

Perpetual WealthFocus Investment Advantage

Additional information relating to Aspect Diversified Futures investment option effective 1 March 2019

The following information forms part of and should be read in conjunction with Product Disclosure Statement issue number 8 dated 1 March 2019 for Perpetual WealthFocus Investment Advantage.

The Australian Securities and Investments Commission (ASIC) requires specific additional information to be provided for certain funds that pursue complex investment strategies (eg via use of leverage, derivatives and short selling) and/or have other characteristics (eg complex structures and/or performance fees) that may result in increased risk.

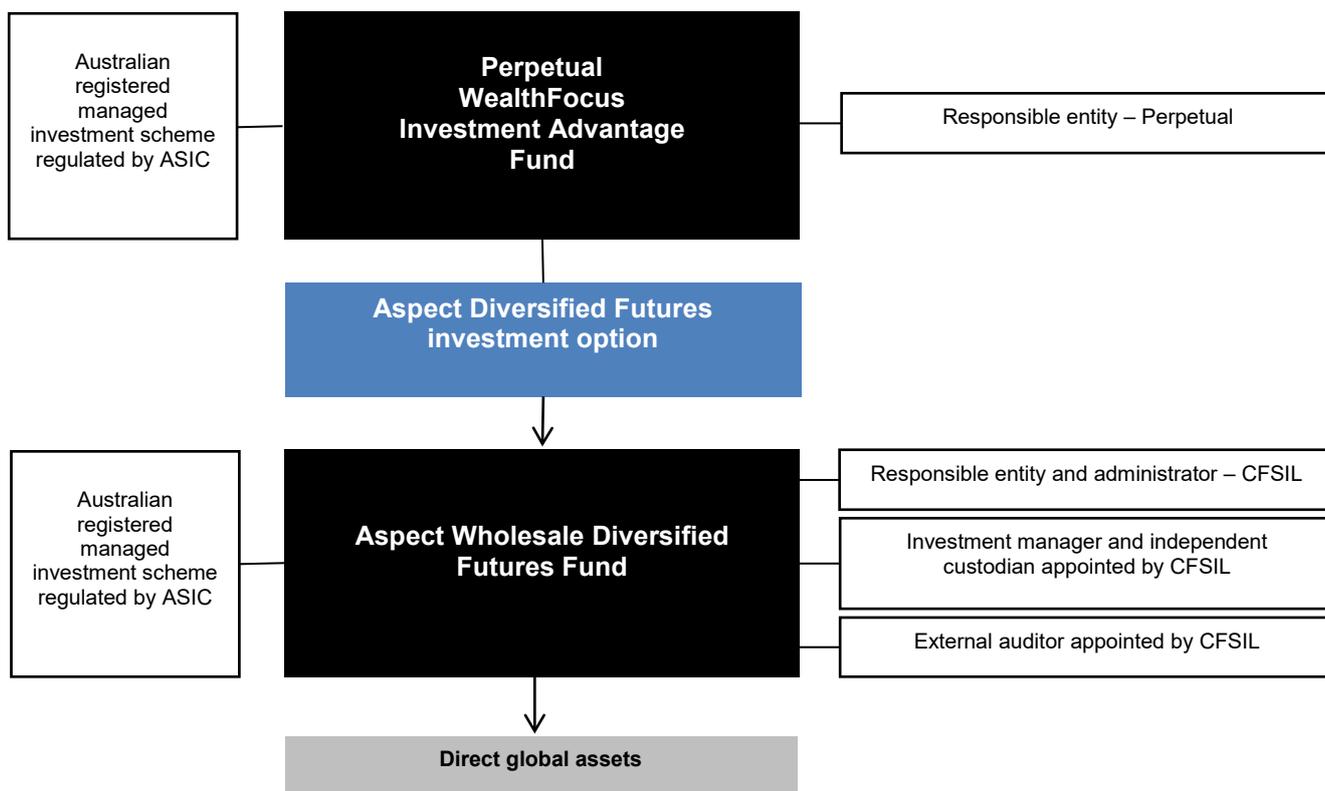
The following table provides a summary of how the responsible entity, Colonial First State Investments Limited (CFSIL), complies with this requirement in relation to the underlying Aspect Wholesale Diversified Futures Fund (fund). More detailed information is contained in a document issued by CFSIL titled 'Reference Guide – Complex Funds', which is available at www.colonialfirststate.com.au/complex.

Feature	Details
Periodic reporting	<p>CFSIL has policies in place to make available on its website (www.colonialfirststate.com.au) the following information for the fund as soon as practical after the relevant period:</p> <p>Quarterly</p> <ul style="list-style-type: none"> • quarter-end invested asset allocation/regional allocation • quarterly top 10 holdings (if applicable) • quarter-end net historical performance and net return on the fund's assets • market review, fund performance activity, and outlook and strategy for the fund • material changes in the fund's risk profile <p>Annually</p> <ul style="list-style-type: none"> • actual asset allocation for the fund • annual investment returns over at least a five-year period • audited financial statements for the fund • audited financial statements for CFSIL • maturity profile of financial liabilities relative to the liquidity profile of the fund's assets. <p>The availability of the above information will be subject to limitations around the nature of any commercially sensitive information that must be held confidential.</p>
Investment strategy	<p>The objective, investment approach and investment guidelines for the investment option are shown in the 'Investment option profiles' in the Investment Book.</p> <p>You should also refer to 'Understanding investment risk' in the Features Book for information about the risks of investing in the Fund and how these risks are managed.</p>
Investment manager	<p>CFSIL has appointed Aspect Capital Limited (Aspect) to manage the fund's assets in line with a similar pooled strategy that is also managed by Aspect. The Aspect team members listed below spend the majority of their time implementing the strategy:</p> <ul style="list-style-type: none"> • Anthony Todd, Chief Executive Officer • Martin Lueck, Research Director and President of Aspect Capital Inc • Anna Hull, Chief Risk Officer. <p>Biographies of these team members are contained in the abovementioned 'Reference Guide – Complex Funds'.</p> <p>CFSIL has the right to terminate the investment management agreement without cause. CFSIL also has other termination rights typical in investment management agreements such as (for example) on certain breaches of the agreement or insolvency events.</p>
Fund structure	<p>The investment option invests into the Aspect Wholesale Diversified Futures Fund to gain exposure to its assets – refer 'Fund structure' below for further information.</p> <p>The investment option's management costs include a management fee and performance fee – refer 'Management costs' in the Features Book for details.</p>

Feature	Details
Valuation, location and custody of assets	<p>Valuation of assets</p> <p>CFSIL has a policy which requires that fund assets, which are not exchange-traded, are valued by an independent administrator or an independent valuation service provider. The assets of the fund are valued at market value or a value provided by an independent source in consultation with CFSIL and in accordance with standard market practice.</p> <p>CFSIL manages all applications and redemptions, the share registry as well as the fund's valuations. CFSIL is responsible for calculating the official net asset value and unit prices used to process applications and redemptions.</p> <p>There are a number of factors used to calculate unit prices. The key factors include asset valuations, liabilities, debtors, the number of units on issue and, where relevant, transaction costs (buy/sell spread).</p> <p>The key aspects of CFSIL's valuation policy require asset pricing procedures and processes to be accurate and reviewed regularly, applied consistently, unbiased and equitable and documented and transparent. Asset prices are typically sourced from external pricing vendors or sources, compared against multiple sources before implementing and price movement tolerance limits are set and monitored.</p> <p>Custody of assets</p> <p>A professional custodian (BNY Mellon) appointed and contracted by CFSIL holds the assets of the fund. BNY Mellon is located in Australia. The appointed investment manager and CFSIL may change the custodian arrangements from time to time, however, any new arrangements must meet all regulatory requirements. Investors in the fund will be notified of a change in custodian.</p> <p>Location of assets</p> <p>Global investment positions and the margin required for those positions are held at the futures clearers and foreign exchange clearers used by the fund. The fund is exposed to foreign currency movements via its holdings in futures contracts.</p>
Liquidity	<p>CFSIL reasonably expects to be able to realise at least 80% of the fund's assets at the value ascribed to those assets in calculating the fund's net asset value, within 10 days.</p>
Leverage	<p>The fund is leveraged using derivatives (exchange-traded futures and over-the-counter forward foreign currency contracts and cleared interest rate swaps) to amplify the exposure of capital to an investment. The strategy does not use leverage in the traditional sense of using actual financing from a prime broker or other sources in order to hold positions with a larger value than the fund's net asset value. Instead, all positions are held in margin-funded derivatives (futures and forwards), and the fund gains 'synthetic' leverage from the fact that these markets require only a portion of their face value as the initial margin payment.</p> <p>The fund does not target a fixed level of leverage and there is no maximum allowed level of leverage. However, it is anticipated that the fund will be managed at a gross leverage typically in the range of \$1 to a maximum of \$13 per \$1 of net asset value or 100% to 1300% of net asset value and has averaged between \$4 and \$5 or 400% to 500% of the net asset value over the history of the fund's strategy.</p>
Derivatives	<p>The fund uses exchange-traded futures, over-the-counter forward foreign currency contracts and cleared interest rate and credit default swaps to implement its investment strategy (refer also 'Leverage' above and 'Short selling' below).</p> <p>Aspect performs varied and in-depth due diligence on all executing brokers prior to their appointment. This process includes business and operational due diligence, financial and reputational due diligence and business continuity due diligence. This analysis may include but is not limited to requesting due diligence questionnaires to be completed, conducting interviews and site visits and financial investigations. Counterparties are ultimately selected on the basis of their capabilities and the quality of service which they provide. Additionally, Aspect's specific considerations in appointing executing brokers include coverage, flow of information, efficiency and accuracy of execution and specialist knowledge of the instruments traded by the strategy.</p> <p>Specifically for the fund, the clearing brokers, custodian and auditor are evaluated and selected by CFSIL.</p> <p>Prior to dealing over-the-counter derivatives, all counterparties must have a long-term credit rating of BBB or above. Executed ISDA documentation must be in place between Aspect and the counterparty prior to dealing and there is a maximum limit to any one counterparty.</p> <p>Counterparty risk is the key risk associated with the collateral requirements of the fund. Aspect, on behalf of CFSIL, executes transactions exclusively via highly creditworthy counterparties, clearing agents and exchanges in the execution and management of the fund's positions. Counterparty risk is monitored on a regular basis by a committee which reports to Aspect's Executive Board, while other safeguards are in place which involve having multiple clearers for the fund and having the flexibility to react appropriately if needed.</p>
Short selling	<p>The fund does not short sell.</p>
Withdrawals	<p>You can generally withdraw all or part (minimum \$1,000) of your investment in the investment option at any time as long as you maintain any required minimum balance (currently \$1,000) after any partial withdrawal – refer 'Withdrawals' and 'Suspension of applications, switches and withdrawals' in the Features Book for further information.</p> <p>However, where the fund is suspended, restricted or unavailable, CFSIL may not process withdrawal requests. Any decisions whether to process withdrawals or partial withdrawals will be made in the best interests of investors as a whole and, if any payment is to be made, then the exit price used to calculate this payment will be the one determined at the time the payment is made.</p>

Fund structure

The following diagram illustrates the investment structure that applies to the Aspect Diversified Futures investment option.



Key service providers

- Responsible entity and administrator – Colonial First State Investments Limited
- Investment manager – Aspect Capital Limited is the appointed investment manager to manage the fund's assets.
- Fund auditor – PricewaterhouseCoopers is the registered company auditor for the fund. The auditor's role is to audit the fund's annual financial report (which includes the financial statements), perform a half-yearly review (if required), and to provide an opinion on the financial statements.
- Custodian – BNY Mellon is appointed as the custodian to hold the assets of the fund.

Monitoring service providers

CFSIL has in place an Investment Management Agreement (IMA) with the investment manager that sets out the operational, investment and compliance requirements of the investment manager. The investment manager is responsible for reporting breaches of the IMA and CFSIL undertakes regular review and monitoring of the investment manager to verify the investment manager's compliance with its obligations.

CFSIL's management has regular meetings with the fund's auditor on the progress of the functions performed by the fund's auditor in accordance with the service agreement.

Monitoring of the custodian includes monthly service review meetings, discussion registers, daily reconciliations of accounts and periodic on-site due diligence visits.

This information has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 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 Perpetual WealthFocus Investment Advantage issued by PIML should be considered before deciding whether to acquire or hold a unit in the Perpetual WealthFocus Investment Advantage 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 guarantees the performance of any fund or the return of an investor's capital (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries).