
Perpetual Superannuation Limited

Perpetual WealthFocus Superannuation Fund Annual Members' Meeting

19 November 2021

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Agenda

Introduction to key people

Chair's address – strategy update and regulatory change

Investment performance and market update

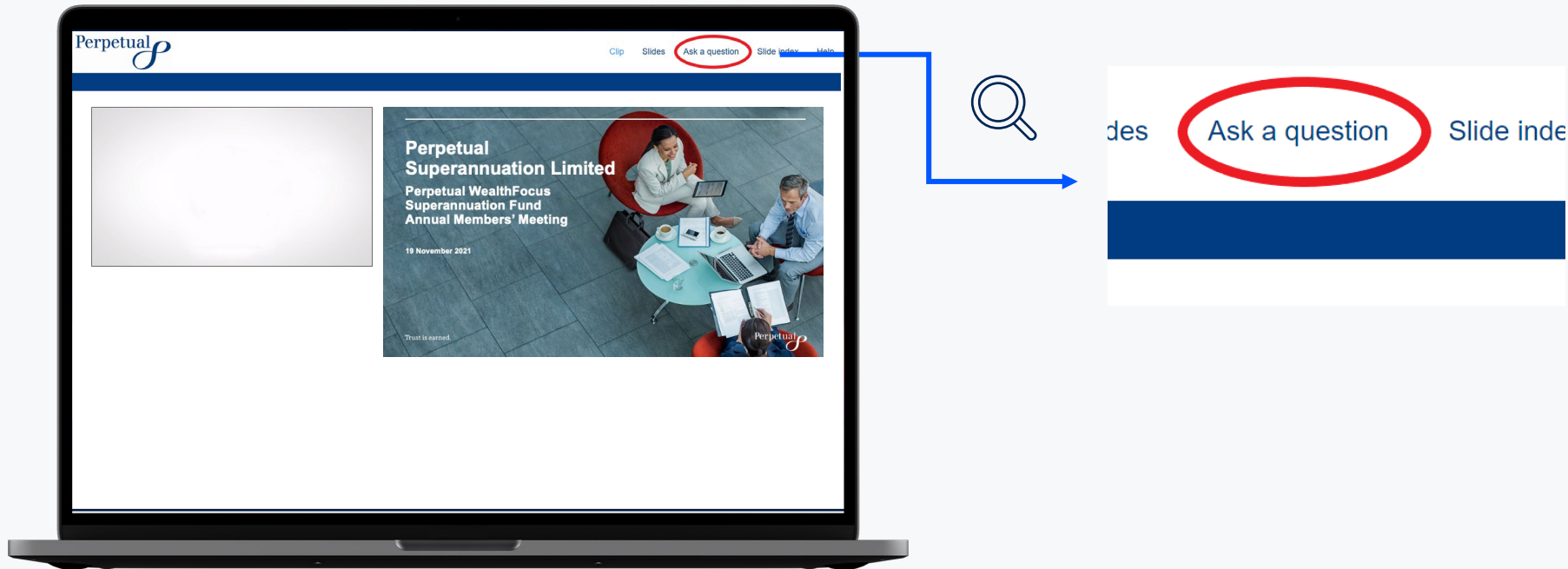
Member services update

Members' questions and answers



Submit a question

Click the 'Ask a question' link at the top right of your screen



If your question relates specifically to your account or insurance, we will contact you directly to discuss. Our Contact Centre is also available to assist on 1800 022 033.

General information

This information has been prepared by Perpetual Superannuation Limited ABN 84 008 416 831 (PSL), AFSL 225246, RSE L0003315 (as trustee for Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, RSE R1057010). It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. 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 product disclosure statements (PDSs) for the Perpetual WealthFocus Super Plan and Perpetual WealthFocus Pension Plan, issued by PSL, should be considered before deciding whether to acquire or hold units in the Fund. The PDSs can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.

No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. Past performance is not indicative of future performance.

Net returns shown have been calculated net of any investment fees and estimated indirect costs and for the Super Plan, income tax of up to 15%.

Gross returns shown have been calculated before any investment fees and estimated indirect costs and for the Super Plan, income tax of up to 15%.

Janet Torney

Chair



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Perpetual superannuation limited – key executives

Governance Tier	Board	Janet Torney Chair & Non Executive Director	Kerry Adby Non Executive Director	Vacant Non Executive Director	Chris Green Executive Director	Mark Smith Executive Director			
	Board Committees	Audit and Risk Committee Kerry Adby (Acting Chair) Janet Torney (NED) Vacant (NED)		Investment Committee Kerry Adby (Chair) Janet Torney (NED) Mark Smith (Executive Director) Jonathan Sweeney (Independent Member)		Nominations Committee Janet Torney (NED) Chris Green (Executive Director) Paul Chasemore (Executive General Manager, People)		People & Remuneration Committee Nancy Fox (Chair & Perpetual Ltd NED) Fiona Trafford-Walker (Perpetual Ltd NED) Greg Cooper (Perpetual Ltd NED)	
	Catherine Payne Head of Office of the Superannuation Trustee								
Operating Tier	Key Management Personnel	Sam Mosse Chief Risk Officer			Amanda Gazal Chief Operating Officer				
		Mary Kapota PSL Company Secretary			Annie Rozenauers General Manager Product				
					Gordon Thompson Senior Manager Superannuation and Retirement Solutions				
External Service Providers	State Street Custodian and Fund Administrator			Tech Mahindra Member Administration		AIA Insurer			
	KPMG External Auditor Nicholas Buchanan								

Our strategy

Purpose: Enduring prosperity for the lifetime of our members

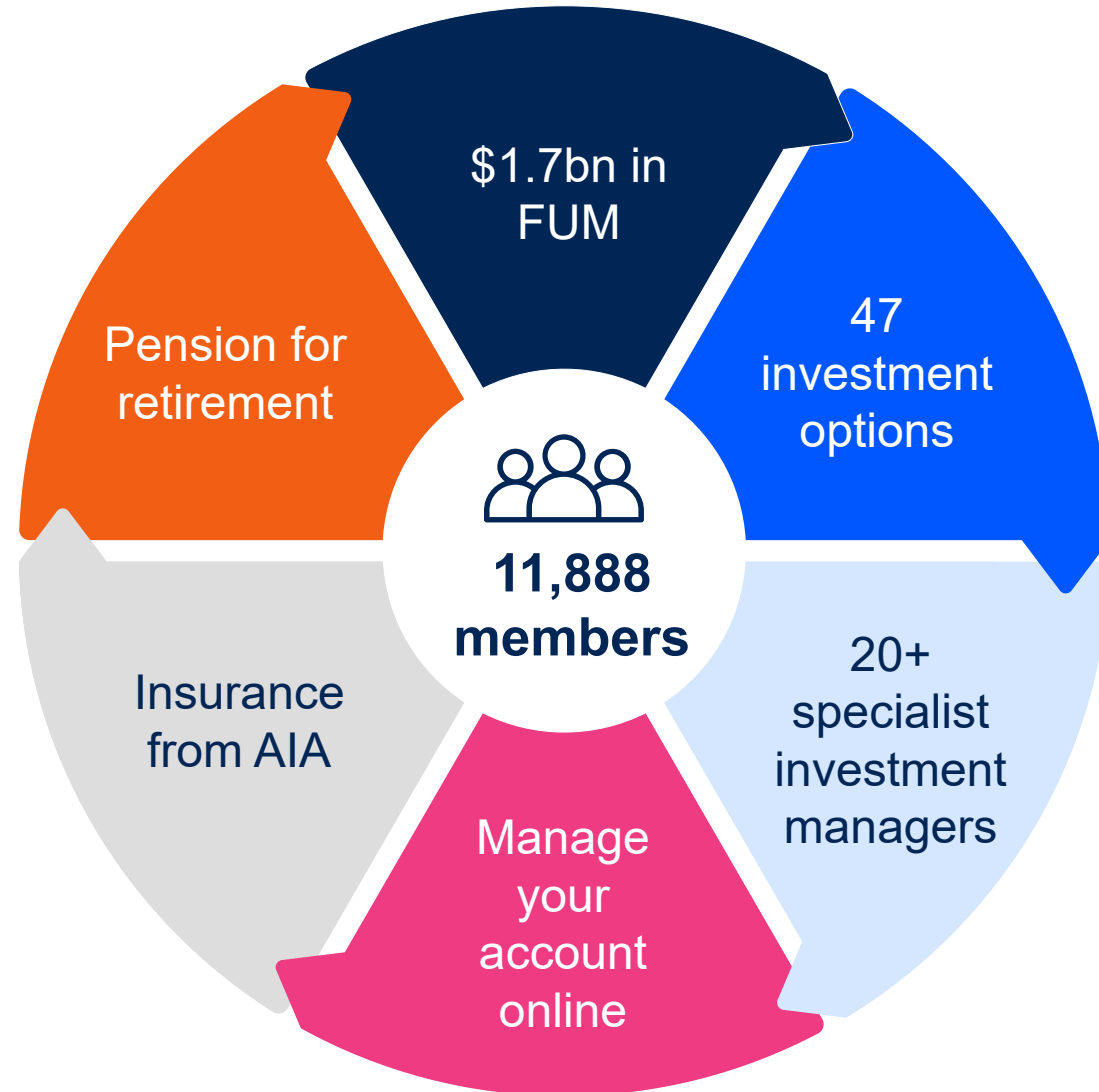
Vision: to be the trusted provider of market-leading superannuation solutions in our chosen segments

Values: Excellence, Integrity & Partnership

Strategic Objectives	Enable  Enable the provision of superannuation solutions for our members and their advisers	Engage  Deepen our member relationships and improve our members experience	Protect  Protect our members by delivering robust governance, compliance & risk management	Sustain  Provide efficient And sustainable business operations
Metrics	Investment performance Investment choice Member engagement Fees			

Underpinned by PSL's Risk Appetite Statement


Your Fund as at 30 June 2021



Kyle Lidbury

Head of Investment Research

Investment Performance & Market Update

A photograph of two women in wetsuits walking on a sandy beach, carrying surfboards. The woman in the foreground is smiling and looking towards the right. The background shows other people on the beach and the ocean under a bright sky.

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Performance

Australian shares

Net returns to 30 June 2021	1 yr %	3 yr % pa	5 yr % pa
Ausbil Australian Active Equity	33.3	9.7	11.2
Ausbil Australian Emerging Leaders	37.3	7.2	9.6
Fidelity Australian Equities	28.7	9.9	10.4
IML Australian Share	18.9	4.5	5.7
IML Future Leaders	25.2	2.5	5.3
Pendal Australian Equity	26.1	8.7	10.8
Perpetual Australian Share	33.7	9.1	9.1
Perpetual Concentrated Equity	32.6	6.8	8.8
Perpetual Ethical SRI	37.7	8.4	8.5
Perpetual Geared Australian Equities	92.8	10.4	13.6
Perpetual Industrial Share	28.5	6.2	7.2
Perpetual SHARE-PLUS Long-Short	27.2	7.3	9.3
Perpetual Smaller Companies	35.7	11.8	11.4
Schroder Australian Equity	24.4	7.0	10.0
Vanguard Australian Shares Index	23.1	8.4	9.7

Investment performance has been calculated net of fees and costs and tax.

Performance

Global shares

Net returns to 30 June 2021	1 yr %	3 yr % pa	5 yr % pa
Magellan Global	9.3	11.2	12.1
MFS Global Equity	23.9	12.1	11.7
Perpetual Global Innovation Share	-	-	-
Perpetual Global Share	33.8	11.5	13.0
Platinum Asia	21.4	10.7	12.4
Platinum International	22.8	5.6	9.2
T. Rowe Price Global Equity	29.9	18.9	18.7
Vanguard International Shares Index	23.5	12.4	-
Vanguard International Shares Index (Hedged)	29.2	10.4	11.5
Magellan Global	9.3	11.2	12.1
MFS Global Equity	23.9	12.1	11.7
Perpetual Global Innovation Share	-	-	-

Investment performance has been calculated net of fees and costs and tax.

Performance

Cash, fixed income, property and infrastructure

Net returns to 30 June 2021	1 yr %	3 yr % pa	5 yr % pa
Cash			
Perpetual Cash	0.1	0.6	0.7
Fixed income			
Bentham Global Income	8.8	2.2	4.2
Macquarie Income Opportunities	2.1	1.5	1.8
OnePath Diversified Fixed Interest	0.4	2.4	1.8
Perpetual Diversified Income	4.7	2.1	2.4
Perpetual Dynamic Fixed Income	3.1	2.6	2.4
Schroder Fixed Income	0.6	3.5	2.3
Vanguard Fixed Interest	-1.4	2.7	1.7
Property and Infrastructure			
AMP Capital Global Property Securities	26.6	6.1	4.4
Lazard Global Listed Infrastructure	10.6	4.0	7.5
Pendal Property Securities	29.2	8.9	6.0
Vanguard Australian Property Securities Index	29.4	5.3	4.0

Investment performance has been calculated net of fees and costs and tax.

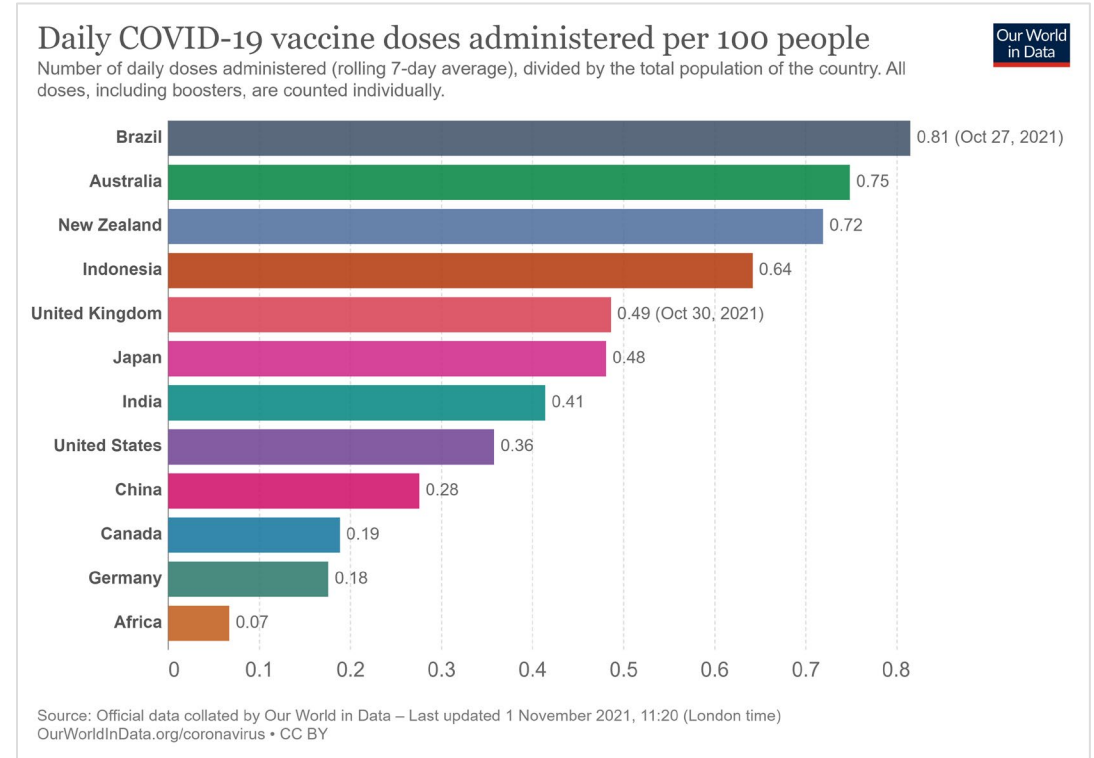
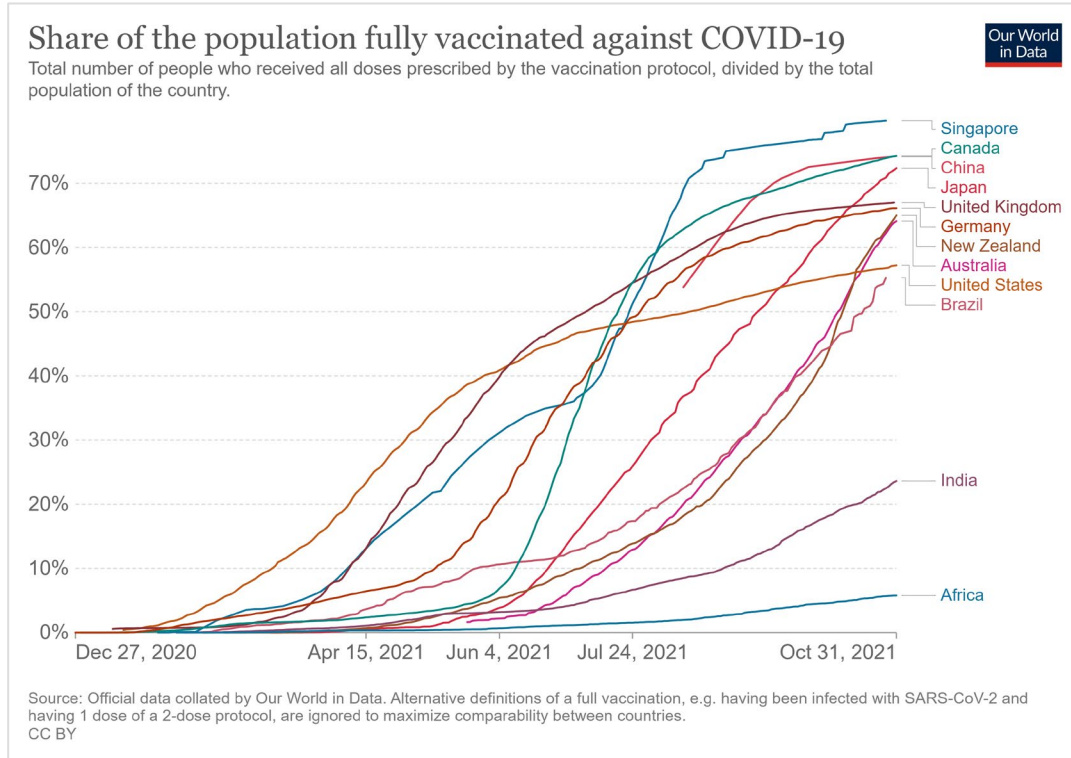
Performance

Multi-asset and alternatives

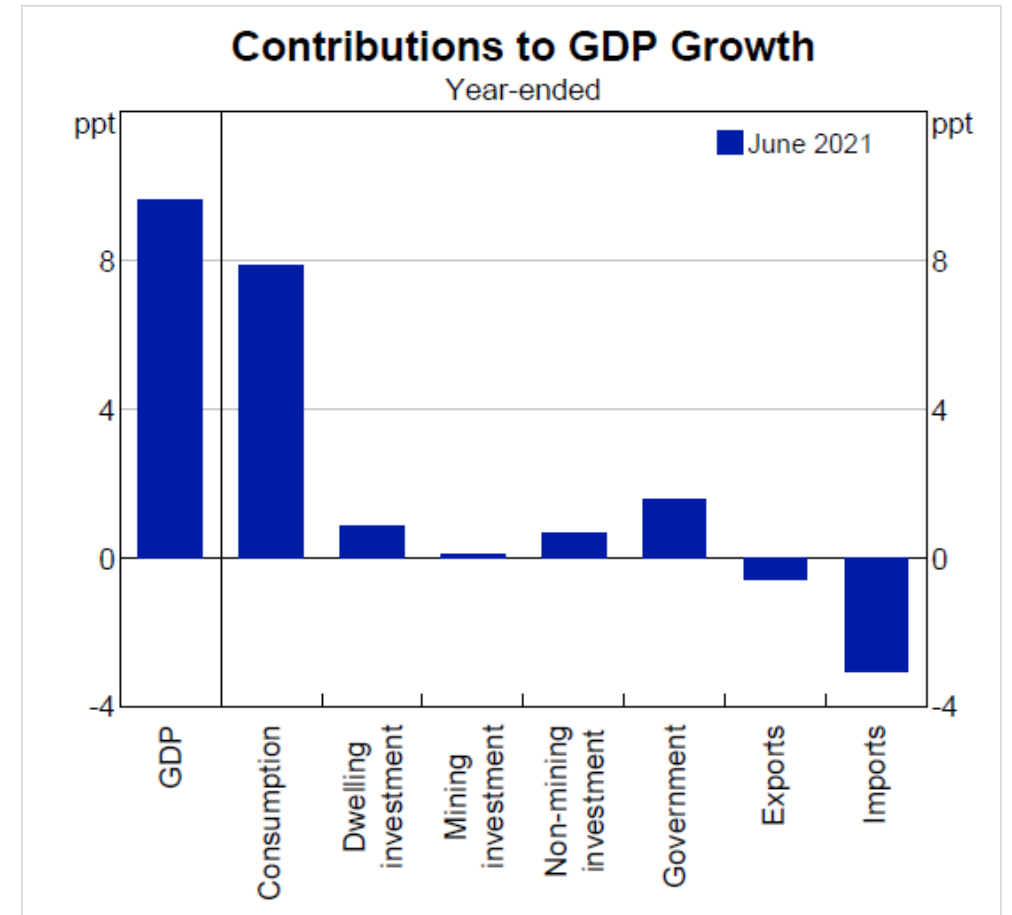
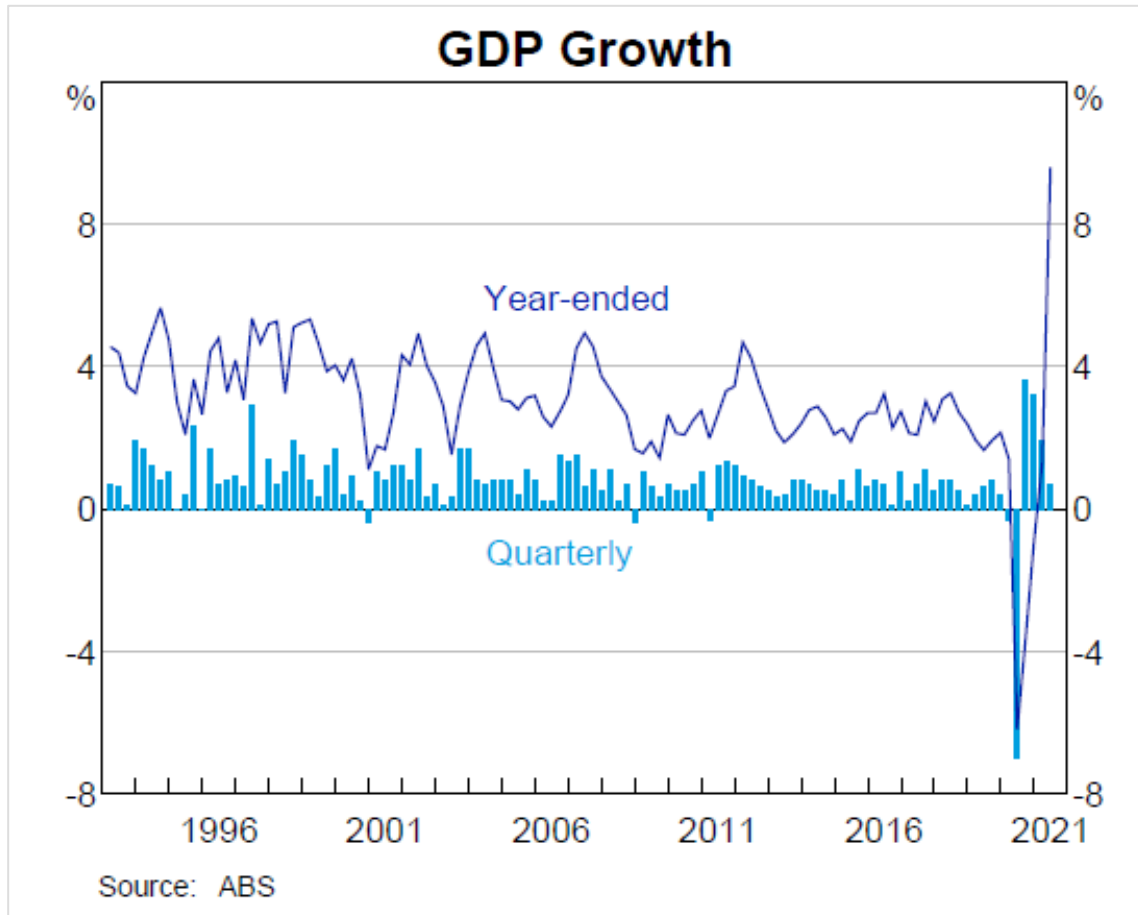
Net returns to 30 June 2021	1 yr %	3 yr % pa	5 yr % pa
Conservative			
BlackRock Diversified ESG Stable	6.3	4.0	3.9
Perpetual Conservative	8.3	4.7	4.2
Balanced			
Perpetual Diversified Real Return	9.5	4.5	4.3
Perpetual Diversified Growth	13.3	6.0	5.7
Growth			
BlackRock Diversified ESG Growth	16.0	7.2	8.0
BlackRock Tactical Growth	17.4	8.4	8.5
Morningstar Growth Real Return	15.0	4.3	5.3
Perpetual Balanced Growth	19.3	7.5	7.2
Perpetual Split Growth	25.9	8.5	9.4
Schroder Strategic Growth	14.9	6.3	7.0
Alternatives			
Aspect Diversified Futures	6.2	2.6	0.2

Investment performance has been calculated net of fees and costs and tax.

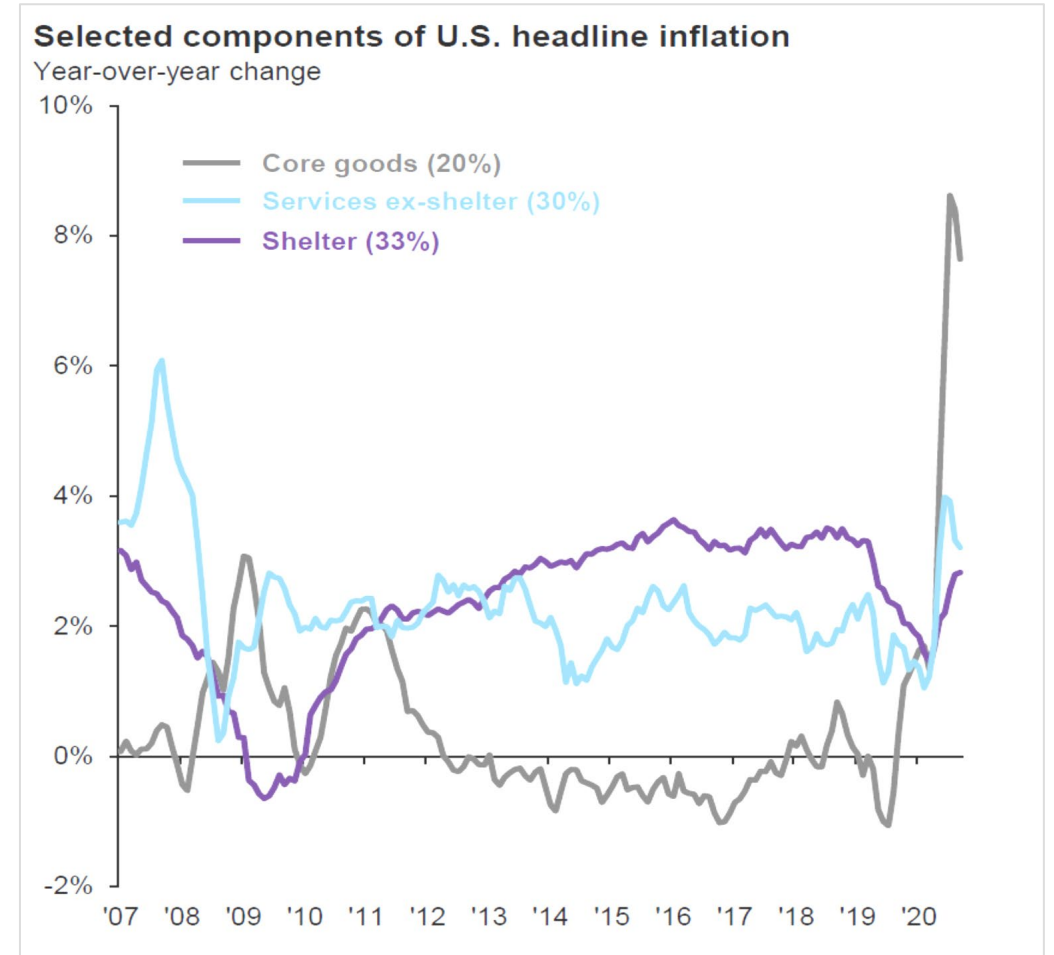
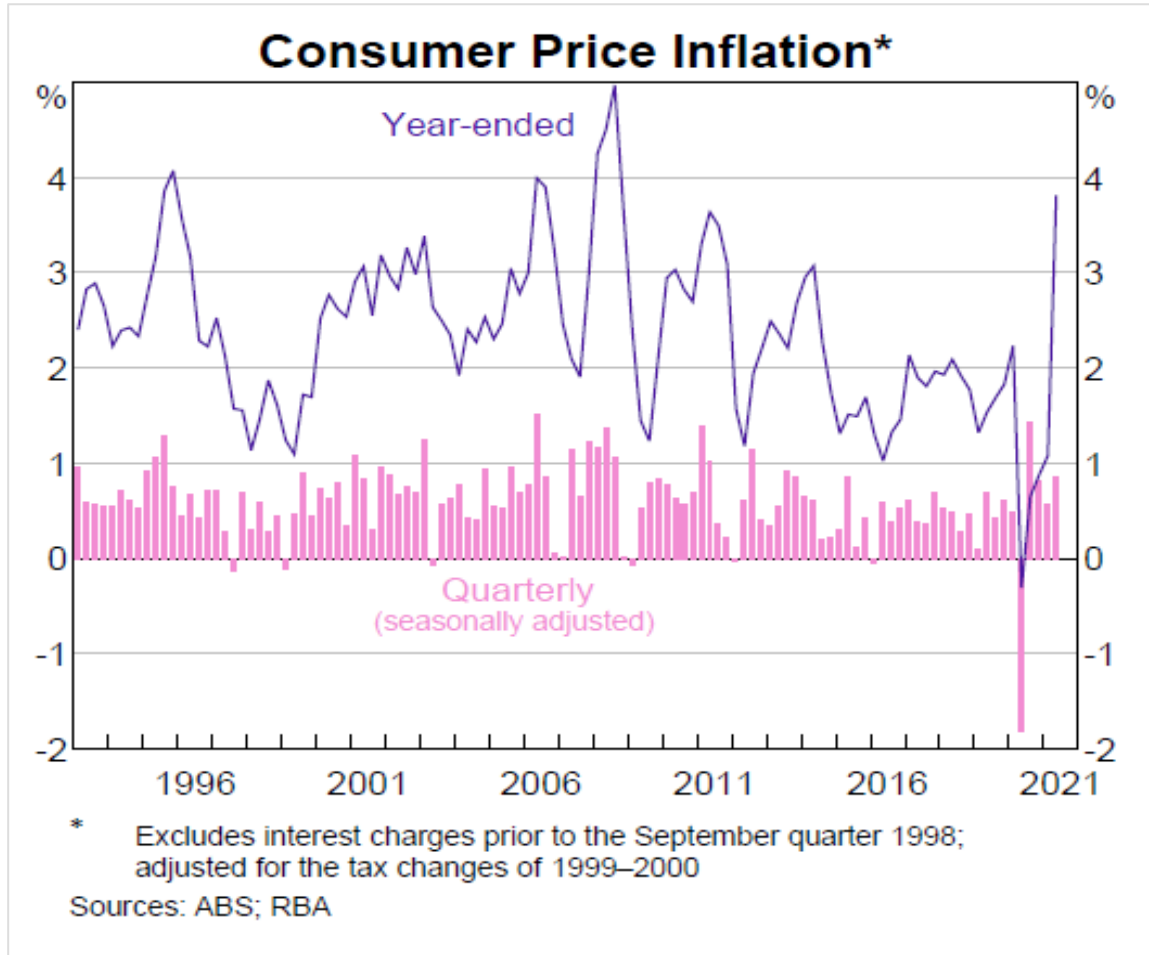
Vaccination – Australia/NZ slow start but now caught up and overtaking



Markets – Reflation and Growth rebound

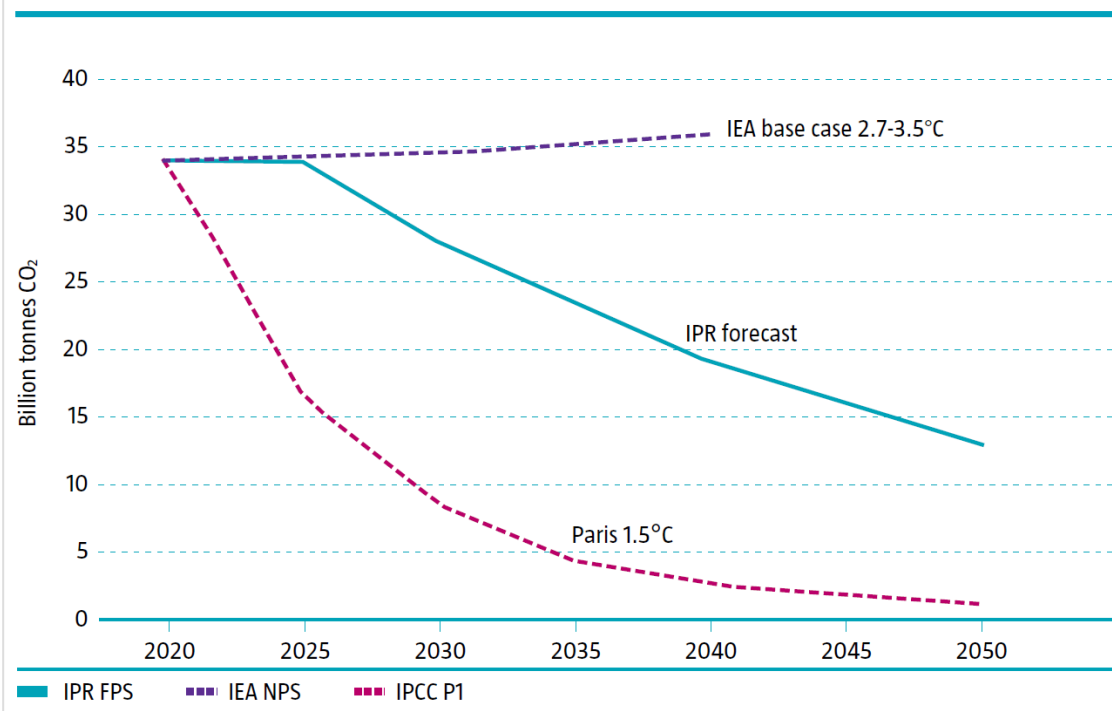


Inflation – Market still pricing ‘transitory’



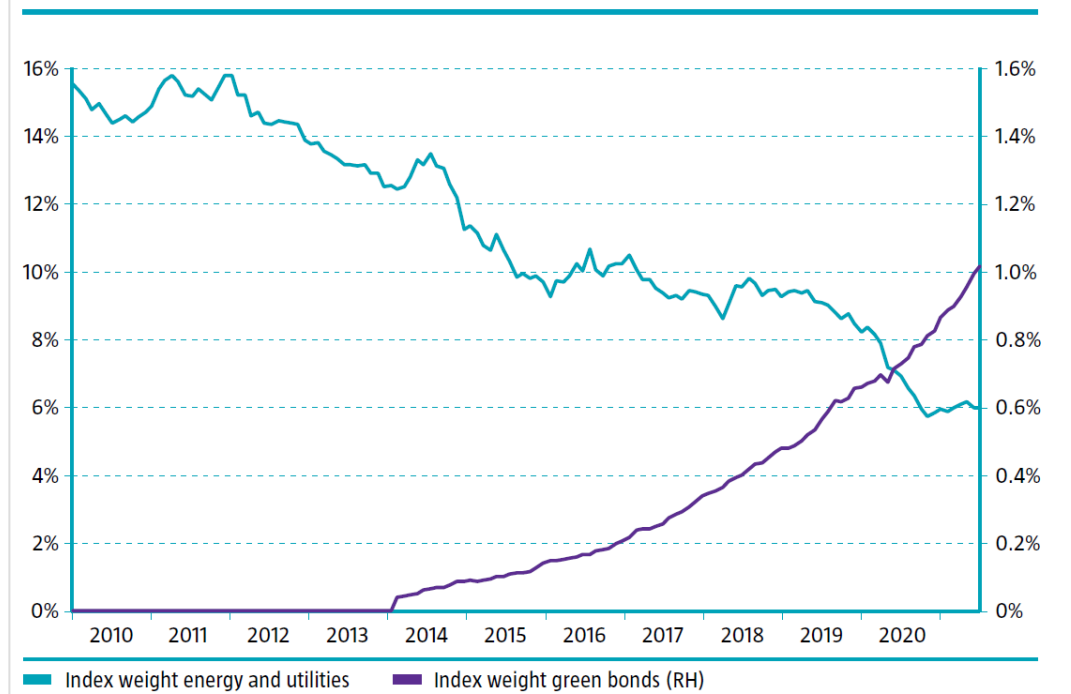
Climate – coming back to the fore post Covid

Figure 3.1: Global energy-related CO₂ emissions



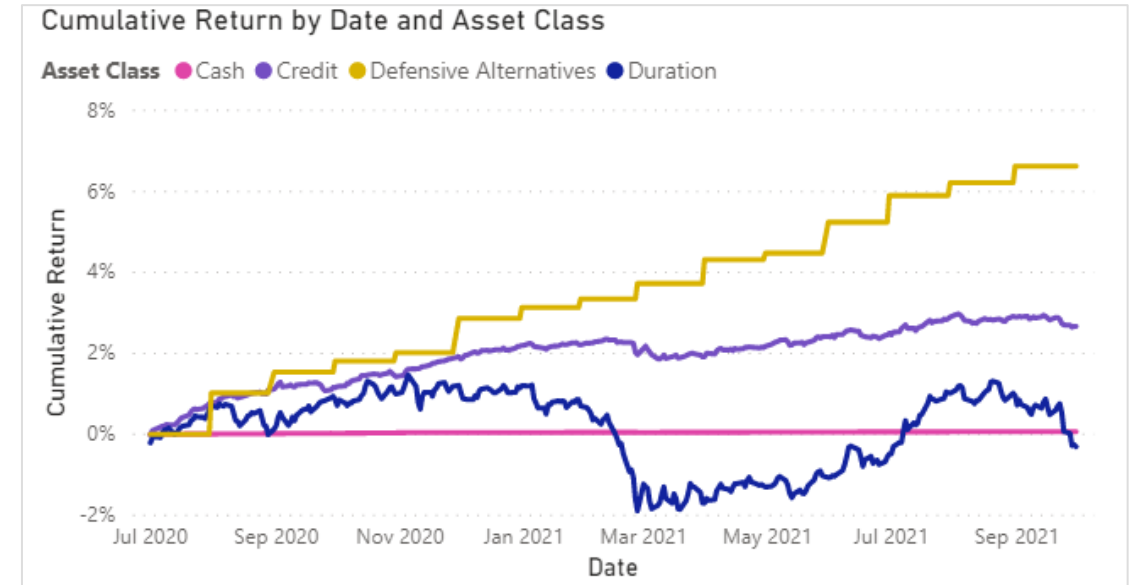
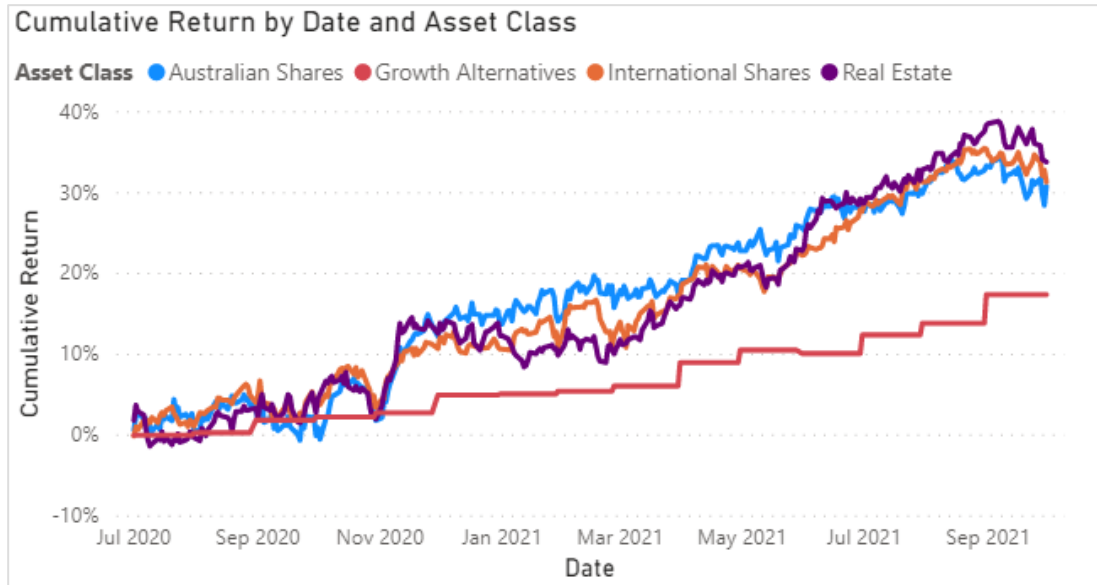
Source: Inevitable Policy Response (IPR) Investor Brief (March 2021), Robeco. The base case is sourced from the International Energy Agency's New Policies Scenario 2017. The Paris agreement scenario is by the Intergovernmental Panel on Climate Change. The IPR has forecasted its most likely scenario.

Figure 3.2: Relative weight of carbon-intensive equities and green bonds



Source: Robeco, Thomson Reuters Datastream, MSCI, Bloomberg Barclays. The blue line is the sum of the index weights of the MSCI Energy and MSCI Utilities sectors as a percentage of the MSCI World Index. The purple line is the market capitalization of the Bloomberg Barclays MSCI Global Green Bond Index divided by the market capitalization of the Bloomberg Barclays Global Aggregate Index.

FY21 in Asset Allocation



SAA 2020 Recap

- Cash was reduced
- International Shares was increased relative to Australian Shares
- Growth assets were increased
- Credit was increased relative to duration

Performance since June 2020

- Australian Shares, International Shares and Real Estate all delivered ~30%
- Credit outperformed Duration as 10y yields fell in March, then again in September.
- Alternatives rebounded steadily

Growth Alternatives: Asset Class and Sub Asset class exposure

Aimed to deliver a higher expected return, diversification to equities and lower risk

Growth Absolute return

- Focus on higher returning, less complex, more liquid strategies.
- Increase in expected return, inline with an expected increase in vol. and correlation with equity markets.
- Core and satellite approach, with core making up 40% of exposure.

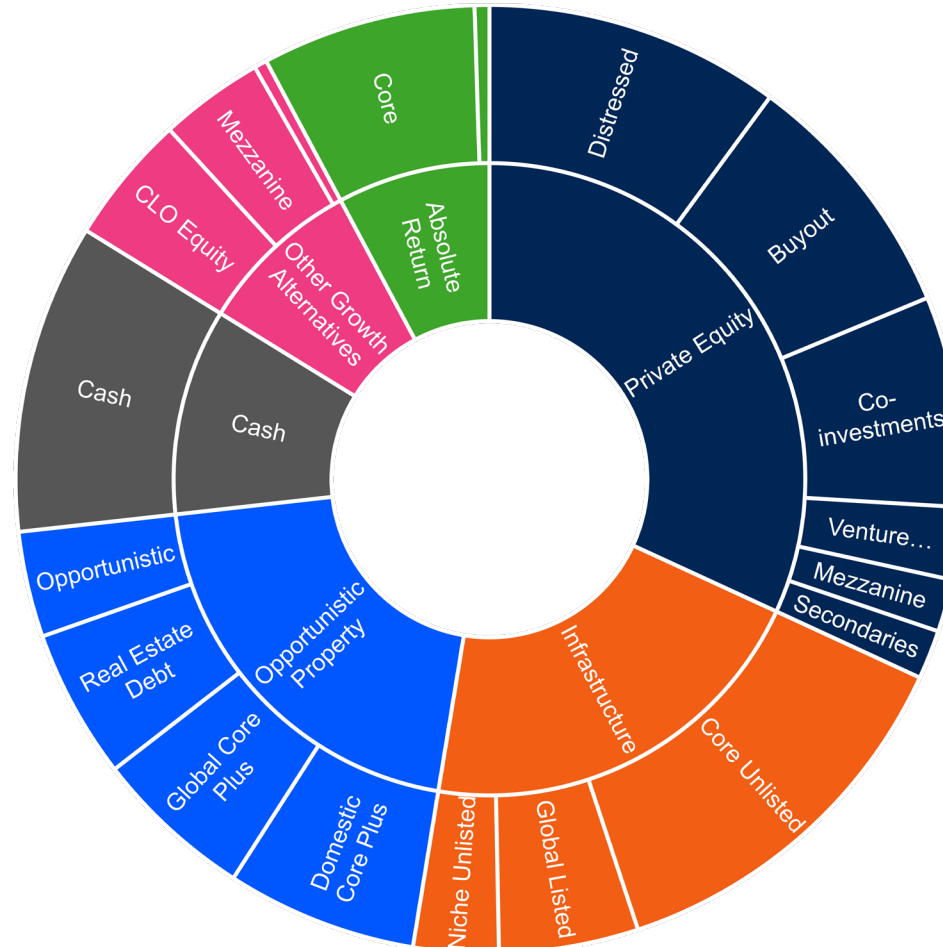
Other Growth Alts

- Retail allocation for genuinely esoteric investment opportunities.
- Will target a net IRR of 11% and a MOIC if greater than 1.5x

Opportunistic Property

- Increase exposure from 15% to 20%.
- Inclusion of Core-Plus real estate within the Opportunistic Property sector to improve cash flow, capital growth and lower fees.
- Consolidation of previous sub-strategies into a broader "Opportunistic Strategies" category.

Growth Opportunities Fund by Asset Class, Sub-Asset Class and Manager



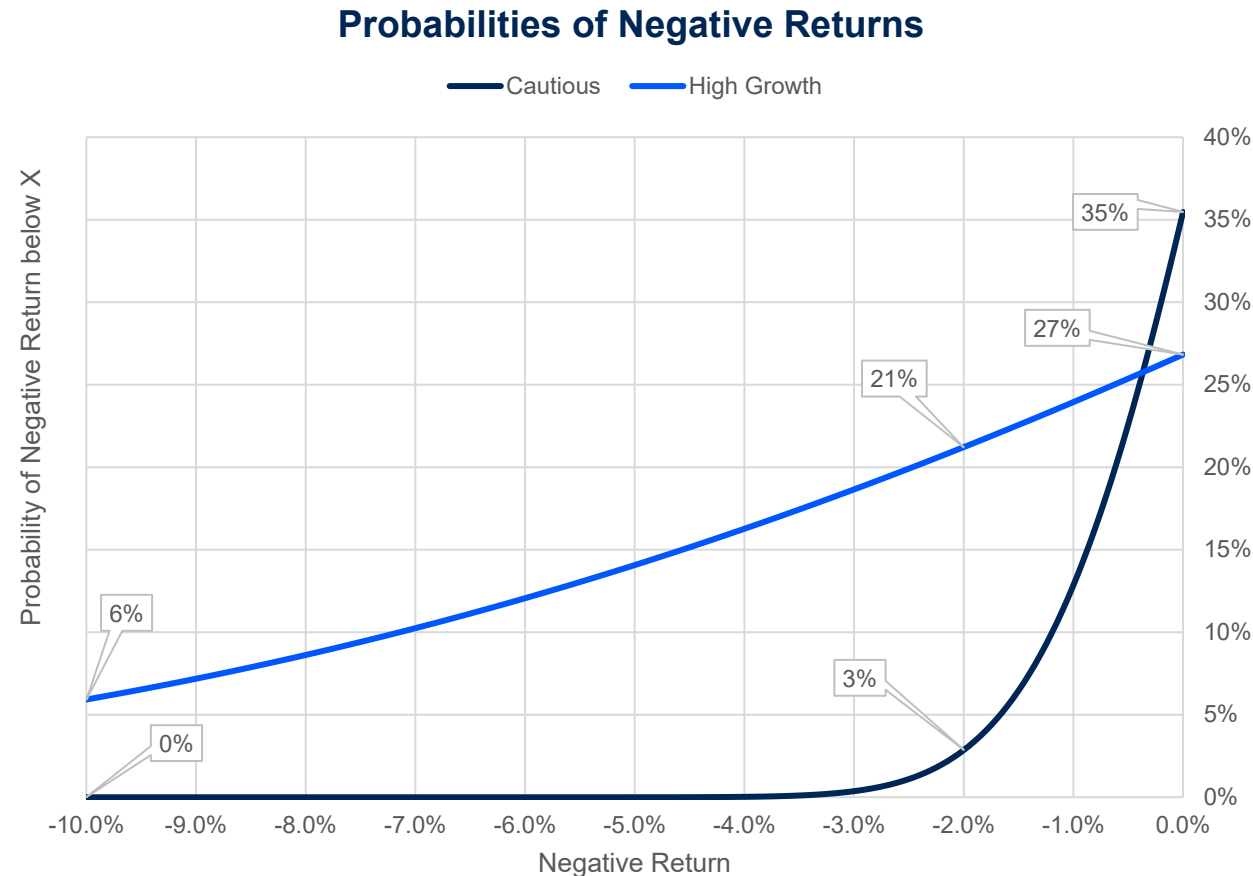
Private equity

- Reduction in exposure from 30% to 25%.
- Increase in Equity like investments.
- Reducing exposure to Mezz. debt and debt like investments (special situations, distressed debt).
- Introduction of a MOIC target of 1.75x
- Introduction of 'soft' targets for sub-asset class exposure.

Infrastructure

- Consistent and stable cashflows allows investors to rely on the yield.
- Yielding infrastructure can therefore assist in mitigating the j-curve associated with PE assets.
- Listed infrastructure to assist in improving liquidity profile

Clarification: Measures of Risk



- The probability of negative return is a common measure of risk, but it does not capture the **severity** of a negative return.




- In a low interest rate environment, this metric can be misleading.

Risk Profile	Expected Income p.a.	Expected Growth p.a.	Expected Total Return p.a.	Expected Volatility p.a.	Return Objective Above CPI	Over Rolling Period of (years)	Probability of Meeting Return Objective	Likelihood of Negative Return in 20 years
Cautious								
w/o Alts	1.5%	-1.0%	0.5%	1.3%	4%	1	49.2%	7.1
Conservative								
w/ Alts	2.6%	1.3%	3.9%	4.7%	1.0%	3	68.7%	4.2
w/o Alts	2.6%	0.8%	3.4%	4.8%	1.0%	3	62.0%	4.9
High Growth								
w/ Alts	2.6%	4.8%	7.4%	10.0%	4.0%	10	71.3%	4.7
w/o Alts	2.9%	4.3%	7.1%	11.2%	4.0%	10	67.0%	5.4

Probabilities are generated from the cumulative lognormal distribution, using the expected return and volatility of the portfolio as the mean and standard deviation, respectively.

Outlook

How will changing macroeconomics affect our portfolios?

 Inflation	 Markets	 Outlook
<ul style="list-style-type: none">✓ In response to low inflation, the RBA has decreased rates over the last decade.✓ Inflation may return this decade due to deglobalisation and decarbonisation.✓ We expect both inflation and interest rates to be higher over the next decade.	<ul style="list-style-type: none">✓ Higher Inflation and Interest Rates will affect our asset classes differently.✓ Credit and Defensive Alternatives will see higher returns, with short-term shocks along the way.✓ Duration (Bonds) will experience lower returns in the short- to medium-term, but with higher returns in the long run.✓ The impact on growth asset classes is less predictable, but volatility will likely be higher as the market responds to these changes.	<ul style="list-style-type: none">✓ In Australia, the RBA has stated it will only start increasing the cash rate if inflation is sustainably on target, expected 2024.✓ Recent volatility and shifts in the yield curve show the market is expecting rate hikes much sooner, with first moves as soon as next year.✓ Inflation and interest rates, deglobalisation and geopolitics, decarbonisation and climate will be the major themes affecting markets into 2022.

Annie Rozenauers

General Manager Product

Member Services Update

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Member Services



63,232 phone calls over the year, 57% answered in 30 seconds



28,118 emails over the year, 95% answered in 48 hours



Customer service scores of 8.85/10 for phone interactions



Customer service scores of 7.94/10 for email interactions

Service Performance Rated by You (out of 10)

	2021	2020	2019
Professionalism of our people	8.4	7.9	7.9
Responding quickly to your questions and requests	8.1	7.6	7.8
Being available when you call	8.0	7.5	7.9

MyPerpetual

FIVE NEW FEATURES TO CHECK OUT



1 NEW LOOK AND FEEL

myPerpetual has an intuitive layout and clearer navigation. You will have a graphical representation of your portfolio and simpler ways to transact.



2 A SMARTER DASHBOARD

At a glance, the myPerpetual dashboard clearly lays out all the important information you need including portfolio value, recent transactions and current investments.



3 REAL TIME DATA

A new data feed means you can see the most up-to-date portfolio values available. More transactions will be automated meaning faster processing times.



4 TWO-FACTOR AUTHENTICATION

For stronger security, your adviser will need to complete an extra identification step to view your account. Email and SMS notifications to confirm we've received the transaction requests submitted digitally from you and your adviser.



5 MOBILE FRIENDLY

myPerpetual is designed to be accessed through any device - mobile, laptop or tablet - so you can keep track of your investments, wherever you are.

Members' Questions and Answers

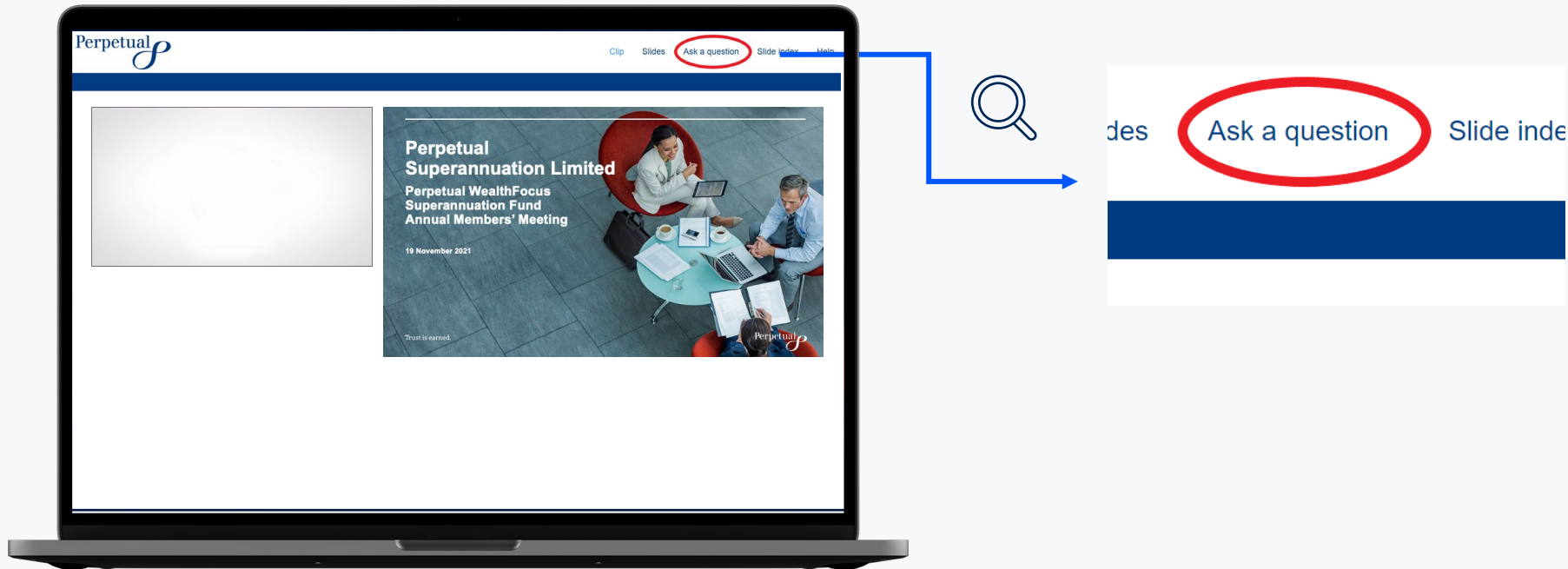
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