

PERPETUAL SELECT HIGH GROWTH FUND

March 2019

FUND FACTS

Investment objective: Long-term capital growth through investment in a diversified portfolio with a strong emphasis on Australian and international shares, as well as growth alternative investments.

Suggested length of investment: Seven years or longer.

INVESTMENT APPROACH

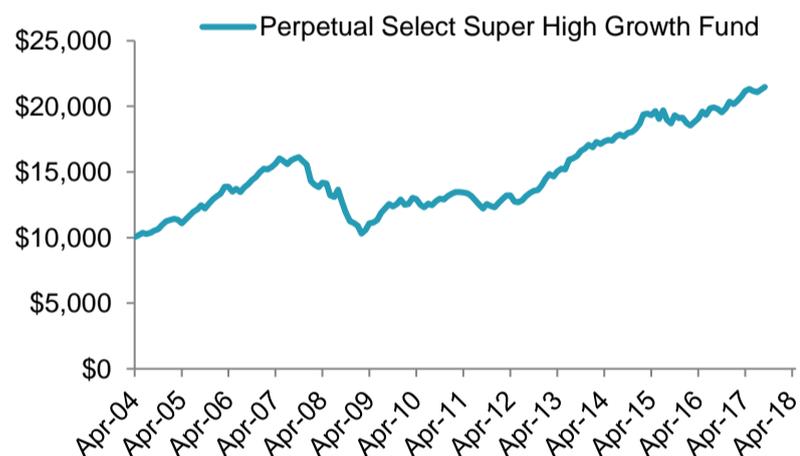
Invests into a diverse mix of assets (see 'Investment guidelines' below) and is managed within our ranges for each asset class.

TOTAL RETURNS % (AFTER FEES) AS AT 31 MARCH 2019

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Super High Growth Fund	WDL0006AU	0.9	7.6	0.6	7.4	8.3	6.9
Mercer Personal Super Multi-Sector High Growth - Median		1.0	7.9	0.8	7.2	8.4	7.3
Perpetual Select Pension High Growth Fund	WDL0016AU	0.9	8.3	0.7	8.4	9.2	7.6
Mercer Allocated Pensions Multi-Sector High Growth - Median		0.9	7.9	1.1	7.8	9.6	8.6

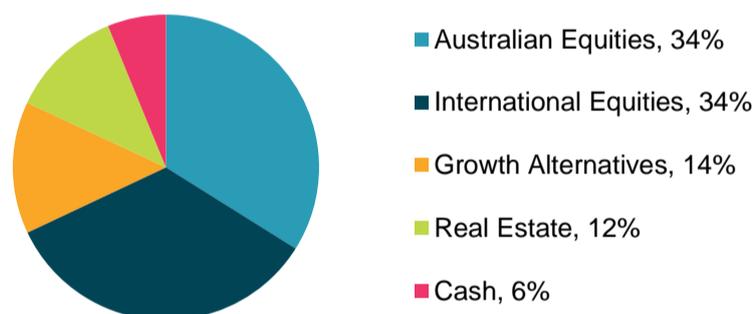
Past performance is not indicative of future performance

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



INVESTMENT GUIDELINES

	BENCHMARK (%)	RANGE (%)
Cash	5	0 - 15
Australian Equities	34	20 - 45
Real Estate	12	5 - 20
International Equities	34	20 - 45
Growth Alternatives	15	0 - 25

PORTFOLIO COMMENTARY

The Perpetual Select High Growth Fund underperformed its composite benchmark over the March 2019 quarter.

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, rebounded strongly during the first quarter of 2019, rising by 10.92%. Australian equities performed in line with global equities with the MSCI AC World Index rising by 11.17% over the quarter, in local currency terms. Domestically, all sectors generated positive returns over the quarter with Materials and Information Technology the best performers, rising 17.69% and 19.95% respectively.

On the currency front the AUD marginally rebounded over the quarter, rising by 0.90% against the USD. On the commodity and energy front, crude oil rebounded with Brent crude rising by 27.12%. Copper rose by 11.72% over the quarter, while gold rallied by 1.34%.

On the economic front, the RBA continued to leave overnight cash rates at 1.50% with signs that the domestic economy is starting to moderate. While there are growing risks on the horizon, economic growth is expected to remain solid in 2019, with business investment and government spending likely offsetting the slack created by a devastating drought, a contracting housing sector and subdued consumer spending.

Sector performance was mixed over the quarter. The largest detractor was the relative underperformance of Australian Shares. The Growth Alternatives and Property Sectors marginally underperformed their benchmarks whilst the Defensive Alternatives and International Shares sectors outperformed. The Perpetual Select Duration Fixed Income Fund performed in line with its benchmark while the Perpetual Credit Pooled Fund outperformed.

The Perpetual Select Australian Share Fund underperformed its benchmark during the March quarter. At the sector level, the portfolio lagged due to its underweight exposure to financials, technology and materials. All managers underperformed their benchmarks. This included Cooper Investors, Kaplan Funds Management, Perpetual Concentrated Equity, Renaissance Smaller Companies and Perpetual Pure Micro Cap.

The Perpetual Select International Share Fund outperformed its benchmark over the quarter. At the sector level, technology, financials, consumer discretionary and health care holdings were particularly strong. Conversely, the portfolio's lack of exposure to the real estate sector modestly detracted in a quarter. At the manager level Artisan Partners, Sustainable Growth Advisers, Hardman Johnston and SouthernSun Asset Management all outperformed. RWC Partners and Barrow Hanley underperformed.

The Select Real Estate Fund underperformed the benchmark over the quarter. Resolution Capital, the portfolio's sole exposure to Global REITs outperformed its benchmark. Relative outperformance was mostly attributable to stock selection. Renaissance Asset Management, the portfolio's sole exposure to Australian REITs, underperformed its benchmark over the quarter. The main detractors from performance during the quarter were overweight positions in cash, Vicinity Centres, Scentre Group and Australian Unity Office and an underweight position in Dexus.

Perpetual's Growth Alternatives Pool Fund underperformed its benchmark over the quarter. The fund was held back by the sharp selloff and volatility experienced across the syndicated loan and offshore public equity markets during the final quarter of 2018. Some of the fund's distressed debt and restructuring strategies as well as some of the fund's private equity strategies exhibited marked to market falls in Q42018 asset valuations, which were reported during the first quarter of 2019. We expect to see these asset valuations bounce back in line with the recovery in markets during the quarter. The fund's listed and unlisted infrastructure exposures performed positively, as did the fund's absolute return strategy exposures. Both these sub asset classes mitigated the negative returns mentioned above.

PRODUCT FEATURES

	SUPER	PENSION
Inception date	Apr 04	Apr 04
Estimated Mgmt Cost	2.46%	2.57%
Ongoing fee discount	Yes	Yes
Buy spread	0.30%	0.30%
Sell spread	0.00%	0.00%
Contribution fee	0.00%	0.00%
Withdrawal fee	\$51.25	\$51.25
Monthly member fee	\$10.09	\$10.09
Min. initial contribution	\$3,000	\$3,000
Min. additional contribution	\$0	\$0
Savings plan	Yes	No
Withdrawal plan	No	No
Distribution frequency	NA	NA
Contact information	1800 003 001	

OUTLOOK

We remain cautious on the global and domestic macroeconomic outlook. Rhetoric from the USA Federal reserve, which moved to more of a 'paused' perspective on interested rates, provided the floor for markets to recover and rally strongly following last quarter's sharp correction. Both equity and credit markets shifted from a 'risk off' to 'risk on' mentality very quickly, suggesting to us that markets are increasingly short term focused.

Domestically, the Australian economy remains stuck between a 'rock and a hard place'. The resource sector appears to have stabilised on the back of the bounce in commodity prices, however, the rest of the economy continues to struggle to pick up the slack. The current level of the Australian dollar is somewhat of a concern despite the recent pull back.

The portfolio continues to be well diversified and defensively positioned to outperform the market during periods of weakness and heightened volatility. Our focus remains on long term fundamentals and bottom up stock picking strategies across both equity and debt markets.

Perpetual Private advice and services are provided by Perpetual Trustee Company Limited (PTCo) ABN 42 000 001 007, AFSL 236643. This information has been prepared by PTCo, Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426 and Perpetual Superannuation Limited (PSL) ABN 84 008 416 831, AFSL 225246 RSE L0003315 and issued by PTCo. 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 PIML and 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 return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made to taxation. Past performance is not indicative of future performance.*Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries. PSL is the issuer of Perpetual's Select Superannuation Fund ABN 51 068 260 563.

MORE INFORMATION

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