

Perpetual Charitable and Community Investor Fund Perpetual Charitable Endowment Fund

CHANGES TO INVESTMENT OPTIONS

The following should be read in conjunction with the Product Disclosure Statement issue number 7 dated 1 October 2020.

WHAT IS CHANGING

Following a comprehensive review of the investment strategies for the Perpetual Charitable and Community Investor Fund and Perpetual Charitable Endowment Fund (each, a 'Fund'), there will be changes to each of the Funds from 1 March 2023 including changes to:

- Investment benchmarks
- Investment guidelines
- Asset classes including the Income alternatives asset class description in respect of the Perpetual Charitable and Community Investor Fund

The changes are aimed to provide greater clarity in asset class descriptions and to improve investment outcomes for the relevant Funds given current and expected market conditions.

Please note that all references to 'International fixed income' may include Australian fixed income.

HOW DOES THIS AFFECT ME?

No action is required from you, however what these updates mean for you will depend on the whether the changes are in line with your investor profiles including your objectives, financial situation and needs. Before making any decisions, we strongly recommend that you speak to a licensed financial adviser.

WHAT ARE THE CHANGES?

Changes to investment benchmarks

Fixed income asset class benchmarks are changing as follows:

| Current benchmark | Benchmark from 1 March 2023 |
|--|--|
| <u>Fixed income</u> 50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg Barclays Global Aggregate Index (hedged in AUD) | <u>International fixed income</u> Bloomberg Barclays Global Aggregate Index (hedged in AUD) |
| | <u>Australian fixed income</u> Bloomberg AusBond Composite 0 + Yr Index |
| <u>Diversified credit</u> Bloomberg AusBond Bank Bill Index | <u>Diversified credit</u> Not applicable as diversified credit is no longer an asset class |

Changes to investment guidelines

Perpetual Charitable and Community Investor Fund

| Asset Class | Current disclosure | Asset class | From 1 March 2023 |
|----------------------|--------------------|-----------------------------------|-------------------|
| Cash | 0 – 30% | Cash | 0 – 30% |
| Fixed Income | 0 – 20% | International Fixed Income | 0 – 20% |
| Diversified Credit | 5 – 25% | Australian Fixed Income | 0 – 20% |
| Income alternatives | 0 – 20% | Income alternatives | 0 – 20% |
| Real estate | 5 – 15% | Real estate | 5 – 15% |
| Australian shares | 25 – 60% | Australian shares | 25 – 60% |
| International shares | 0 – 30% | International shares | 0 – 30% |
| Growth alternatives | 0 – 20% | Growth alternatives | 0 – 20% |

Perpetual Charitable Endowment Fund

| Asset Class | Current disclosure | Asset class | From 1 March 2023 |
|--------------------------|--------------------|-----------------------------------|-------------------|
| Cash | 0 – 30% | Cash | 0 – 30% |
| Fixed Income | 0 – 20% | International Fixed Income | 0 – 20% |
| Diversified Credit | 5 – 25% | Australian Fixed Income | 0 – 20% |
| Real estate | 5 – 15% | Income alternatives | 5 – 15% |
| Australian shares | 25 – 60% | Real estate | 25 – 60% |
| International shares | 0 – 30% | Australian shares | 0 – 30% |
| Diversified Alternatives | 0 – 30% | International shares | 0 – 30% |

Changes to income alternatives asset class description

The income alternatives asset class definition will be replaced with the following:

| Asset class | Asset class description effective 1 March 2023 |
|---------------------|--|
| Income alternatives | <p>Income Alternatives are alternative assets that have the objective of generating income and include a variety of strategies including:</p> <p>Absolute return funds which are actively managed investments that aim to produce returns in both rising and falling markets by using a broad range of securities and investment techniques.</p> <p>Private Market and Senior debt strategies which include bonds and loans mainly issued by non-investment grade companies. Non-investment grade companies have a lower credit rating than investment grade companies as they are more likely to experience an impairment or default. A non-investment grade company is a company with a credit rating below BBB-/Baa3 or a non-rated asset.</p> <p>Securitised Assets are financial products that are backed by the cash flow of a portfolio of assets. Types of securitised assets include:</p> <ul style="list-style-type: none"> Residential mortgage-backed securities (RMBS): a structured product backed by a portfolio of residential loans. Commercial mortgage-backed securities (CMBS): backed by a portfolio of commercial property loans. Collateralised loan obligations (CLOs): backed by a portfolio of senior secured loans to non-investment grade companies. Asset Backed Securities (ABS): backed by assets like auto loans, consumer loans or loans to franchisees. <p>Private Market Property Debt are mainly loans backed by a residential or commercial property. The debt is held by one investor or by a small group of investors and should be considered as illiquid. The debt is often used to acquire properties, refinance, or redevelop an existing property.</p> |

Core Property involves purchasing an interest in property that is located in major cities, is intended to have stable long-term rents and low vacancies. The exposure seeks to provide a stable income with the opportunity for a small amount of capital growth.

Other Alternatives include royalties and insurance linked investments. Royalties are investments that produce an income backed by an intangible asset such as intellectual property rights or a license. Insurance Linked investments produce an income from the operations of an insurance company or through the premiums paid by an insurance company.

Further information

If you have any questions, please speak to your financial adviser or visit our website on www.perpetual.com.au.

Yours sincerely



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