.au
www.perpetual.com.au

