Perpetual Private

PERPETUAL CHARITABLE ENDOWMENT FUND

June 2024

FUND FACTS

Investment objective: To provide income tax exempt investors such as the Perpetual Foundation and charitable trusts with a consistent income stream and long-term capital growth through investment in a diversified portfolio with an emphasis on Australian shares.

Suggested length of investment: Five years or longer

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.

INVESTMENT APPROACH

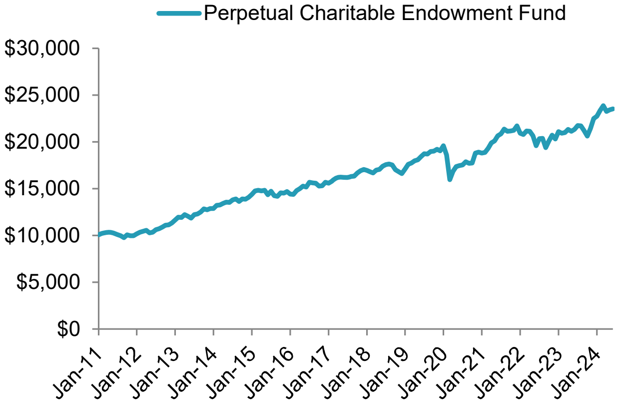
The Fund combines investment managers with different investment styles and philosophies. The Fund is managed according to its investment guidelines which have a set exposure to each investment manager. The Fund is regularly reviewed and re-weighted to the set investment guideline. Re-weighting means realigning the asset allocation to the investment guidelines for each investment manager. This can help reduce the volatility of the investment by avoiding over exposure to a particular investment manager that has grown more quickly than another.

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

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Charitable Endowment Fund	PER0558AU	0.5	-1.5	4.5	10.2	4.4	5.0
Perpetual Charitable Endowment (incl. Franking)	PER0558AU	0.6	-1.3	4.8	10.7	5.0	5.5
Perpetual Charitable Endowment Composite Benchmark		0.9	-0.6	5.1	11.5	5.9	6.1

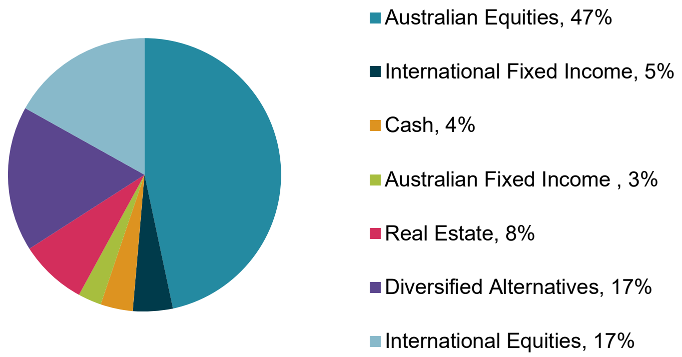
Past performance is not indicative of future performance

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 Charitable Endowment Fund

INVESTMENT GUIDELINES

	BENCHMARK (%)	RANGE (%)
Cash	2	0 - 30
International Fixed Income	5	0 - 20
Australian Fixed Income	3	0 - 20
Australian Shares	47	25 - 60
Real Estate	8	5 - 15
International Shares	17	0 - 30
Diversified Alternatives	18	0 - 30

PORTFOLIO COMMENTARY

The Perpetual Select Charitable Endowment Fund finished lower for the June quarter and underperformed its composite benchmark over the same time period. Real Estate was the sole contributor to added value, while Australian equities, Fixed Income and International Equities detracted from added value.

For the quarter, Global Equities (MSCI All Country World Index) increased 0.49%, Australian Equities (S&P/ASX 300 Accumulation Index) loss 1.20%, listed Real Estate (Composite Listed Index) fell by -5.17%, Australian Fixed Income (Composite Index) delivered -0.84%, and Global Fixed Income (Composite Index) returned -0.16%. All returns are in AUD.

The Perpetual Select Australian Share Fund underperformed the S&P/ASX 300 benchmark for the June quarter. Despite marginally underperforming, we saw 4 of the 5 active managers outperform their respective benchmarks. The primary detractor was Cooper Investors, who are our Large Cap Core manager and currently have the highest weighting in the portfolio. They underperformed the benchmark by 1.6% over the period. The primary detractor was their relative underweight to and stock selection within Financials. Within this sector, they have been under-weight the major banks and most notably, do not hold a position in Westpac and CBA, which both had a strong quarter. Other detractors at a stock level were holdings in Mirvac Group, Ramsay Health Care, Seek and Worley. Another primary detractor was the relative underperformance of small cap stocks. Whilst both our small cap managers, DNR and Tribeca, both marginally outperformed their benchmark being the ASX Small Ordinaries Index (-4.5%), they underperformed the broader ASX300 benchmark. This weighed on relative returns for the period. From a sector perspective, the aggregate Select Australian Share Fund was underweight the three weakest sectors being Energy, Materials and REITs and this contributed meaningfully to returns over the period. However, this was offset by a decent underweight to the Financials sector, most notably the major banks including Macquarie Group, which were resilient over the quarter. The UBS ASX20 passive strategy benefited from the strength shown by the banks, which are a large component of that narrower index. As a result, this strategy was the best performing allocation within the portfolio for the period.

The Perpetual Select International Share Fund underperformed the MSCI AC World index over the quarter. Manager performance was weak during the quarter, mainly due to the narrow leadership of markets, which saw A.I. related companies perform well. Hardman Johnston and Artisan were the only two managers to outperform over the quarter. Both Barrow Hanley and Cooper Investors were the main detractors with stock selection and their material underweight to Information Technology weighing on performance. Furthermore, Barrow Hanley's had nil exposure to the U.S. 'Magnificent 7' stocks. During the quarter, two managers - Artisan and Black Creek - were terminated. These managers were replaced by Arrowstreet to run a broader small cap portfolio, and Man Numeric to manage a large and mega cap portfolio. Each manager plays a specific role in the portfolio, with Arrowstreet allowing us to capture a potential relative value opportunity in small caps, while Man Numeric allows us to actively manage the biases evident in the benchmark, particularly around the 'Magnificent 7'.

The Select Real Estate Fund outperformed its composite benchmark over the quarter. Resolution Capital, the portfolio's sole exposure to Global REITs outperformed its benchmark over the quarter net of fees. Relative outperformance came from overweight exposure to healthcare names, Welltower and Ventas and positions in Big Yellow (Self-storage) and Equity Residential (Multi-family). Nil exposure to Goodman Group and Avalon Bay detracted from returns as did Japanese Diversified holdings including Mitsui Fudosan. Resolution Capital, the portfolio's sole exposure to Global REITs outperformed its benchmark over the quarter, net of fees. Relative outperformance came from overweight exposure to healthcare names, Welltower and Ventas and positions in Big Yellow (Self-storage) and Equity Residential (Multi-family). Nil exposure to Goodman Group and Avalon Bay detracted from returns as did Japanese Diversified holdings, including Mitsui Fudosan.

RETURNS BREAKDOWN (INVESTMENTS)

	FY 2024	FY 2023
Growth Return %	5.8%	4.4%
Distribution Return %	4.5%	4.5%
Total Return %	10.2%	8.9%

DISTRIBUTION BREAKDOWN

	FY 2024	FY 2023
Cents per unit	4.9388	4.7669

PRODUCT FEATURES

	INVEST.
Inception date	Jan 11
Management Fee (p.a.)*	1.05%
Ongoing fee discount	Yes
Buy spread	0.20%
Sell spread	0.00%
Contribution fee	0.00%
Withdrawal fee	$0
Monthly member fee	$0
Min. initial contribution	$0
Min. additional contribution	$0
Savings plan	NA
Withdrawal plan	NA
Distribution frequency	Quarterly
Contact information	1800 022 033

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

The Perpetual Private Global Fixed Income Fund underperformed the Bloomberg Global Aggregate Bond Index (hedged AUD) over the quarter. On aggregate, the fund remains underweight credit and securitised assets versus the benchmark and slightly overweight developed market and emerging market bonds which have detracted. All three active managers within Global Fixed Interest underperformed the index over the quarter. Western's overweight duration in US, UK and Core Europe detracted over the period. This compares with Colchester's overweight position in Mexico and New Zealand which experienced rising yields over the period. Alliance Bernstein's performance was driven by positive attribution from IG corporates and U.S. agency MBS; but was offset by underperformance from an overweight allocation to UK gilts and underweight position in Chinese government bonds. Manager underperformance relative to benchmark over the quarter net of fees ranges from -0.2% to -0.8%.

The Perpetual Private Australian Fixed Income Fund returned -0.8% during the quarter, in-line with the performance of the Bloomberg AusBond Composite 0+ Year Index which returned -0.8%. 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. We have seen a 0.6% shift in yield curve only to retrace 2 weeks later. Duration of the benchmark remains at approximately 5 years.

The Diversified Alternatives sector underperformed for the period. Listed infrastructure has six times the exposure of leveraged loans and it delivered a disappointing -5% for the period. Leveraged Loans provided a positive 1.8% but given its size, was not enough to offset listed infrastructure.

OUTLOOK

Looking ahead, we anticipate increased market fluctuations in the coming months, influenced by geopolitical tensions, notably the U.S. presidential election, and shifts in inflation and interest rates. Whilst there are valid concerns, there are also reasons to be optimistic, with balanced probabilities and a wide range of possible outcomes. Our key priority remains analysing economic conditions and investments, seeking to be positioned defensively whilst capitalising on dislocations between price and value.

We remain cautious on the near-term path for equity markets, with valuations broadly looking fully priced. Our preference is to take a relatively style-neutral approach given the evolving macroeconomic landscape and we believe avoiding company names with elevated risk will be key to delivering strong outcomes.

Outside of large and mega-caps, we see opportunities in sectors and regions that have not benefited from the rally, with some exposure warranted to these areas. We continue to monitor inflation and economic risks closely, maintaining a neutral position on rates, and keeping our credit risk budget relatively low, leaning into shorter maturities.

Ultimately, a well-defined, long-term investment strategy with broad diversification can weather market volatility and unforeseen events, and we remain committed to this approach.

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