

Perpetual Private

# PERPETUAL CHARITABLE ENDOWMENT FUND

September 2024

## FUND FACTS

**Investment objective:** Aims to provide income tax exempt investors such as charitable endowments and foundations with income and long-term capital growth through an investment in a diversified portfolio with an emphasis on Australian Shares.

**Suggested length of investment:** Five years or longer

## INVESTMENT APPROACH

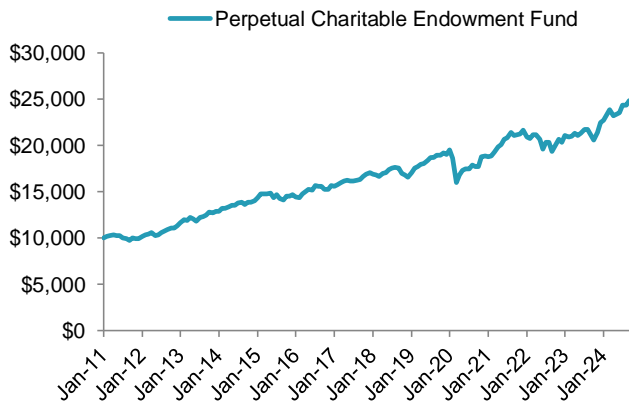
The Fund combines investment managers with different investment styles and philosophies. The Fund is managed according to its investment guidelines which have a set exposure to each investment manager. The Fund is regularly reviewed and re-weighted to the set investment guideline. Re-weighting means 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 SEPTEMBER 2024

	APIR CODE	1 MTH	3 MTHS	6 MTHS	1 YR PA	3 YRS PA	5 YRS PA
Perpetual Charitable Endowment Fund	PER0558AU	2.0	5.7	4.1	17.2	5.6	5.6
Perpetual Charitable Endowment (incl. Franking)	PER0558AU	2.1	5.8	4.4	17.7	6.2	6.1
Perpetual Charitable Endowment Composite Benchmark		1.9	5.8	5.2	18.4	7.3	6.8

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.

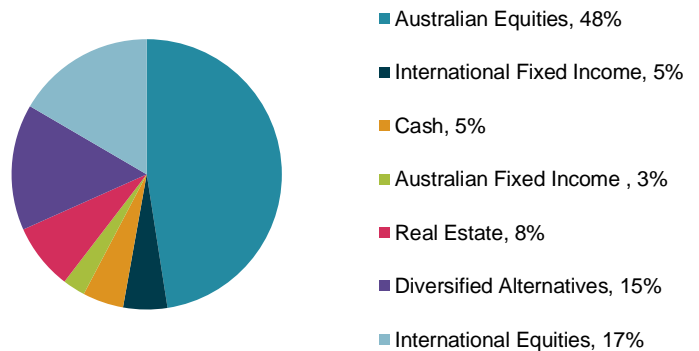
## BENEFITS

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.

## PORTFOLIO EXPOSURES<sup>^</sup>



<sup>^</sup>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 higher for the September quarter but underperformed its composite benchmark over the same time period. Australian Equities, International Equities, Real Estate and Fixed Income all detracted from performance relative to the fund's benchmark, whilst Diversified Alternatives contributed to performance.

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. The small-cap manager DNR posted a very strong quarter delivering a 15.1% return for the period, which was just over 7% in excess of the fund's ASX300 benchmark return of 7.8%. Tribeca and Selector also contributed positively outperforming their benchmarks. The primary detractor was both stock selection within Financials and their overweight to Healthcare, being one of the weaker sectors.

The Perpetual Select International Share Fund underperformed the MSCI AC World index (unhedged AUD) over the quarter. The fund's underweight allocation to Information Technology contributed positively, particularly as the 'Magnificent Seven' stocks took a breather during the quarter. However, not holding Tesla during a quarter where it returned 32% in local currency terms was a detractor. Additionally, an overweight to Europe detracted, but an underweight allocation to Japan was additive to relative returns.

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.

## 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 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.

The Diversified Alternatives sector generated positive performance over the quarter. Listed infrastructure is a materially larger component of the portfolio compared to leveraged loans and has delivered a positive return of 10.2% for the period. Leveraged loans provided a positive return of 0.6%.

## 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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You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the relevant funds, issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426 (PIML) or Perpetual Superannuation Limited (PSL) ABN 84 008 416 831, AFSL 225246 RSE L0003315 (PSL), should be considered before deciding whether to acquire or hold units in the 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\* guarantees the performance of any fund or the return of an investor's capital. Total returns shown for the fund has been calculated using exit prices after taking into account all of Perpetual's ongoing fees, in line with the FSC Standard No.6 and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. \*Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

#### **MORE INFORMATION**

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