

Perpetual Private

PERPETUAL SELECT BALANCED FUND

September 2024

FUND FACTS

Investment objective: Long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments.

Suggested length of investment: Five years or longer

INVESTMENT APPROACH

Invests into a diverse mix of assets (see 'Investment guidelines' below). Tactical asset allocation strategies may be applied. This process involves the Fund adjusting its exposure to asset classes on a regular basis within the investment guidelines. Derivatives and exchange traded funds may be used in managing each asset class.

BENEFITS

Provides investors with access to a diverse range of growth and income producing assets.

RISKS

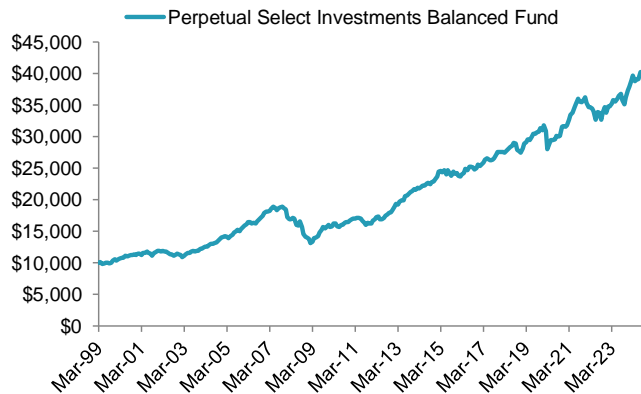
All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

TOTAL RETURNS % (AFTER FEES) AS AT 30 SEPTEMBER 2024

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Select Investments Balanced Fund	PER0249AU	0.9	3.6	2.3	13.5	4.5	5.7
Perpetual Select Super Balanced Fund	WDL0002AU	0.8	3.5	2.3	12.8	4.5	5.5
Perpetual Select Pension Balanced Fund	WDL0012AU	1.0	3.9	2.5	14.1	5.0	6.0
Perpetual Select Balanced Composite Benchmark		1.2	4.5	4.3	17.5	7.0	7.3

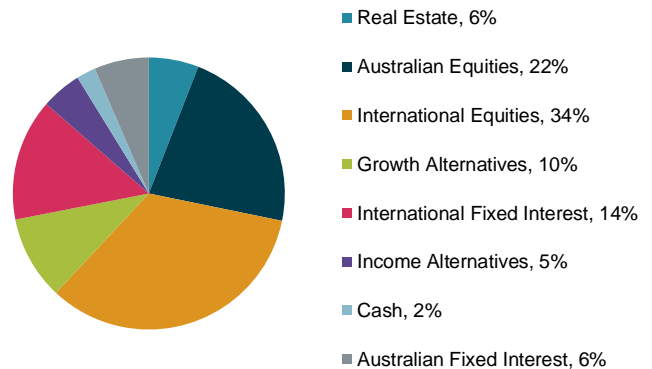
Past performance is not indicative of future performance

GROWTH OF \$10,000 SINCE INCEPTION*



*The Growth of \$10,000 chart includes reinvestment of dividends and capital gains, but does not reflect the effect of any applicable sales or redemption charges which would lower these figures.

PORTFOLIO EXPOSURES[^]



[^]Portfolio exposures represent the Perpetual Select Investments Balanced Fund

INVESTMENT GUIDELINES

	BENCHMARK (%)	RANGE (%)
Cash	2	0 - 30
International Fixed Interest	14.5	5 - 30
Australian Fixed Interest	6.5	5 - 20
Australian Equities	22	10 - 35
Real Estate	6	0 - 15
International Equities	34	15 - 50
Income Alternatives	5	0 - 10
Growth Alternatives	10	0 - 20

PORTFOLIO COMMENTARY

The Perpetual Select Balanced Fund finished higher for the September quarter but underperformed its composite benchmark over the same time period. Australian Equities, International Equities, Real Estate, Fixed Income, Defensive Alternatives and Growth Alternatives all detracted from performance relative to the fund's benchmark.

For the quarter, Australian Equities (S&P/ASX 300 Accumulation Index) gained 7.8%, Global Equities (MSCI All Country World Index) increased 2.6% and listed Real Estate (Composite Listed Index) rose 13.1%. Australian Fixed Income (Bloomberg AusBond Composite 0+ Year Index) delivered 3.0%, while Global Fixed Income (Bloomberg Global Aggregate Bond Index) returned 4.0%. All returns are in AUD.

The Perpetual Select Australian Share Fund underperformed the S&P/ASX 300 benchmark for the September quarter. Despite weaker returns from the small-cap segment of the market, our high-conviction small-cap manager, DNR, posted a very strong quarter, delivering a 15.1% return. Our other small-cap manager, Tribeca, also outperformed their Small Ordinaries benchmark. Another strong performer was our growth manager, Selector, who achieved an 11% return for the period, driven by a considerable overweight to the Tech sector. The primary detractor was our Large Cap Core manager, Cooper Investors, who currently have the highest weighting in the portfolio and underperformed the benchmark by 2%. This underperformance was primarily due to stock selection within Financials and their overweight to Healthcare, one of the weaker sectors over the period. Our Value manager, Perpetual, also underperformed. The UBS ASX20 passive strategy delivered a return marginally below the fund's benchmark.

The Perpetual Select International Share Fund underperformed its benchmark over the quarter. Manager performance was mixed, with Barrow Hanley handily outperforming the benchmark and Arrowstreet beating the headline benchmark but lagging its secondary, small cap benchmark. The other three managers lagged the benchmark, with MAN Numeric lagging the most, although this was in line with broader market trends where large and mega-cap equities generally had a weaker quarter. The fund's underweight allocation to Information Technology contributed positively, particularly as the 'Magnificent Seven' stocks took a breather during the quarter. This was the first full quarter that new managers Arrowstreet and MAN Numeric were included in the portfolio.

The Select Real Estate Fund underperformed its composite benchmark over the quarter. Resolution Capital, invested in Global REITs, underperformed due to asset allocation and weakness in retail and residential, despite strong performance from healthcare REITs. Conversely, Renaissance Asset Management, invested in Australian REITs, outperformed, driven by an underweight to Goodman Group and overweight positions in GDI and Charter Hall. Retail, predominantly Unibail, detracted from performance.

The Perpetual Private Global Fixed Income Fund underperformed the Bloomberg Global Aggregate Bond Index (hedged AUD) over the quarter. Two active managers, Western and Colchester, outperformed their benchmarks, while Alliance Bernstein underperformed. Western's overweight duration in US and Core Europe added substantially to excess returns, primarily driven by FX positions. Alliance Bernstein's underperformance was driven by country and yield curve positioning, primarily in US duration.

The Perpetual Private Australian Fixed Income returned 3.0% during the quarter, generally in-line with the performance of the Bloomberg AusBond Composite 0+ Year Index which returned 3.0%. The Macquarie True Index Australian Fixed Interest is a passive strategy and has matched the benchmark performance over the quarter. Slight return variation is attributable to a cash allocation within the portfolio. Australian 10-year government bond yields have been extremely volatile over the quarter, while semi-government paper experienced a large drawdown followed by a broad recovery.

Perpetual's Defensive Alternatives Pool Fund returned 1.5% for the three months ending September 2024, underperforming the Bank Bill +2% benchmark return of 1.6%. Asset-backed and alternative income strategies were the weakest performer during the period while corporate outperformed. High yield and some pockets of private debt contributed to the overall performance. Currency hedging contributed on the back of a weakening US dollar, relative to Australian dollar.

RETURNS BREAKDOWN (Investments)

	FY 2024	FY 2023	FY 2022
Growth Return %	-6.9%	-8.2%	-18.3%
Distribution Return %	15.8%	18.1%	12.7%
Total Return %	8.9%	9.9%	-5.7%

DISTRIBUTION BREAKDOWN

	FY 2024	FY 2023	FY 2022
Cents per unit	14.7907	18.4570	15.9488

PRODUCT FEATURES

	SUPER	PENSION	INVEST.
Inception date	May 89	May 89	Mar 99
Management/Investment Fee (p.a.)*	0.75%	0.75%	1.13%
Ongoing fee discount	Yes	Yes	No
Admin fee	0.10%	0.10%	0.00%
Buy spread	0.20%	0.20%	0.20%
Sell spread	0.00%	0.00%	0.00%
Contribution fee	0.00%	0.00%	0.00%
Withdrawal fee	\$0.00	\$0.00	\$0.00
Monthly member fee	\$0.00	\$0.00	\$0.00
Min. initial contribution	\$3,000	\$20,000	\$2,000
Min. additional contribution	\$0.00	\$0.00	\$0
Savings plan	Yes	No	Yes
Withdrawal plan	No	No	Yes
Distribution frequency	N/A	N/A	Quarterly
Contact information	1800 022 033		

*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

Perpetual's Growth Alternatives Pool Fund underperformed its hurdle benchmark in Q3 2024. Infrastructure was the sole bright spot in the portfolio, with Private Equity, Opportunistic Property, Other Growth Alternatives, and Hedge Funds all detracting from performance over the period. The rising Australian dollar relative to the US dollar also detracted from returns.

OUTLOOK

Looking forward, easing inflation pressures, central bank rate cuts, China's policy stimulus, and prospects for stronger growth should support portfolio returns. However, the coming year is likely to be more constrained given still-high valuations in some areas of the market and significant geopolitical uncertainty. Encouragingly, we are observing a healthy rotation within markets towards sectors that have lagged in recent years. This broadening of the market rally, along with the growing participation of smaller companies, is crucial for sustained progress. We are dedicating even greater focus to how we can best position portfolios in this environment, carefully assessing the evolving macroeconomic landscape, monitoring geopolitical developments, and identifying opportunities presented by the ongoing market rotation. We are actively adapting our portfolios to navigate this evolving landscape, seeking to capitalise on opportunities and manage risks effectively.

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MORE INFORMATION

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