

Wholesale Funds

PERPETUAL WHOLESALÉ SPLIT GROWTH FUND

August 2021

FUND FACTS

Investment objective: Aims to: achieve long-term capital growth through investment in a variable mix of Australian and international shares and other securities with lower risk than 100% exposure to either asset class; outperform a composite benchmark (before fees and taxes) comprising the S&P/ASX 300 Accumulation Index and the MSCI World ex Australia Accumulation Index (AUD) reflecting Fund's allocation over 3-years.

FUND BENEFITS

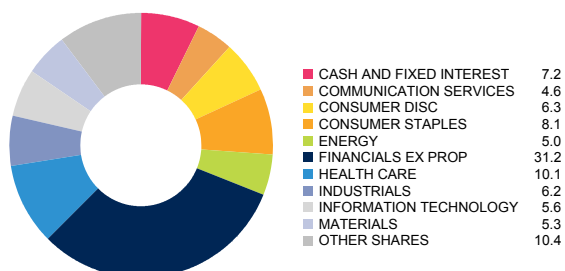
Provides investors with 100% exposure to long-term growth opportunities across Australian and international shares. The fund is run by high quality investment teams.

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:	S&P/ASX300 Accum. Index & MSCI World ex Australia Accum. Index (AUD)
Inception Date:	March 1999
Size of Portfolio:	\$44.67 million as at 30 Jun 2021
APIR:	PER0066AU
Management Fee:	0.55%*
Investment style:	Active, fundamental, disciplined, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Comcast Corporation Class A	1.4%
Oracle Corporation	1.1%
Seven & I Holdings Co., Ltd.	1.1%
Merck & Co., Inc.	1.0%
Advance Auto Parts, Inc.	0.7%
National Grid plc	0.7%
Microsoft Corporation	0.7%
Anthem, Inc.	0.7%
BAE Systems plc	0.7%
Exelon Corporation	0.7%

PERFORMANCE- periods ending 31 August 2021

	Fund	Historical ¹ Performance	Benchmark	Excess
1 month	1.81	-	3.03	-1.22
3 months	6.73	-	11.36	-4.63
FYTD	4.46	-	6.73	-2.27
1 year	-	33.56	32.32	+1.24
2 year p.a.	-	11.90	15.80	-3.89
3 year p.a.	-	9.76	13.12	-3.36
4 year p.a.	-	11.19	14.86	-3.66
5 year p.a.	-	10.68	13.61	-2.93
7 year p.a.	-	9.97	12.77	-2.81
10 year p.a.	-	12.71	15.31	-2.60

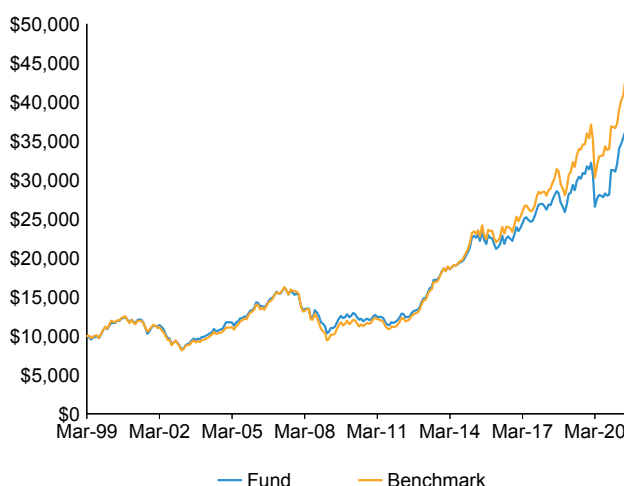
¹Effective 1 December 2020 the Fund investment strategy has changed; including the investment objective, investment approach, benchmark and management fee of the Fund.

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

ASSET ALLOCATION

	Portfolio	Benchmark
Australian Equities	14.8%	15.0%
International Equities	78.0%	85.0%
Cash Equities	7.2%	0.0%
Total	100.0%	100.0%

GROWTH OF \$10,000 SINCE INCEPTION



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

MARKET COMMENTARY

Despite growing concerns over increasing COVID infections due to the Delta variant, combined with what appears to be peaking growth, markets performance in August was robust once again, with both the MSCI AC World Total Return Index up 3.1%. Japanese equities performed well in August after lagging for much of the year. Similarly, emerging markets ended the month higher after a sell-off in early August on the back of Chinese regulatory concerns. US equities remained among the top-performing regions, with the S&P 500 reaching all-time highs.

Although markets continue to perform strongly, high inflation levels in several countries are a cause for concern. For example, the US consumer price index printed a decade-high 5.4% increase year-over-year reading. Although the US Federal Reserve continues to talk of transitory inflation, risks of prolonged inflation remain top of mind. In addition, with the rise in COVID cases across the globe, fears of further lockdowns impacted equity market performance in August at the sector level as it shunned the more cyclical areas of the market in favour of more defensive sectors. While economic fundamentals such as PMIs have appeared to peak, they remain in expansionary territory. Further, economic growth has been constrained due to supply chain disruptions.

Classic defensive sectors such as Utilities, Health Care, Communication Services, and Information Technology were all favoured in the month. The Financials sector surprised, which outperformed despite concerns over lower interest rates. Value stocks continued to come under pressure in August despite a strong performance by the Financials. On a year-to-date basis, the MSCI World Growth Index has closed the gap with the MSCI World Value Index and is now slightly ahead. The MSCI ACW Value Index continues to outpace its MSCI ACW Growth Index modestly, as value stocks from the emerging market have meaningfully outpaced their growth peers year-to-date.

PORTFOLIO COMMENTARY

KunLun Energy Co. Ltd. reported better-than-expected first half 2021 earnings in the month, which contributed to the strong relative performance. The results demonstrated the strong growth in the remaining business. The next leg up in the stock price will be from executing growth and improved profitability in the natural gas sales business that can reduce the stock's valuation discount to peers. We continue to see positive indicators for further re-rating but are monitoring management actions to see continued progress towards their growth initiatives. Communication Services company Vodacom Group Limited continued to rally in August after posting a strong revenue update in late July. Additionally, Vodacom's subsidiary in Kenya, Safaricom, continued to rally on optimism surrounding its planned entry into the Ethiopian market. The positive sentiment on Safaricom helped lift Vodacom's share price as well.

The price of Coca-Cola Europacific Partners plc was down ~7% (JPY) in the month, with the market modestly up. There was nothing meaningful at a company level that would lead us to believe that this relative underperformance alters our investment thesis. Given the increase in COVID cases globally, we suspect market concerns over further re-openings and public gatherings has likely impacted the stock over the short-term. We continue to see a positive risk/reward profile.

Altice USA, Inc. Class A lagged the broader market in the month. At the end of July, Altice reported earnings that were largely in line with expectations, but management guidance was a bit soft relative to market expectations; this pressured the share price and continued into August. Altice is trading at very attractive valuations relative to its peers and has good growth opportunities in 2022 on the back of recent investments in its fibre offerings. Accordingly, we remain positive on the stock.

OUTLOOK

As we have noted in our prior month commentaries, despite the recent challenges for value stocks given concerns about economic growth, we view the opportunity for value stocks as quite compelling. In looking at PMIs, global economies appear healthy and, in some cases, seem to be held back by supply constraints. Once these supply constraints are alleviated, we expect economic growth to pick up, thus enabling the more economically-sensitive areas of the market to do well. Additionally, with the high level of consumer savings, government stimulus, and government fiscal spending, economies are likely to be pushed higher as this money is added to economies through increased spending. Accordingly, we see the recent pause in value stock performance as temporary and believe our portfolio is well-positioned for the future.

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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Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au

