

## Perpetual Investment Funds

# PERPETUAL GLOBAL ALLOCATION ALPHA FUND

August 2024

### FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

### FUND BENEFITS

Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment teams.

### FUND 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.

**Benchmark:** MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022

**Inception Date:** March 1999

**Size of Portfolio:** \$58.75 million as at 30 Jun 2024

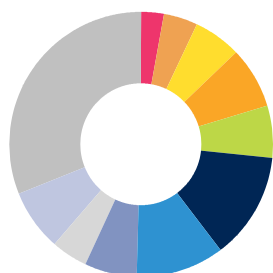
**APIR:** PER0066AU

**Management Fee:** 0.55%\*

**Investment style:** Active, fundamental, disciplined, value

**Suggested minimum investment period:** Five years or longer

### PORTFOLIO SECTORS



CASH AND FIXED INTEREST	2.7
COMMUNICATION SERVICES	4.3
CONSUMER DISC	5.9
CONSUMER STAPLES	7.4
ENERGY	6.5
FINANCIALS EX PROP	13.1
HEALTH CARE	10.9
INDUSTRIALS	6.4
INFORMATION TECHNOLOGY	4.5
MATERIALS	7.2
OTHER SHARES	31.2

### TOP 10 STOCK HOLDINGS

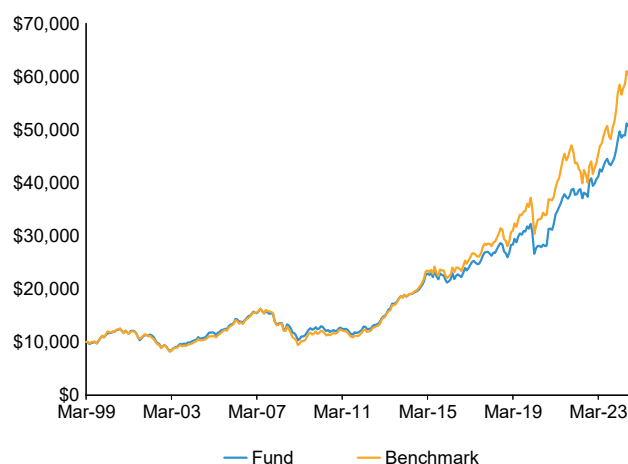
Stock Holding	% of Portfolio
Sanofi	1.2%
Merck & Co., Inc.	1.1%
Comcast Corporation Class A	1.0%
Enbridge Inc.	0.9%
Bank of Nova Scotia	0.9%
Microsoft Corporation	0.9%
Exxon Mobil Corporation	0.8%
Air Products and Chemicals, Inc.	0.8%
National Grid PLC	0.8%
Wells Fargo & Company	0.7%

### PERFORMANCE- periods ending 31 August 2024

	Fund	Historical <sup>1</sup> Performance	Benchmark	Excess
1 month	-1.16	-	-1.24	+0.08
3 months	3.26	-	4.44	-1.18
1 year	13.54	-	18.83	-5.29
2 year p.a.	-	-	20.42	-4.90
3 year p.a.	-	10.14	9.84	+0.31
4 year p.a.	-	15.58	15.07	+0.51
5 year p.a.	-	10.84	12.18	-1.34
7 year p.a.	-	10.74	12.68	-1.94
10 year p.a.	-	10.02	11.88	-1.86

<sup>1</sup>Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

### GROWTH OF \$10,000 SINCE INCEPTION



\*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

## MARKET COMMENTARY

During August, the heavy news flow continued, especially in the U.S. Global markets sold off during the first week of August due to a confluence of factors such as the yen carry trade unwind, multiples of richly valued technology stocks deflating, and a weak jobs report in the U.S. The U.S. continues its march toward elections in November, with more news, policy proposals, and headlines that fuel uncertainty in a tightly contested election. Further, soft economic data in the U.S. regarding jobs, job openings, and manufacturing output brought the word “recession” back into the realm of possibilities, as the notion of a soft landing seems less certain. Given this backdrop, the U.S. Federal Reserve (the Fed) indicated that it is time for a policy shift, and rates are likely on the way down after the next Fed meeting in September. Outside the U.S., central banks in Canada, the UK, and other western-oriented central banks are lowering rates while Japan has raised rates. Finally, China has continued to garner headlines for the wrong reasons as the economy has failed to recover post COVID on the back of underwhelming stimulus by the government with deflationary pressures still present.

## PORTFOLIO COMMENTARY

Banco Bradesco SA Pfd positively contributed to relative performance during the month after reporting earnings in early August. The company beat profit expectations for the second quarter in a row, which drove the stock higher. While earnings remain depressed, the improving results were seen by the market as a positive for the relatively new CEO. The results also showed an improving growth rate that puts the bank closer to market rates of growth.

SharkNinja, Inc. contributed to relative performance during the month as the company released positive quarterly earnings that once again outperformed market expectations. The company has benefitted from solid execution and market discovery after the spinoff and U.S. listing. The stock has been a strong performer since its purchase. After positive earnings, the stock was sold as it neared its price target and the thesis had largely played out as expected.

Halliburton Company detracted from relative performance in August along with the broader Energy sector. Concerns that softening economic fundamentals could further contribute to a supply/demand imbalance in the energy market weighed on the stock. The company also experienced a cyberattack toward the end of the month; although services remain intact, this could require ongoing expense to determine its scope.

Hess Corporation detracted from relative performance in August along with the broader Energy sector. Concerns that softening economic fundamentals could further contribute to a supply/demand imbalance in the Energy market weighed on the stock.

## OUTLOOK

Given the muted market returns in July and higher volatility in August, a sentiment shift may be afoot, as we have seen material rotations over the past couple of months. Softening economic numbers and stagnant inflation over the last few months forced the Fed to admit the time to adjust policy is here, which likely means a rate cut in September. This will come on the heels of other central banks that have already cut. However, the issue regarding cutting rates is less about who is cutting and when that first rate comes, but more about why rates are being cut and by how much. If the Fed and other central banks have to move quickly in cutting historically high rates as a result of softening economic growth versus sufficiently tame inflation, it will pull the soft landing scenario off the table and we could continue to see a violent rotation away from high multiple stocks in favor of lower multiple stocks. This may be further aggravated if we do officially enter a recession.

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Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets.

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The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website [www.perpetual.com.au](http://www.perpetual.com.au). No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

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## MORE INFORMATION

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