Wholesale Funds

PERPETUAL WHOLESALE GLOBAL SHARE FUND CLASS A

June 2019

FUND FACTS

Investment objective: Aims to provide investors with long-term capital growth through investment in quality global shares

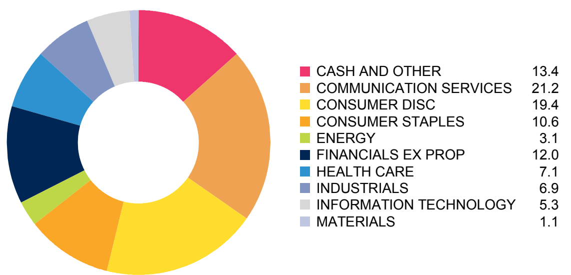
FUND BENEFITS

Provides investors with the potential for capital growth through a portfolio of global companies using Perpetual's unique investment process which has been tried and proven over the best part of 50 years.

We use a bottom-up stock selection approach to investing, where the decision to buy or sell is based on fundamental quality and valuation.

Benchmark:	MSCI World Net Total Return ($A)
Class A Inception:	August 2014
Class W Inception:	January 2011
Size of Portfolio:	$286.82 million as at 30 Jun 2019
APIR:	PER0733AU
Management Fee:	1.10%*
Performance Fee:	15% of outperformance*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

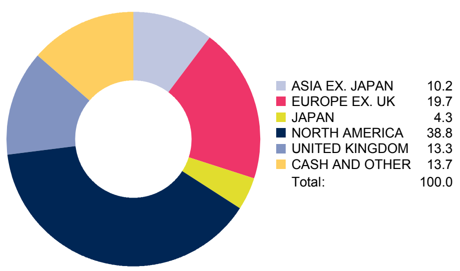
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Nomad Foods Ltd.	6.7%
Tapestry, Inc.	6.1%
Siemens AG	4.4%
Alibaba Group Holding Ltd. Sponsored ADR	4.0%
Verizon Communications Inc.	3.4%

PORTFOLIO REGIONS



PERFORMANCE- periods ending 30 June 2019

Class A has been operating since August 2014. To give a longer term view of our performance in the Fund, the returns for Class W, which has been fully invested within the investment guidelines since January 2011, are shown. Class W has identical investments to class A. We have adjusted the return of Class W to reflect the fees applicable to Class A. Please see the disclaimer at the end for more information. [1]

	Class A	Class W [1]	Benchmark	Excess
1 month	5.35	-	5.24	+0.11
3 months	5.24	-	5.28	-0.04
FYTD	10.27	-	11.95	-1.68
1 year	10.27	-	11.95	-1.68
2 year p.a.	12.50	-	13.63	-1.13
3 year p.a.	14.81	-	14.00	+0.81
4 year p.a.	9.63	-	10.42	-0.79
5 year p.a.	-	12.90	13.11	-0.21
7 year p.a.	-	18.86	16.76	+2.10
10 year p.a.	-	-	-	-

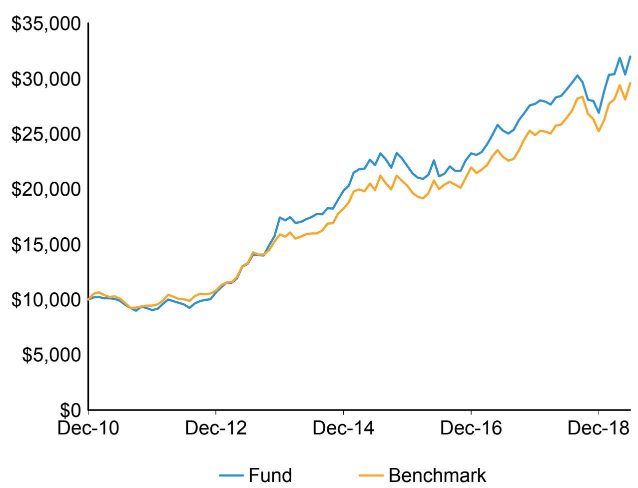
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS

	Portfolio	Benchmark
Price / Earnings	13.4	15.7
Dividend Yield	3.3%	3.0%
Price / Book	1.9	2.2
Debt / Equity	59.0%	56.0%
Interest cover	11.1	12.3
Return on Equity	13.9%	14.5%

* source Factset

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

The MSCI World Accumulation Index finished 5.3% higher (in Australian dollar terms) over the June quarter. Global markets performed well on improving economic data and optimism for a US-China trade deal. Investor sentiment was boosted in the US on stronger corporate earnings releases and expectations of monetary and fiscal stimulus. Improving US jobs numbers saw the unemployment rate hold steady at just above a 49-year low at 3.8%, with expectations of an interest rate cut supporting the S&P 500 index in gaining 4.3%. Positive sentiment, for global markets, however, was dampened as the International Monetary Fund cut its outlook for global growth by 0.2% to 3.3%, representing its lowest level since the financial crisis, on a bleaker outlook across most major advanced economies. Optimism for a US-China trade deal as President Trump and China's President Xi Jinping agreeing to recommence negotiations after the US suspended tariffs on an anticipated US$300b worth of additional Chinese imports further supported markets towards the end of the quarter.

The UK FTSE 100 posted a modest gain of 3.3% as Prime Minister Teresa May resigned after failing to gain support for her Brexit deal. The Euro Stoxx 50 index rose 3.6% on solid Eurozone retail spending, while the Japanese Nikkei 225 ended relatively flat, up 0.3%. Commodity-related stocks were generally stronger as iron ore strengthened on Brazilian supply issues and increasing Chinese steel demand. Gold had a solid run on expectations of US interest rate cuts amid slowing inflation and stalling global economic growth. However, oil prices were volatile in response to heightened geopolitical tension between the US and Iran, yet recovered towards the end of the quarter.

The best performing sectors for the quarter, as measured from the MSCI World Accumulation Index, were Financials (+7.5%), Information Technology (+7.2%) and Consumer Discretionary (+6.6%). The worst performers were Energy (-0.4%), Real Estate (+1.7%) and Health Care (+2.7%). As a whole, value stocks (+1.3%) underperformed growth stocks (+4.6%) as measured from the MSCI World Value and MSCI World Growth indices, respectively.

PORTFOLIO COMMENTARY

The Fund's largest overweight positions include frozen foods producer Nomad Foods, luxury accessories retailer Tapestry, and power generation systems producer Siemens. The Fund's largest underweight positions include Microsoft, Amazon, and Apple, all of which are not held in the fund.

The overweight position in home entertainment systems developer Nintendo (+30.5%) contributed to relative performance. The stock rallied sharply on reports that Nintendo is considering teaming up with Chinese tech company Tencent to sell their flagship Switch console into the Chinese market. China has relaxed its restrictions on gaming consoles in recent years, allowing the sale of Xbox and Sony's PS4. Reports indicate that a provisional approval was received for the trial sale of Nintendo's New Super Mario Bros game.

The overweight position in German digital publishing company Axel Springer (+42.4%) contributed to relative performance. The stock surged as KKR-led holding company Traviata launched a public takeover offer for the company at an offer price of €63/share, implying an equity value of ~€6.8b and a ~32% premium to its 3-month average share price. KKR has agreed to share control with current major shareholder, Dr. Friede Springer and CEO Mathias Döpfner, who will retain their 42.6%/2.8% stake of the company.

The overweight position in Chinese internet search provider Baidu (-27.9%) detracted from to relative performance. The stock fell significantly on the release of its March-quarter financial results, reporting a slowdown in revenue for the 3rd consecutive quarter and posting its first loss since listing in 2005. Despite revenue increasing 15% year-on-year to US$3.59b, earnings failed to meet market expectations, with a net loss of US$0.15 per share (compared to +$2.98 year-on-year). The poorer than expected results were attributed to a "changing local market and slowing economy". The fund has since exited its position in the stock.

The overweight position in Chinese social media company YY (-16.0%) detracted from relative performance. YY's March-quarter financial results reported Non-GAAP net income attributable to controlling interest as slowing to RMB653.5m (US$96.4 m), down from RMB730.0m year-on-year, while net revenue increased by 47.1% to RMB4,780.6m (US$705.3 m) from RMB3,248.9m year-on-year. Operating income for the quarter also fell to RMB473.6m (US$69.9 million) from RMB596.4m with an operating margin of 9.9% (compared to 18.4% las year). The decline was considered primarily due to a decrease in its gross margin and an increase in sales and marketing expenses related in part to the consolidation of its Bigo acquisition. The Fund has increased its position in the stock over the quarter on its strong expected up-side potential.

OUTLOOK

Market sentiment has moved from "synchronised global growth" to one of caution focused on the macroeconomic headwinds facing the domestic and global economy. Investors are concerned amongst other things by the slowing growth rates in China, geopolitical risks including the impact of trade wars and tightening central bank liquidity. These headwinds and potential risks have been very well telegraphed by the investment community and the media. The timing and severity of any potential economic downturn, if there is in fact one, is difficult to predict. Given that we are looking a little longer term than the next results we try to look through cycles when making investment decisions. What is important though is investing in companies with a robust balance sheet, strong market position and a dynamic management team with proper incentives which will put us in good stead.

---

[1] The Perpetual Global Share Fund has been operating since August 2014. The Fund did not have a unit class that included fees from the period 1 January 2011 to 28 August 2014. The return shown for Class W in the Total Return table & the Growth of $10,000 chart has been calculated using the performance of the W Class less a 1.10% Management Fee and 15% Performance Fee which are the fees applicable to Class A. Class A & Class W have identical investments. Further details on the Performance Fee calculation is available in the Perpetual Global Share Fund Product Disclosure Statement offering 'Class A units'. The estimated Performance Fee accrued as at 27 August 2014 is not carried into actual performance calculations commencing 28 August 2014.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.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.

MORE INFORMATION

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au

Perpetual