

Perpetual Investment Funds

PERPETUAL BALANCED GROWTH FUND

April 2025

FUND FACTS

Investment objective: The fund aims to provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments.

FUND BENEFITS

Provides investors with access to a diverse range of growth and income producing assets. Active management and asset allocation techniques are employed in order to further enhance the fund's return and manage risk.

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: Balanced Growth Index (Internally generated composite)

Inception Date: October 1997

APIR: PER0063AU

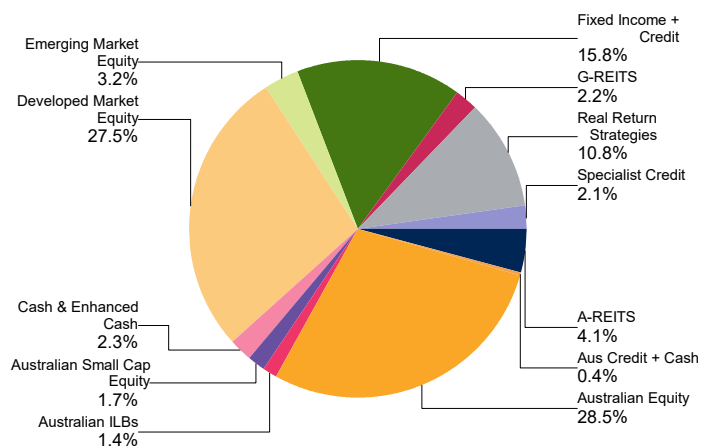
Management Fee: 1.04% p.a.

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

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



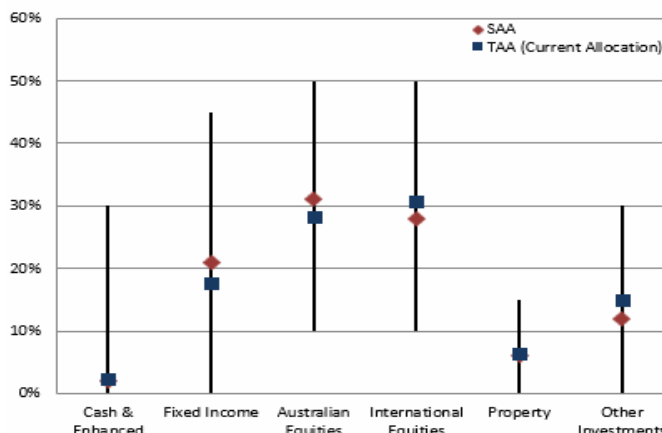
NET PERFORMANCE- periods ending 30 April 2025

	Fund	Benchmark	Excess
1 month	0.9	1.4	-0.5
3 months	-0.9	-2.5	1.7
1 year	5.3	9.8	-4.4
2 year p.a.	5.3	9.6	-4.4
3 year p.a.	4.7	7.3	-2.6
5 year p.a.	8.4	8.7	-0.3
10 year p.a.	6.0	7.0	-1.0
Since incep. p.a.	7.2	7.2	0.0

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

ASSET ALLOCATIONS AND INVESTIBLE RANGES

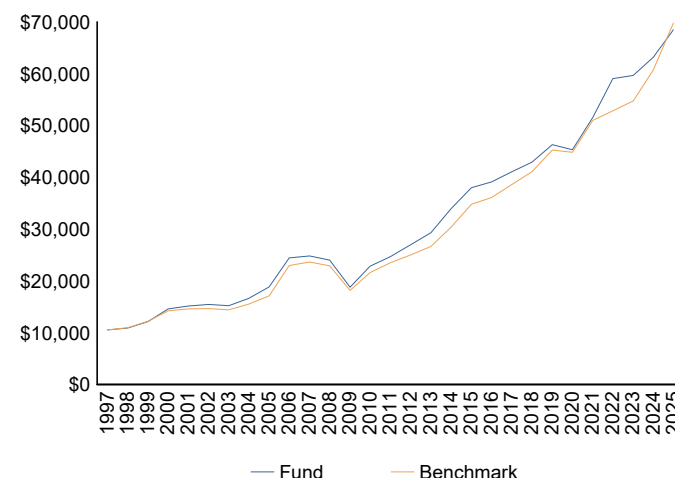
FUND TACTICAL AND STRATEGIC ALLOCATIONS INCLUDING ALLOWABLE MAXIMUM AND MINIMUM RANGES



STRATEGIC AND TACTICAL ASSET ALLOCATIONS

The Strategic Asset Allocation (SAA) is the neutral allocation acting as an anchor for active positioning, while the Tactical Asset Allocation (TAA) process adjusts the asset allocation according to market opportunities and risks.

GROWTH OF \$10,000 SINCE INCEPTION



MARKET COMMENTARY

US President Trump's 'Liberation Day' Tariff announcements were the key factor influencing markets during April. Volatility among equities, bonds, credit and commodities spiked in early April before moderating over the remainder of the month.

- Developed market equities (-0.3%) declined led by US stocks (-0.7%) as risk exposures sold off sharply in early April before rallying over the second half of the month. The decline in growth sectors began in February and March, which enabled these companies to outperform in April as energy, materials and financials sectors recorded among the largest sector declines for the month.
- Australian Equities (+3.6%) shook off a tariff related selloff in the first week to rally strongly over the month in response to the US's 90-day tariff pause and signs that the domestic economy was improving, albeit slowly.
- European shares were mixed with Germany (+1.5%) performing well as the new government proposed a major rise in government spending, whereas France (-2.0%) declined given rising political instability.
- Meanwhile, UK equities (-0.7%) were weaker as the services sector contracted for the first time in 18 months, but domestic focused midcaps outperformed the more global focused FTSE 100.
- Emerging markets (-0.2%), were also lower weighed down by China (-4.5%) as markets priced escalating tariff announcements.
- US bonds saw elevated volatility with an early April rally giving way to a sharp spike in long term bond yields driven by technical factors and concerns around demand for treasuries, before rallying again to end the month lower.
- Gold (+6.0%) reached a new all-time high as investors looked to safety as volatility spiked.

The 'Liberation Day' tariff announcement included a minimum flat 10% tariff being imposed on all countries, with higher import taxes inserted on sectors such as steel and aluminium, and taxes on strategically important sectors such as pharmaceuticals and microchips yet to be determined and announced. After some product related exemptions on items such as smartphones, Chinese goods imported into the US are subject to circa 97% taxes. whereas Australia – by virtue of our trade deficit with the US – was only levied a 10% tariff.

The immediate aftermath of the 'Liberation Day' announcements saw the VIX index spike to a level last seen during the Covid selloff. US equities corrected before a relief rally over the second half of the month and equity performance was characterized by large intraday moves. The moves in the bond market were also significant. US ten-year bond yields fell below 4% as risk appetite deteriorated in early April. The rally gave way to a sharp spike in long term bond yields driven by technical factors and concerns around demand for treasuries, before rallying again to end the month lower.

Further compounding the volatility in US markets were rising recession concerns – GDP contracted 0.3% in the March quarter on the back of surging imports – and fears around the ongoing independence of the US Federal Reserve. While markets have been unsettled by the trade war, President Trump has shown a willingness to respond to market pressures and now seems to be focused on trade deals which benefit the US and would improve the growth outlook. However, these are yet to be agreed to and signed. Another concern is the unsustainable path US fiscal policy is on with the deficit of -6.4% of GDP despite a fully employed economy, and this is set to widen as President Trump implements his election agenda which, in turn, raises concerns about the long-term trajectory of US government debt.

Year-to-date, European equities have outperformed all major markets, while GDP for the region grew +0.4%Q in the first quarter. The European Central Bank cut interest rates by 25 basis points (bps) and said the outlook for growth had deteriorated given the US tariff announcement. While the path to normalization of trade policy is uncertain ECB President Lagarde

said of tariffs, 'probably it's going to be disinflationary more than inflationary' anticipating Chinese goods surpluses. European forward indicators are finely balanced with PMIs marginally in expansionary territory. It is likely that European growth will remain positive this year but show no significant improvement compared to 2024.

The Australian economy has faced challenges due to higher inflation and sustained elevated interest rates, leading to seven consecutive quarters of contracting GDP growth per capita. However, the economy has remained in expansion territory due to large population growth and significant fiscal expansion. The RBA left cash rates unchanged during April, acknowledging the 'continuing decline in inflation' and highlighting that noting that the labour market 'might not be quite as tight' as previously identified. Futures markets moved to price in a May rate cut and a further 75bps of cuts in the next 12 months, recognizing easing inflation concerns and global economic uncertainty. While the impact of US tariffs – most notably via Chinese demand – is clouding the outlook, the economy is projected to grow at a faster pace in 2025, driven by increased government spending, tax cuts, and lower interest rates.

Global equity stock selection detracted from relative return during the period. The Fund's value focused active and smart beta strategies underperformed as value sectors – most notably financials and energy – declined. Australian equity stock selection was positive with the Perpetual Australian Share Fund outperforming, however the Fund's slight underweight to domestic equities detracted from relative performance as Australian stocks strongly outperformed the broader developed market.

We have observed a volatile start to the year as disruption to international trade regimes and growth concerns collided with rich valuations, to spark a correction in numerous equity markets. Valuations remain stretched however, and alongside elevated market concentration and the preponderance of passive investment continue to contribute to elevated sensitivity of equity markets. The underperformance of US equities and crucially, large cap tech names reinforced the risks of momentum-based passive strategies in an increasingly concentrated market and the importance of diversity in regional and sector allocations within the equity allocations. The Fund is close to benchmark weight in equities with a marginal underweight in Australian stocks. All equity exposures remain focused on stock selection alpha opportunities and exposure to equity beta remains carefully managed.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of equity and credit markets and complementing this with option protection where it has been attractively priced to implement. These include put options on the S&P 500, call options on the GBP against the US dollar, USD calls versus the Hong Kong Dollar and a put option on the USD against the Japanese Yen.

The Fund remains slightly below benchmark weight in fixed income, with the exposure primarily focused on 10-year Australian government bonds alongside domestic credit and a small allocation to inflation linked bonds.

The Fund's defensive posture is bolstered by its overweight exposure to cash. The Fund maintains a significant foreign exchange exposure, diversified across a number of developed and emerging market currencies. These cash holdings also give investors a good running yield and provides significant optionality as it enables as to quickly allocate capital to take advantage of mispricing in the event of a market selloff.

The Fund maintains its position in the Perpetual Diversified Real Return Fund to deliver low volatility absolute returns while retaining a relatively low correlation to equity markets.

OUTLOOK

The macroeconomic outlook and the uncertain path of inflation and monetary policy given changes to US trade policy represent a challenging backdrop for investors. We anticipate lower returns and elevated volatility from market cap benchmark as a result of high starting valuations and increasing concentration. Meanwhile bonds are offering less reliable diversification in the face of potential stagflation.

The Balanced Growth Fund gains its exposure to Australian Shares by investing in an underlying Australian Share Fund/s which primarily invests in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. The investment guidelines showing the Fund's maximum investment in international shares do not include this potential additional exposure. Short positions may be part of the underlying Australian Share Fund's strategy. Currency hedges may be used from time to time. The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document 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 information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting www.perpetual.com.au. Neither PIML, ETSL nor any of their related parties guarantee the performance of any fund or the return of an investor's capital. Total returns shown for the Perpetual WealthFocus Superannuation Fund 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 taxation. Past performance is not indicative of future performance.

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