

## TOTAL RETURNS % (AFTER FEES)

PERPETUAL	SIZE \$M	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS PA	3 YRS PA	5 YRS PA	7 YRS PA
Wholesale Global Share	259.45	2.00	4.94	4.75	14.77	17.15	9.42	-	-
Benchmark*		2.36	5.62	6.32	15.33	15.03	9.91	-	-

\* MSCI World Net Total Return (\$A)

## TOP 5 STOCKS

STOCK NAME	COUNTRY	%
Nomad Foods Ltd.	United Kingdom	5.61
Mondelez International, Inc. Class A	United States	5.26
Nasdaq, Inc.	United States	3.92
Verizon Communications Inc.	United States	3.73
eBay Inc.	United States	3.22
<b>TOTAL</b>		<b>21.74</b>

## MARKET COMMENTARY

Global markets ended the quarter higher, closing 5.6% higher in Australia dollar terms, as measured from the MSCI World total return index. Emerging markets (-4.3%) underperformed the developed markets, dragged down by China, as the Shanghai Stock Exchange Composite Index fell 10.1% following trade concerns with the US. The US market outperformed with the S&P 500 rising 3.4%, boosted by US corporate earnings announcements with ~80% exceeding analyst expectations. On-again, off-again talks of import tariffs between the US and their major trading partners amounted to increased market uncertainty and reignited fears of a global trade war. By quarter-end, the US had announced its US\$34b worth of Chinese goods to be subject to trade tariffs. China responded saying they would retaliate with tariffs of equal value on US goods (particularly food products) while the European Union imposed tariffs on \$US3.4b worth of US products. Early losses in Europe, spurred by heightened political risk throughout Italy and Spain were recouped by the end of the quarter as the Euro Stoxx 50 Index finished 1.0% higher.

Resource stocks rallied on stronger commodity prices. The S&P GSCI Commodities index returned 7.6% and iron ore climbed 9.3%. Global energy stocks were the standout performers as Brent and WTI crude oil gained 12.2% and 14.3% respectively, boosted by supply-side concerns involving trade tensions and disruption in the Middle East as the US imposed tougher sanctions on Iran after pulling out of their nuclear deal. Coal similarly rallied, gaining 18.7%.

The Australian dollar gained ground against most major currencies over the quarter assisted by higher commodity prices, up 1.5% on the Chinese RMB, and up 1.6% and 2.3% against the Euro and British pound, respectively. The AUD, however, fell by 3.6% against the US dollar which rallied on upon tightening monetary policy and solid economic data.

The best performing sectors for the quarter, as measured by the MSCI World Accumulation Index, were Energy (+17.0%), Information Technology (+9.9%) and Consumer Staples (+8.0%). The worst performers were Financials (-0.6%), Telecommunications (+0.8%) and Industrials (+1.5%). As a whole, value stocks (+0.8%) underperformed growth stocks (+4.9%) as measured by the MSCI World Value and MSCI World Growth indices, respectively.

## PORTFOLIO COMMENTARY

The Global Share Fund underperformed its benchmark during the quarter.

The Fund's largest overweight positions include US exchange operator Nasdaq Inc., snack food & beverage company Mondelez International, and frozen foods producer Nomad Foods Ltd. The Fund's largest underweight positions include Microsoft, Amazon, and Apple, all of which are not held in the fund.

### Stock Contributors

The overweight position in frozen foods producer Nomad Foods (+26.6%) contributed to relative performance. The company announced that it had entered into an agreement to acquire leading UK frozen foods producer, Aunt Bessie's Ltd., from William Jackson & Son Ltd. for ~ €240m with the intention of further developing their UK portfolio. The acquisition is expected to be funded with debt and cash on hand and is anticipated to be completed during the third quarter of 2018, subject to necessary regulatory approvals.

The overweight position in US-based oil and gas exploration and production company Occidental Petroleum Corporation (+34.6%) contributed to relative performance. The stock finished the quarter higher on the back of rising Brent and WTI crude oil prices, gaining 17.9% and 9.0% respectively, boosted by trade tensions and disruption, mostly attributed to US sanctions imposed on Iran. The stock was further boosted by a weakening Australia dollar, falling 3.6% against the US dollar over the quarter.

### Stock Detractors

The overweight position in Chinese online retailer Vipshop Holdings (-32.4%) detracted from relative performance. The stock price declined upon the company's first-quarter earnings release. Despite reporting a 24.6% year-on-year revenue hike to US\$3.2b, beating consensus estimates of US\$3.08b, the stock stumbled as a lower gross margin resulted in adjusted earnings of US17c per share, missing consensus of US18 cents per share and falling 20% from the past comparative period. The fund continues to hold the stock due to its strong recognition with consumers, high levels of trust and customer satisfaction.

The overweight position in online marketplace platform, eBay Inc. (-6.5%), detracted from relative performance. The stock underperformed upon a US Supreme court ruling reversing a 1992 precedent which will now allow states to collect sales taxes on online purchases. The fund continues to hold the stock as the portfolio manager believes the company is on track to improve its core user experience, which is expected to drive further acceleration in growth.

## OUTLOOK

A period of historically low interest rates across the globe has led to a repricing of risk and a subsequent inflation of asset values across many markets. With trillions of dollars of bonds now trading at low yields, future shifts in official interest rates have the potential to heavily impact asset valuations, leading market participants to remain focused on central bank policy. In addition, ongoing shifts in the global political landscape continue to nourish uncertainty across markets and deliver periods of heightened volatility. The portfolio remains invested in quality businesses with strong balance sheets trading at reasonable valuations and retain a cash buffer to deploy into opportunities as they arise.

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