

## Performance report – June 2025 quarter

# Perpetual Direct Australian Equities Responsible Investment Portfolio

Returns including dividends <sup>§</sup>	1 months	3 months	6 months
Responsible Investment model portfolio	1.1%	8.2%	6.0%
S&P/ASX 300 Index	1.4%	9.5%	6.4%
Excess return (model return above benchmark)	-0.3%	-1.3%	-0.4%

<sup>§</sup> Performance figures shown represent the performance of the Portfolio run on HUB24. All performance figures shown are net of investment management fees, but before administration fees, performance-based fees and taxes. Past performance is not indicative of future performance.

Returns including dividends <sup>*</sup>	1 year	3 years <sup>†</sup>	5 years <sup>†</sup>
Responsible Investment model portfolio	7.1%	11.2%	12.1%
S&P/ASX 300 Index	13.7%	13.3%	11.8%
Excess return (model return above benchmark)	-6.6%	-2.1%	0.3%

<sup>\*</sup>Performance figures shown represent the performance of the Portfolio run on Perpetual Wrap. All performance figures shown are gross of ongoing advice, administration, and transaction fees unless otherwise stated. Past performance is not indicative of future performance.

<sup>†</sup>Per annum, compounded.

The data presented in these tables represents the performance of two separate instances of the same Portfolio; on different platforms, under differing fee structures. This performance data is not intended to be used as a comparison but is simply indicative of the performance of each distinct deployment of the Portfolio.

## The June quarter

The Australian stock market rallied during the quarter, with the ASX300 posting a total return of 9.5%, marking its strongest return since December 2021. To say this quarter was “volatile” would be a serious understatement. President Trump’s ‘Liberation Day’ tariffs, announced in early April, initially drove markets to their 12-month lows, before recovering to all-time highs on news that implementation would be deferred until July. Expectations of supportive domestic policy measures and a May rate cut added further tailwinds.

The Responsible Investment Portfolio delivered a positive 8.2% return in the quarter, underperforming the benchmark by 1.3%. At the time of writing the outlook for markets is fluid and uncertain as tit-for-tat tariff announcements between major global economies are ongoing. Our investment approach, emphasising financial robustness and conservative leverage, continues to position us well to navigate ongoing market volatility.

## Portfolio Manager



**Daniel Nelson, CFA**  
Daniel holds the CFA Institute Certificate in ESG Investing.



CERTIFIED BY RIAA

The Perpetual Direct Australian Equities Responsible Investment Portfolio has been certified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program. See [responsiblereturns.com.au](https://responsiblereturns.com.au) for details<sup>1</sup>.



Available on

**HUB<sup>24</sup>**

The quarter began with a jolt as markets reacted sharply to US President Trump's 'Liberation Day' announcement on 2nd April, unveiling sweeping and significantly larger-than-expected tariffs on virtually all US trading partners. Investor sentiment turned sharply negative, with fears of a prolonged trade-war-induced economic slowdown sending equity markets tumbling—most notably, the S&P 500 fell over 10% in the immediate aftermath.

However, the initial shock gave way to a partial recovery as the US administration quickly began to walk back the more aggressive elements of its tariff regime. Within a week, key concessions were introduced: a 90-day delay on the full implementation of tariffs, a reduction in most levies to just 10%, and exemptions granted to strategically important imports such as semiconductors, pharmaceuticals, and consumer electronics. These swift policy adjustments eased fears of an imminent economic impact. This coincided with a stronger-than-expected corporate earnings season in the US, particularly among technology names.

In May, the Reserve Bank of Australia (RBA) welcomed continued moderation in inflation, with trimmed mean inflation returning to the 2–3% target band – forecast to remain near the midpoint for the next two years. While headline inflation is expected to be volatile as energy subsidies unwind, underlying inflation trends suggest price pressures have eased, especially in services and housing.

At the same time, the labour market remains tight, with the unemployment rate steady at 4.1% and underemployment falling slightly. Wage growth picked up modestly in early 2025, though it remains below prior-year levels. Voluntary turnover has also declined, suggesting a greater focus on job security. With this in mind, and in light of rising global uncertainty and subdued household consumption, the RBA cut the cash rate by 25 basis points, bringing it down to 3.85%.

June brought a new set of challenges as geopolitical tensions surged following a large-scale Israeli strike on Iran with subsequent US involvement. Oil prices spiked as a result. The relatively quick ceasefire agreement saw energy markets cool and equities stabilise. Notably, with the ongoing uncertainty, the **Commonwealth Bank** continued to rise, printing a 22% share price gain in the quarter, becoming Australia's 'Magnificent 1'.

At the time of writing, Trump has again deferred the implementation of the threatened tariffs, now expected to commence on 1st August. The Administration noted that this would allow time to finalise framework agreements with major trading partners, although it does little to dispel Trump's latest moniker: TACO — 'Trump Always Chickens Out'.

## Investment outlook

---

The market's focus remains firmly fixed on announcements emanating from the White House as well as reactions from other major nations. Escalating trade tensions are casting a growing shadow over the global economic outlook. Despite the political pressure to reduce interest rates, the US Federal Reserve Chair Jerome Powell has blamed tariffs for remaining on hold. He commented, *"In effect we went on hold when we saw the size of the tariffs. Essentially all inflation forecasts for the United States went up materially as a consequence of the tariffs. We didn't overreact, in fact we didn't react at all. We're simply taking some time."* This uncertainty is expected to continue influencing market sentiment and could lead to heightened volatility in the ASX, especially for companies with significant international exposure or reliance on global supply chains.

Beyond these broader concerns, we expect the near-term movements in the Australian equity market will continue to be influenced by inflation data, as well as the pace of interest rate changes both domestically and globally. Domestically, the market welcomed the cut in May, however the anticipated July cut failed to eventuate as the central bank board said it was also waiting on a little more information' to confirm inflation is sustainably lower.

While the global macro-economic outlook is uncertain with a broad economic slowdown likely if trade wars continue their current path, the Australian economic picture is relatively robust and **somewhat insulated**. We remain of the view that Australian macro-economics are in a reasonable position with **strong levels of employment** and inflation on the right trajectory giving the RBA has scope to provide support should it need to.

At a micro-economic level, corporate Australia is well positioned with healthy balance sheets and a steady consumer. With the FY25 Reporting Season around the corner, we will gain further insights as management teams address the market with their latest profit results.

## Portfolio strategy

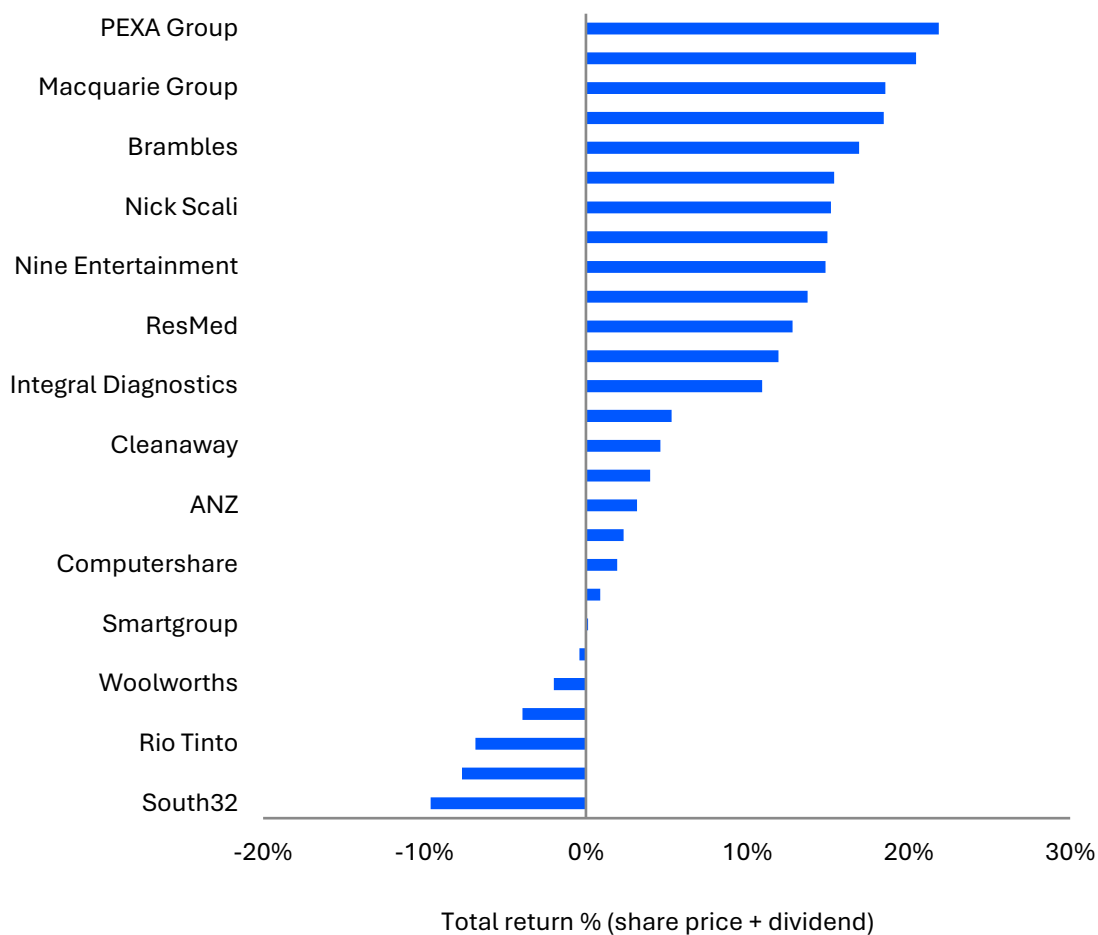
---

Given the significant volatility through April, we observed some opportunities to invest in high quality names at more reasonable valuations, or to reset portfolio positions. The changes we made over the quarter took advantage of some of these mispriced stocks/opportunities and positioned the portfolio for where we see better medium-term relative value or more optimal portfolio risk setting.

In the June quarter, we have made a number of changes designed to reposition the portfolio following some significant share price volatility. The key changes including exiting **Suncorp** post its strong share price rally and redeploying this into a new position in **Woolworths Group** which provides the portfolio with quality defensive characteristics at a reasonable valuation. We have also trimmed positions across **Brambles**, **ResMed**, **Telstra**, **ANZ Banking Group**, and **National Australia Bank**, and used these proceeds to enter new positions in **Rio Tinto** and **Cochlear**. Finally, we have exited our position in **Webjet**, using proceeds to re-enter into **Nine Entertainment** as its valuation now looks attractive.

We remain focused on finding long-term growth stories driven by the quality criteria that lie at the heart of our investment philosophy. Sustainable profitability, dominant market positions, conservative balance sheets and experienced management teams remain vital to the kind of medium-term outperformance that we are seeking to deliver. We continue to maintain concentrated portfolios of high conviction positions that reflect our best ideas at all times.

**Figure 1: Responsible Investment model portfolio total return for the June 2025 quarter**



Source: FactSet, June 2025. Past performance is not indicative of future performance. Holdings based on the Perpetual Wrap portfolio.

## Top 5 high-conviction holdings – as at 11/07/2025

Model portfolio stock	Relative weight‡%	Holding weight %	Sector
<b>Telstra (TLS)</b>	+4.4	6.5	Communications & Technology
<b>National Australia Bank (NAB)</b>	+4.3	8.7	Banks
<b>PEXA Group (PXA)</b>	+4.2	4.2	Communications & Technology
<b>Brambles (BXB)</b>	+4.0	5.2	Industrials
<b>ANZ Banking Group (ANZ)</b>	+3.9	7.3	Banks

‡Reflects portfolio manager conviction. Represents the percentage held above the stock's weight in the ASX 300 index. Weights based on Perpetual Wrap portfolio.

†The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and needs and also consider the terms of any product disclosure document before making an investment decision. Certifications are current for 24 months and subject to change at any time.

\*The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.

Perpetual Private advice and services are provided by Perpetual Trustee Company Limited (PTCo) ABN 42 000 001 007, AFSL 236643. This publication has been prepared by PTCo in May 2024. It contains 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 or other 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 is believed to be accurate at the time of compilation and is provided in good faith. This publication may contain information contributed by third parties. PTCo does not warrant the accuracy or completeness of any information contributed by a third party. Any views expressed in this information are opinions of the author at the time of writing and do not constitute a recommendation to act. Past performance is not indicative of future performance. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund, stock or the return of an investor's capital.

Ironbark Asset Management (Fund Services) Limited ABN 63 116 232 154 AFSL 298626 is the responsible entity of the HUB24 Managed Portfolio Service ARSN 645 033 941. HUB24 Custodial Services Limited (HUB24) ABN 94 073 633 664 AFSL 239 122 is the custodian, administrator and investment manager of the HUB24 Managed Portfolio Service. The relevant product disclosure statement may be obtained at [www.hub24.com.au](http://www.hub24.com.au) and should be considered before deciding whether to acquire, dispose of, or to continue to hold, the product.

### More information

1800 631 381

[pcresearch@perpetual.com.au](mailto:pcresearch@perpetual.com.au)

[perpetual.com.au/managed-accounts](http://perpetual.com.au/managed-accounts)

