

Perpetual Direct Equity Alpha Managed Portfolio

Performance Report as at 30 June 2020



Investment objective & strategy

The Perpetual Direct Equity Alpha Managed Portfolio provides access to Perpetual's proven bottom-up stock selection approach to investing as a standalone strategy available only in a managed account structure. The objective of the Managed Portfolio is to provide investors with long-term capital growth and income through an investment in quality Australian shares. Perpetual Investments' investment style is first and foremost based on bottom-up fundamental analysis. This approach firstly selects stocks based on company specific fundamentals, and then by the relative attractiveness of their value. The outcome of this investment process is that Perpetual Investments' share portfolios demonstrate 'value' characteristics. Stocks are bought only if they have passed rigid stock selection criteria and are deemed to be quality companies, and then only if they are found to be attractive on a valuation basis.

The Perpetual Direct Equity Alpha Managed Portfolio is a Managed Discretionary Account (MDA)

Fund performance as at 30 June 2020¹

	1mth (%)	3 mths (%)	1yr (%)	3yr (%)	Annualised Since incep (%pa)
Portfolio	3.49%	23.66%	-7.76%	1.78%	5.46%
Benchmark	2.43%	16.79%	-7.61%	5.24%	7.25%
Excess Return	1.05%	6.87%	-0.14%	-3.46%	-1.79%

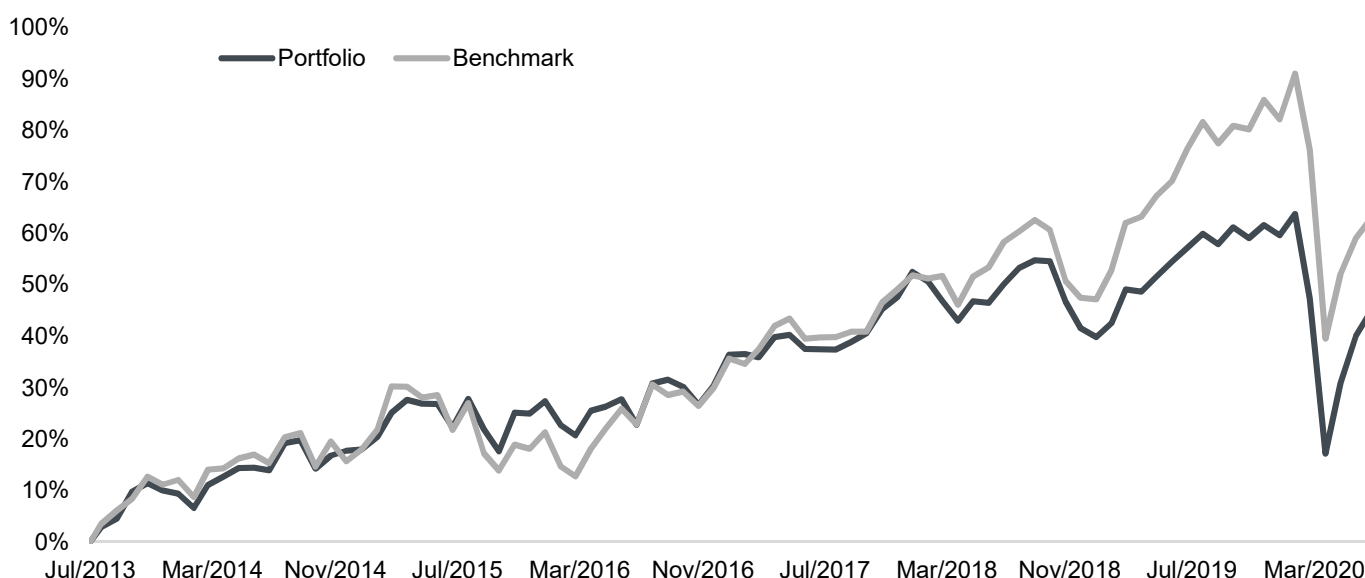
Top 5 Holdings %

BHP	BHP Group	7.5%
CBA	Commonwealth Bank of Australia	6.9%
CASH	Cash	6.8%
WES	Wesfarmers	6.5%
AUB	AUB Group	6.0%

Past performance is not a reliable indicator of future performance.

The Portfolio's benchmark is S&P/ASX 300 Accumulation Index. All information provided in this Report is correct at the date of this report but without independent verification. Portfolio returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 9 July 2013. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Each client should also take into account their own taxation situations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Performance since inception



Portfolio and market returns

As the market bottomed toward the end of March, we finally got a sense of what a "recovery market" looks like with oversold value sectors rallying from multi year lows to significantly outperform growth stocks.

We were also reminded of the fickle nature of markets. Market darling CSL, so long a favourite amongst growth investors fell -3.36%, languishing behind the market by a whopping -20.15% as investors rotated from expensive defensives back to value.

We expect much see-sawing in markets to come, but for us this may be a microcosm of what to expect once a sustainable recovery begins.

Our exposure to Consumer Discretionary drove outperformance as the re-opening of the economy gathered pace. Zero exposure to Healthcare stocks was also a contributor to returns relative to the index, as was an overweight to Financials.

Our exposure to Cash was the major detractor as stocks roared back to life.

Key Features

Investment universe

Securities listed on or due to be listed within the next six months on any recognised Australian exchange and Cash

Benchmark

S&P/ASX 300 Accumulation Index

Number of investments

10-25

Rebalancing

Program adviser discretion

Min investment

\$25,000

Suggested timeframe

5+ years

Fees (including GST)

Management fee

0.80% pa calculated daily and charged monthly in arrears.

Transactions costs

0.33% of the value of each transaction

Administration, custody, account service fees

Please refer to the current Investment Mandate available from your financial adviser or Mason Stevens.

Portfolio management: Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the advice from Perpetual Investment Management Limited as the Investment Sub-Adviser.

More information: Further information about the Portfolio, including fees and costs, is outlined in the Perpetual Direct Equity Alpha Managed Portfolio Investment Mandate.

About Mason Stevens

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for advisers and their clients. Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

About Perpetual

Perpetual Investments is one of Australia's leading investment managers. By employing some of the industry's best investment specialists and applying a proven investment philosophy, Perpetual Investments has been able to help generations of Australians manage their wealth. The Managed Portfolio is managed by Vince Pezzullo, who also manages 50% of the Perpetual Industrial Share Fund.

Contact

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