

Product update | 15 May 2018

PERPETUAL CHARITABLE ENDOWMENT FUND

CHANGES TO INVESTMENT STRATEGY AND ESTIMATED MANAGEMENT COSTS

With effect on and from 15 June 2018, the Perpetual Charitable Endowment Fund's investment strategy and management costs will change, as follows:

- revised guideline investment ranges;
- the introduction of diversified alternatives as a new asset class comprising global listed infrastructure (previously a discreet asset class), specialist credit and impact investments – with the Bloomberg AusBond Bank Bill Index plus 3% as its benchmark; and
- an overall increase of 0.01% pa to the Fund's management cost reflecting:
 - a reduction of 0.01% pa for its investment management fee; and
 - an increase of 0.02% pa in its estimated indirect costs arising from the introduction of alternative asset fees (assuming a 2% allocation to impact investments within the Fund's new exposure to diversified alternatives).

Further details are shown in the tables below.

INVESTMENT STRATEGY

INVESTMENT GUIDELINES	BEFORE 15 JUNE 2018	ON AND FROM 15 JUNE 2018	CHANGES
Cash	0-10%	0-12%	2% increase to investment maximum
Fixed income	0-30%	0-20%	10% reduction to investment maximum
Diversified credit	0-30%	0-20%	10% reduction to investment maximum
Real estate	0-20%	0-20%	No change
Australian shares	35-60%	35-60%	No change
International shares	0-20%	0-20%	No change
Global listed infrastructure	0-25%	n/a	Included within new allocation to diversified alternatives (refer below)
Diversified alternatives	n/a	0-40%	New asset class comprising global listed infrastructure, specialist credit and impact investments

ESTIMATED MANAGEMENT COSTS

	MANAGEMENT FEE (% PA)		ESTIMATED INDIRECT COSTS (% PA) ¹			ESTIMATED TOTAL MANAGEMENT COST (% PA) ⁵
	BASE FEE	INVESTMENT MANAGEMENT FEE	ESTIMATED ALTERNATIVE ASSET FEES	ESTIMATED PERFORMANCE RELATED FEES ³	ESTIMATED OTHER INDIRECT COSTS ⁴	
Before 15 June 2018	0.74%	0.47%	n/a	0.01%	0.04%	1.26%
On and from 15 June 2018	0.74%	0.46%	0.02%	0.01%	0.04%	1.27%

1. Except for estimated alternative asset fees, which will apply on and from 15 June 2018 following inclusion of impact investments within the Fund's exposure to diversified alternatives, estimated indirect costs are based on indirect costs for the financial year ended 30 June 2017, which may vary in future years.
2. Investment management fees in underlying funds for global listed infrastructure and specialist credit are paid out of our investment management fee and the estimated alternative asset fees assume a 2% allocation to impact investments within the Fund's exposure to diversified alternatives. The Fund's actual exposure to impact investments and the relative allocations between the various specialist investment managers of relevant underlying funds, charging differing amounts in varying ways, will impact the total alternative asset fees charged each year.
3. Past performance and these estimates are not indicative of future returns. Performance-related fees payable in the future may vary depending on:
 - the portion of the Fund's assets that are subject to performance-related fees
 - the Fund's allocation between the relevant underlying funds, with their specialist investment managers charging differing performance-related fees against varying outperformance benchmarks
 - the actual investment returns each specialist investment manager achieves.
4. These estimated amounts include any other indirect costs associated with investing in the underlying funds and any relevant derivatives. Any abnormal operating expenses incurred in future years, if applicable, will be an additional indirect cost.
5. Totals may vary slightly to the sum of the various components due to roundings.

FURTHER INFORMATION

These changes will be reflected in the new Product Disclosure Statement for the Fund to be issued on 15 June 2018.

If you have any questions or require further information you may contact 1800 003 001.

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