

PROTECT, THEN GROW INVESTMENT PHILOSOPHY

At Perpetual, we have safeguarded investments for our clients since 1886. Our experience as a trustee and wealth manager means we understand the ongoing needs and challenges of our investors. Our team of specialists are able to offer tailored advice and investment strategies to meet the unique needs of our clients, with the highest duty of care.

PROTECT AND GROW PRINCIPLES

The main principle of our investment philosophy, to 'protect and grow', has been core to delivering outstanding results for our clients over many years. Our approach to long-term investing has seen our clients' portfolios weather turbulent markets.

Our approach to portfolio construction and investing is based on the following principles:



We aim to protect your wealth and manage risk by:

- 1 diversifying across asset classes, industry sectors and individual investments
- 2 ensuring that investments in your portfolio meet Perpetual's stringent quality investment criteria.

Our conservative investment philosophy has a long track record of achieving consistent performance for our clients.

TEAM OF EXPERTS

Our team of highly experienced investment analysts are responsible for making decisions about what our clients invest in. They spend their days studying and analysing thousands of investment opportunities and have a rigorous process for ensuring each investment we recommend to clients meets our quality standard.

The capabilities of our in-house research team cover the core asset classes, direct equities, fixed income and multi-manager alternative investments such as private equity and hedge funds. The research team also has a deep understanding of non-core asset classes. For instance, we have a long track record in researching and evaluating property syndicates, listed hybrids and alternative investments.

WHAT DO WE INVEST IN?

- Australian listed equities, either directly or via managers
- Investment managers in fixed interest, diversified income, cash, international equities, real estate investment trusts, global listed infrastructure
- Alternatives – growth investments: private equity, infrastructure, opportunistic property, absolute return strategies
- Alternatives – income investments: absolute return strategies, specialist credit.

THE VALUE OF DIVERSIFICATION

Core to our investment philosophy is diversifying across asset classes, industry sectors and individual investments. A truly diversified portfolio of shares, property, fixed interest and cash can be very difficult for a direct investor to achieve.

Diversified exposures spread your money across a number of different asset classes. Put simply, it is about not placing all of your eggs in the one basket. Because a diversified investment is spread across a number of different investments, it can help you reduce risk.

BENEFITS OF INVESTING WITH PERPETUAL

- Specialist and independent investment team
- We can manage and monitor your portfolio
- Robust and proven investment philosophy
- Solid performance track record

WHY DIVERSIFY?

REDUCE RISK

Investors have varying degrees of risk tolerance as it's rare for all asset classes to perform the same way at the same time. Having a diversified portfolio blends different asset classes and lowers volatility without compromising returns. In short, diversifying exposures is one of the most effective ways of lowering risk.

WAYS TO DIVERSIFY



ACROSS ASSET CLASSES

This means investing in major asset classes: shares, property, fixed interest and cash. Each asset class has its own risk, volatility and return characteristics.



WITHIN ASSET CLASSES

Spreading your investments across a wide range of companies and industries in the same asset class.



ACROSS COUNTRIES

Investing in countries other than Australia can allow you to diversify into companies operating in industries that are not common in Australia. Investing in other countries also allows you to invest in global companies and some of the world's biggest brands.



ACROSS FUND MANAGERS

Fund manager diversification means you can access the different investment styles of particular fund managers. Each investment style may perform differently in various market conditions due to different investment processes.

ROBUST RESEARCH APPROACH

- 1 We use our own internal independent research to review and select our investments.
- 2 Our team regularly meets with external managers and companies to ensure they align with our investment philosophy.
- 3 Cambridge Associates, one of the world's largest fund consultants, provides us with access to international fund managers.
- 4 Our research process is governed by the Perpetual Trustee Company Limited Investment Committee, which includes five members.

HOW DO WE SELECT OUR DIRECT AUSTRALIAN EQUITIES?

Our direct equities approach is based on active management of a portfolio of quality shares.

Our objective is to create a direct equities portfolio that allows our clients to preserve and accumulate wealth over the long-term (five-year time frame).

We achieve this by investing in businesses that offer consistent returns and have a proven track record of delivering over the long term. These businesses possess good management, strong balance sheets and sustainable profitability. They are 'quality' businesses that, regardless of the economic cycle, bring longevity, resilience and sustainability to our clients' portfolios. This approach manages downside risk and reduces short-term volatility for our clients.

PROTECT AND GROW CRITERIA

- Business positioning
- Management
- Sustainability of earnings
- Financial strength

MANAGEMENT THAT IS 'ALWAYS ON'

We have an active approach in which we construct portfolios and constantly monitor and research the Australian equities universe, giving our clients comfort that their wealth is diligently managed and protected.

HOW DO WE SELECT OUR MANAGERS?

The investment manager selection process influences the construction of our portfolios and allows us to act quickly in response to changes in research views. It is a critical part of our overall management process.

Once a manager and its investment offering have passed our initial screens, our investment and operational due diligence process begins. We view multi-manager investing as allocating capital to external fund managers under an agency relationship. They are investing on our behalf, through institutional mandates that lower fees, and so it is critical that we evaluate their entire organisation as well as their ability to generate excess returns/alpha and manage risk.

Our belief is that by investing with quality investments it provides you with the best opportunity for returns over the long term. By 'quality' we mean investment managers that have:

- a sound organisational structure with high standards of risk management and corporate governance
- skilled investment teams that are appropriately resourced
- a coherent, well-executed investment process that is sustainable.

Many of the managers and their respective capabilities are also not readily available to retail investors. Our investment research team select some of the best-in-ideas institutional managers across the globe, based on our professional investment selection.

MORE INFORMATION

For more information on how you could benefit from our range of model portfolios, speak to your Perpetual adviser or call 1800 631 381.

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