

PERPETUAL GLOBAL INNOVATION SHARE

January 2021

FUND FACTS

Investment objective: Aims to provide investors with long-term capital growth through investment in quality global shares that are benefiting from changes in technology and innovation. To outperform the stated benchmark (before fees and taxes) over rolling 3 year periods.

FUND BENEFITS

Perpetual employs a bottom-up stock selection approach to investing, where the decision to buy or sell securities uses a fundamental process based on value. The Manager believes that changes in technology and innovation can have a significant impact on future earnings and valuation of companies, and that by focusing on understanding new changes in technology and innovation this can lead to early identification of undervalued stocks.

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)

Investment Manager: Thomas Rice

Inception Date: November 2020

Size of Portfolio: \$0.91 million as at 31 Dec 2020

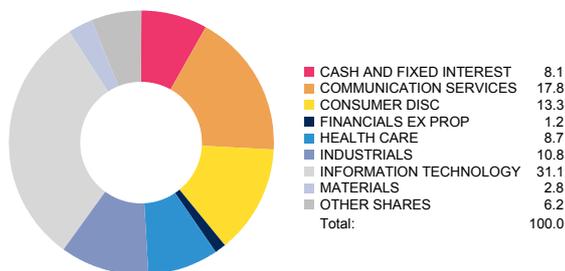
APIR: PER6231AU

Management Fee: 1.24%*

Investment style: Active, fundamental, bottom-up, value

Suggested minimum investment period: Seven years or longer

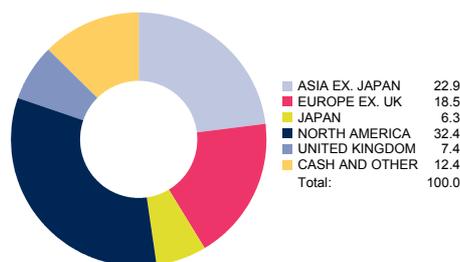
PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

Stock Holding	% of Portfolio
boohoo group Plc	6.4%
Siemens AG	4.9%
Alibaba Group Holding Ltd.	4.5%
RWE AG	4.4%
SoftBank Group Corp.	3.1%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 January 2021

	Fund	Benchmark	Excess
1 month	5.18	0.12	+5.07
3 months	-	-	-
FYTD	-	-	-
1 year	-	-	-
2 year p.a.	-	-	-
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	3.48	-0.44	+3.92

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

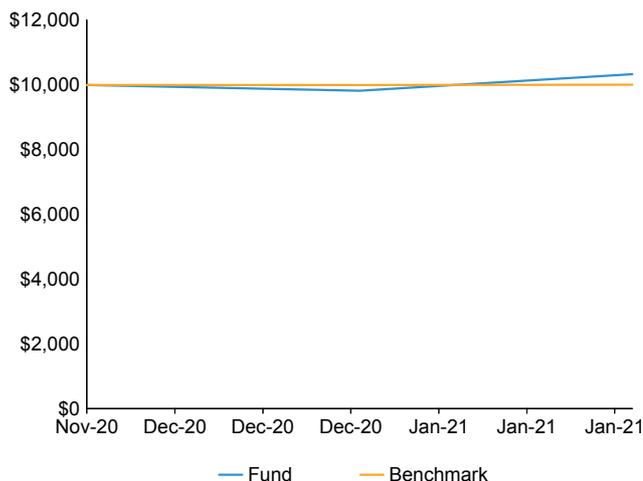
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	30.4	19.1
Dividend Yield*	1.8%	2.5%
Price / Book	3.6	2.5
Debt / Equity	32.4%	55.2%
Return on Equity*	14.3%	13.6%

[^] 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.

GROWTH OF \$10,000 SINCE INCEPTION



Information on Management Costs (including estimated indirect costs) and a full description of the Fund's performance fee is set out in the Fund's PDS.

MARKET COMMENTARY

Global markets ended the month marginally higher, with the MSCI All Country World Net Total Return Index gaining 0.1% (in Australian dollar terms) over January. Despite pro-Trump rioters storming the US capitol building early in the month in an attempt to prevent the certification of President-elect Joe Biden's Electoral College win, markets were largely unimpacted. Confidence amongst US investors, however, was adversely impacted throughout the month as coronavirus cases continued to trend upwards. Declining sentiment was also exacerbated amid short-squeeze trades across several small-cap stocks that were initiated by retail traders, leading to heightened volatility and dragging several global markets into the red along with the US S&P 500 which ended 0.5% lower.

Expectations for first-quarter global growth was pared back as pandemic constraints persisted across many countries and vaccine roll-outs were delayed due to supply constraints. Market sentiment in Europe remained cautious as the risk of an outbreak in a mutant strain of the virus led to stricter lockdown measures and resulted in a 2.0% fall in the DJ Euro Stoxx 50 Price Index. The German DAX similarly fell 2.1% over the month, while the UK FTSE 100 Accumulation Index receded 0.8% as travel restrictions into the country were tightened. The MSCI China Price Index, however, bucked the downward trend, gaining 8.0% in January after GDP growth exceeded expectations despite new coronavirus lockdown restrictions, continued tensions with the US, and concerns of a liquidity squeeze after money market rates soared to multi-year highs. The rally in Chinese stocks assisted the MSCI Emerging Markets Index to finish 3.7% higher.

The best performing sectors for the month, as measured by the MSCI World Accumulation Index, were Energy (+2.3%), communication services (+1.7%), and Health Care (+1.6%). The worst performers were Consumer Staples (-3.4%), Industrials (-1.9%), and Financials (-1.2%). As a whole, value stocks (-0.9%) underperformed growth stocks (-0.7%) as measured by the MSCI World Value and MSCI World Growth indices, respectively.

PORTFOLIO COMMENTARY

The Fund's largest overweight positions include online clothes and accessories retailer Boohoo Group PLC, multinational conglomerate Siemens AG, and electricity and gas distribution provider RWE AG. The Fund's largest underweight positions include Apple, Amazon, and Tesla, all of which are not held in the Fund.

The overweight position in video game developer CD Projekt (+11.9%) contributed to relative performance. The stock reversed some of its prior-month losses caused by recalls of its newly released Cyberpunk 2077 game due to technical glitches. The price rebound was partly attributed to a tweet from Elon Musk, praising the aesthetics of the game, as well as from the closing-out of short positions in the stock by a Hedge Fund, which bid-up the price following losses incurred from betting against GameStop and other tech-related stocks. The overweight position in law enforcement technology company Axon Enterprise (+34.9%) contributed to relative performance. The stock rose following the announcement that the Los Angeles Police Department intend on renewing its five-year contract with Axon, leading to the purchase of 5,260 new Taser 7 devices and 355 body cameras, thus making the LAPD its largest customer to date. Axon further announced several other large orders during the month, including one for 2,100 Taser 7s from Suffolk County, New York. These announcements followed news that the Drug Enforcement Administration (DEA) is also aiming to sign an exclusive contract with Axon.

The overweight position in Brazilian digital payment solutions provider PagSeguro Digital (-13.4%) detracted from relative performance. Despite there being no adverse news directly relating to the company during the month, the stock was weighed down by the broader Brazilian market as its economy continued to struggle through pandemic-related uncertainties. Despite this setback, we continue to hold the stock due to its strong earnings growth potential.

The overweight position in South African financial and insurance services provider Discovery Ltd (-17.8%) detracted from relative performance. The stock handed back a large portion of its strong prior-month returns following an interim report that found discrimination across their fraud, waste, and abuse investigations of healthcare providers between 2012 and 2019. Management strongly refuted the claims, suggesting that only a minority of health practitioners act dishonestly and that any discrimination found across demographics was purely coincidental. The Fund continues to hold the stock due to its undervalued exposure to growth in the Chinese health insurance market.

OUTLOOK

The extent and duration of the impact that the second wave of coronavirus will have on global equity markets are still unknown. This has, for obvious reasons, changed the near-term earnings outlook for equities, with many companies still expressing concerns over the ongoing challenges and uncertainty surrounding their respective operating environments. We have never seen a crisis quite like this, so it's going to be hard for investors to forecast earnings when companies themselves are unaware where their profits will land. The key debate for us is "does this change the medium to longer-term earnings outlook for the stocks we hold?". The global economy should bounce back from the current measures in place, though the rate of this recovery may be slower than what some may expect due to the sharpness of the decline. For this reason, we continue to focus on high-quality companies with proven management and strong balance sheets that will remain resilient throughout prolonged periods of uncertainty.

This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. 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 fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any 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 for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

MORE INFORMATION

Adviser Services 1800 062 725
Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

