

Perpetual Investment Funds

PERPETUAL GLOBAL ALLOCATION ALPHA FUND

May 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

FUND BENEFITS

Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment teams.

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: MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022

Inception Date: March 1999

Size of Portfolio: \$60.86 million as at 31 Mar 2024

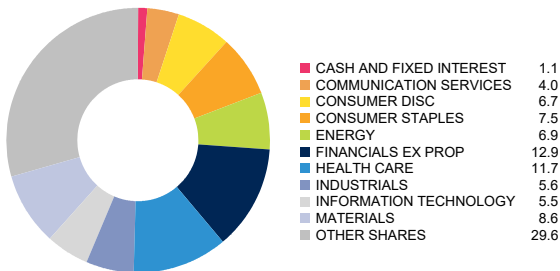
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Management Fee: 0.55%*

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

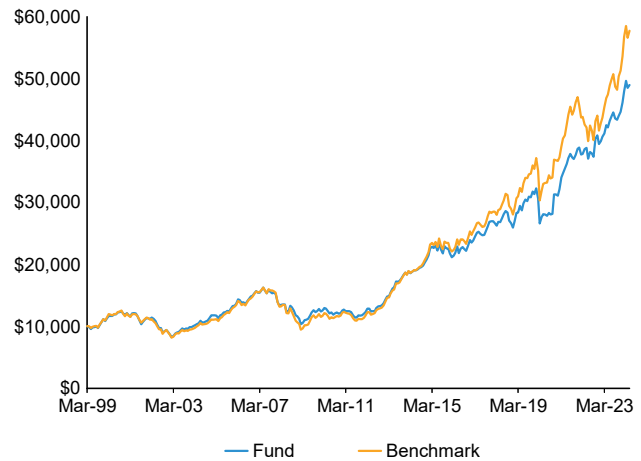
Stock Holding	% of Portfolio
Merck & Co., Inc.	1.3%
Qualcomm Incorporated	1.1%
Comcast Corporation Class A	1.1%
Microsoft Corporation	1.0%
Sanofi	0.9%
Enbridge Inc.	0.9%
Wells Fargo & Company	0.8%
Air Products and Chemicals, Inc.	0.8%
Exxon Mobil Corporation	0.8%
Danone SA	0.8%

PERFORMANCE- periods ending 31 May 2024

	Fund	Historical ¹ Performance	Benchmark	Excess
1 month	0.97	-	2.02	-1.05
3 months	2.18	-	1.67	+0.51
FYTD	13.39	-	18.02	-4.63
1 year	16.32	-	21.70	-5.38
2 year p.a.	-	-	17.08	-4.75
3 year p.a.	-	11.36	12.21	-0.85
4 year p.a.	-	14.88	14.99	-0.11
5 year p.a.	-	11.24	12.73	-1.48
7 year p.a.	-	9.92	11.61	-1.69
10 year p.a.	-	9.90	11.69	-1.79

¹Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

GROWTH OF \$10,000 SINCE INCEPTION



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

MARKET COMMENTARY

The second month of the quarter saw equity markets across the globe rebound after a weak April. The signs of market leadership shifting weakened as growth outpaced value and narrow leadership began to reappear. Major equity indices across the globe rose, with the MSCI World and MSCI All Country World indexes up. This pushed the indices into positive territory for the quarter, erasing the losses posted in April. Broad market indices are notably higher for the year, with the MSCI World index up over 20%. The factors driving the market over the past quarters, such as high momentum, outperformed this month and traditional value stocks with lower price-to-earnings multiples and higher dividend yields underperformed. All sectors in the MSCI World Index had positive returns, with Information Technology, Communication Services, and Utilities leading the way, up at least 6% during the month. The Consumer Discretionary, Consumer Staples, Energy, Health Care, Materials, and Real Estate sectors were all up, but underperformed the MSCI World Index overall.

PORTFOLIO COMMENTARY

QUALCOMM Incorporated positively contributed to relative performance during the month after reporting quarterly results that exceeded market expectations. The company is gaining content in some segments and benefiting from an Android recovery in the higher end market. The company engages in developing and commercializing foundational technologies and products used in mobile devices and other wireless products. End markets are stabilizing, which should provide investors with some confidence that earnings are more resilient for the back half of the year.

Humana Inc. outperformed in May after showing up as a top detractor during the month of April on continued higher utilization rates for its health insurance products. The month was largely a recovery from oversold conditions in April. First quarter results were in line with this guidance, but the pricing and utilization picture for 2025 remains unclear until bids for that year conclude. While the pace of the recovery remains uncertain, the likelihood of recovery over multiple years remains high. MCOs continue to struggle, but Humana remains an attractive asset that may be oversold on pessimism.

Banco Bradesco SA detracted from relative performance in May after the Brazilian bank reported higher than expected earnings numbers driven by lower loss provisioning. However, the stock reaction was more negative due to slower than expected loan growth. Overall, the bank needs to continue on its plan of expanding margins and loan growth rates at a higher level.

Merck & Co., Inc. detracted from relative performance in May even as it beat earnings expectations and raised guidance at the end of April. The stock performance was slightly negative for the quarter, but there was no major news driving the relative performance.

OUTLOOK

The market turned positive in May after pausing in April, building on the strong market rally of the past five quarters. While strong returns over the past year may have outpaced the fundamentals of companies as inflation remains above the 2% targets favoured by central banks, markets continue to push higher. Equity markets remain hopefully positioned that 2024 will be the year in which inflation is under control and monetary policy is more accommodative. However, the current market optimism is still pricing in more accommodative monetary policy for 2024 in the form of rate cuts in the U.S. and Europe that began to fade as the number of expected rate cuts for the year fell throughout the quarter. We saw the first rate cut in Europe, but the guidance remained cautionary. Earnings multiples remain elevated and earnings growth estimates are still above 10%. A negative return environment could recur if there is any disappointment from the current forecast of multiple rate cuts in 2024, which could lead to multiple compression among more expensive stocks. Another potential stumbling block would emerge if earnings growth does not materialize.

Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets.

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The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

MORE INFORMATION

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