



Perpetual Diversified Real Return Fund

 RESEARCHIP Rating



RIPPL Effect

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This report is based on publicly available information and/or data sourced directly from the Fund Manager. Any views or opinions expressed in this document are believed to be accurate at the time of publishing.

[Glossary of Terms – please explain the jargon in this report](#)

1 April 2024

Meet the Manager

Perpetual is an ASX-listed, diversified financial services company which has been serving Australians since 1886. A widely recognised and respected financial services organisation, Perpetual is one of Australia's largest wealth managers, an expert adviser to high net worth individuals, families and businesses, and a leading provider of corporate trustee services.

Perpetual Investments is one of Australia's most highly regarded and awarded investment managers, providing a broad range of investment strategies and products to individuals, advisers and institutions. They manage money across a range of asset classes, including Australian and global equities, multi-sector strategies as well as credit and fixed income. Further information about the Manager can be found in its [online profile](#).

Perpetual is a signatory to the United Nations Principles of [Responsible Investment](#) (UNPRI). Their Responsible Investment Policy applies to their employees responsible for making active investment decisions. These include investment analysts and portfolio managers, across strategies that cover Australian equities and other asset classes. It is their policy that consideration of environmental, social and corporate governance (ESG) factors are incorporated into their investment analysis and decision making; and ownership practices.

Perpetual has an [investment philosophy](#) where they actively manage investments based on fundamental research and analysis of quality, value and risk. Their aim is to choose the best quality investments at prices that represent good value, based on their potential risk and return.

Access the full range of [investment options here](#).



Aims to target a pre-tax return of 5% per annum above inflation (before fees and taxes) over rolling five-year periods, while minimising downside risk. The Fund will invest in a diversified range of asset classes. The combination of assets held by the Fund at any time are those which we believe provide the greatest probability of achieving the target return over rolling five year periods. Perpetual may adjust the Funds asset allocation to respond to changing market conditions and/or to take advantage of new opportunities.

Fund Description

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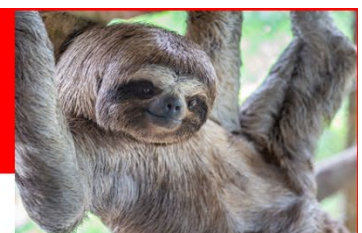
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Helping you
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The Fund's Profile

The Perpetual Diversified Real Return Fund ("the Fund") will invest in a diversified range of asset classes which are weighted according to the level of risk they contribute to the portfolio. Assets will be managed to effectively diversify these risk exposures. The combination of assets held by the Fund at any time are those which the Manager believes provide the greatest probability of achieving the target return over rolling five-year periods. They may quickly adjust the Fund's asset allocation to respond to changing market conditions and/or to take advantage of new opportunities.

<Any missing data points have not yet been supplied by the manager>

Fund Information	Perpetual Diversified Real Return Fund
Who is ultimately accountable for the Fund performance?	Michael O'Dea
Michael joined Perpetual in June 2014 and has 21 years finance industry experience. Prior to joining Perpetual Michael worked at JANA for 13 years, and held a number of positions across research, consulting and portfolio management, including Head of Investments, Implemented Consulting.	
Earlier in his career Michael held a variety of positions at UBS, Morgan Stanley and Barclays Capital in both Australian and the United Kingdom.	
Michael holds a Bachelor of Business (Economics and Finance) from RMIT University and is a Vincent Fairfax fellow.	
When did the named individual(s) assume accountability?	15/10/2010
Is the Portfolio Manager invested in the Fund?	Yes
Asset manager's full name	Perpetual Investment Management
ISIN Code	AU60PER05562
APIR Code	PER0556AU
Responsible Entity / Trustee / Supervisor	Perpetual Investment Management Limited
Legal Domicile of the Fund	Australia
Legal Structure	Unit Trust
Is the Fund a registered NZ PIE structure?	No
Is the Fund open to new or existing investors?	Open
Product's investment style	Value
Manager's ownership structure	ASX Listed
How many years has this Manager been managing this asset class?	13
Country Registered for Sale	Australia
Date of the latest PDS	01/11/2023
The asset class that the Fund primarily invests in is	Multi Asset
Geographical focus of the Fund	Global

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Under the Bonnet

In managing the Fund to meet its investment objective, the Fund may implement a considerable amount of its exposures via derivatives and may include alternative and private market assets.

Currency is managed at the Fund level, taking into account currency exposure arising from underlying investments. Currency management is used to either hedge currency for an existing position or create exposure to a foreign currency.

Overview	Perpetual Diversified Real Return Fund
Product's public published benchmark	N/A
The product's internal targeted excess return is	5%
Minimum investment horizon	5+ years
Does the product charge a performance fee?	No
Product's performance fee	N/A
Hurdle before a performance fee is charged	N/A
Is there a high water mark?	N/A
Product's current buy spread	0.10%
Product's current sell spread	0.10%
Does the manager have the ability to change the Buy/Sell spread?	Yes
Distributions per year	Quarterly
Distribution Dates	March 31, June 30, September 30, December 31
Normal pricing frequency	Daily
Product inception date	15/10/2010
Strategy inception date	15/10/2010

Management Fees	Historic	Estimate
GST – inclusive or exclusive		inc GST
Management Fee (MER) / Manager's basic fee		0.85%
Other Fees and Costs		0.12%
Performance Fee		N/A
Total Fund Charges (i.e. TER/ICR)		0.97%
Date		01/11/2023

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Does Size Matter?


FUM	Perpetual Diversified Real Return Fund	@Date
Fund currency	AUD	
Current size of the Fund (\$)	\$1,057,566,999	31/12/2023
Current FUM in the strategy, including mandates (\$)	\$1,244,025,992	31/12/2023
Current total FUM of the Manager (\$)	\$22,496,479,435	31/12/2023

 See our view on the Research IP blog [Does Size Matter](#). The investible universe for a fund can be limited by some or all of these attributes:



- Asset class (e.g. cash, bonds, shares etc)
- Geography (e.g. Australia, New Zealand, global etc)
- Size of issue (e.g. minimum issue size of bonds, market capitalisation of shares)
- Liquidity
- or other factors like credit ratings, issuer types etc.

The Downside

The Manager is aware of the broad range of risks, as identified in the [Product Disclosure Statement \(PDS\)](#), and is mindful of them when constructing and managing the portfolio.

 Investors should note that all investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long- term returns may also carry the highest level of short-term risk. See our views on [what investment risks to look out for](#) on the Research IP blog.

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Is it Ticking?



Responsible investing has become front of mind for many investors, but there is a minefield of green washing out there. We share the views of the Research IP team on sustainable investing, the 17 Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) considerations and the United Nations Principles for Responsible Investment (UN PRI) on the [Research IP blog](#).

ESG Information	Perpetual Diversified Real Return Fund
Which EU Sustainable Finance Disclosure Regulation (SFDR) classification best describes this product?	Not Classified
Is the Manager a signatory to the UNPRI?	Yes
UNPRI Rating : Strategy & Governance	A+
UNPRI Rating : Listed Equity – Incorporation	A
UNPRI Rating : Listed Equity – Active Ownership	A
Are the UN Sustainable Development Goals considered in the investment process?	No
Does the Manager incorporate ESG factors into analysis and decisions?	Yes
Does the Manager implement negative screening?	No
Does the Manager implement positive, best-in-class or norms-based screening?	No
Does the Manager focus specifically on sustainability themed investments?	No
Does the Manager invest for impact? i.e. target non-financial outcomes that are intentional, measurable and additional.	No
Does the Manager integrate corporate engagement and proxy voting into their investment approach?	Yes
Is the Fund RIAA Certified?	No
RIAA Primary Investment Approach	Not RIAA certified
RIAA Secondary Investment Approach	Not RIAA certified
Link to RIAA Fund Profile	N/A
Link to Disclose information on Sorted (NZ only)	N/A
Link to Mindful Money (NZ only)	N/A

You can find fund manager [Public Signatory Reports](#) on the UNPRI site.

 [Click here to access the full qualitative research report on this fund](#)

Qualitative Fund Research

**Perpetual Diversified Real
Return Fund**

23 April 2024

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The views and opinions in this document are considered valid for one year from the date published.

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Check the Pulse

Philosophy & Process		Perpetual Diversified Real Return Fund
Research Philosophy		
Top down active asset allocation combined with a key focus on portfolio construction		
Guidelines for filtering the universe		
Quantitative valuation, economic cycle and momentum models, combined with a fundamental assessment of a range of economic data		
Research Approach		
The Multi Asset Team uses a consistent asset allocation framework and risk budgeting approach to evaluate opportunities across different traditional and non-traditional asset classes, to carefully assess downside risk, transparency, prudent use of leverage, liquidity and net of fee expected returns.		
Specific inputs to the research process		
Proprietary quantitative, internal Perpetual Asset Class teams, direct contacts (e.g. policy makers), external consultants, brokers.		
Third party inputs used	Factset, Bloomberg, broker research and external consultants	
Primary valuation approach	Absolute and Relative Value	
Secondary valuation approach (if applicable)	Economic cycle and momentum	
In constructing the portfolio the manager is...	Benchmark unaware	
Biases present in the product	Value style at the stock selection level	
Number of securities in the investment universe	N/A	
Number of securities fully researched	N/A	
Typical number of holdings in the portfolio	15-40	
Anticipated portfolio turnover	Depends on market conditions	
Typical level of cash held in the portfolio?	Frictional Cash	

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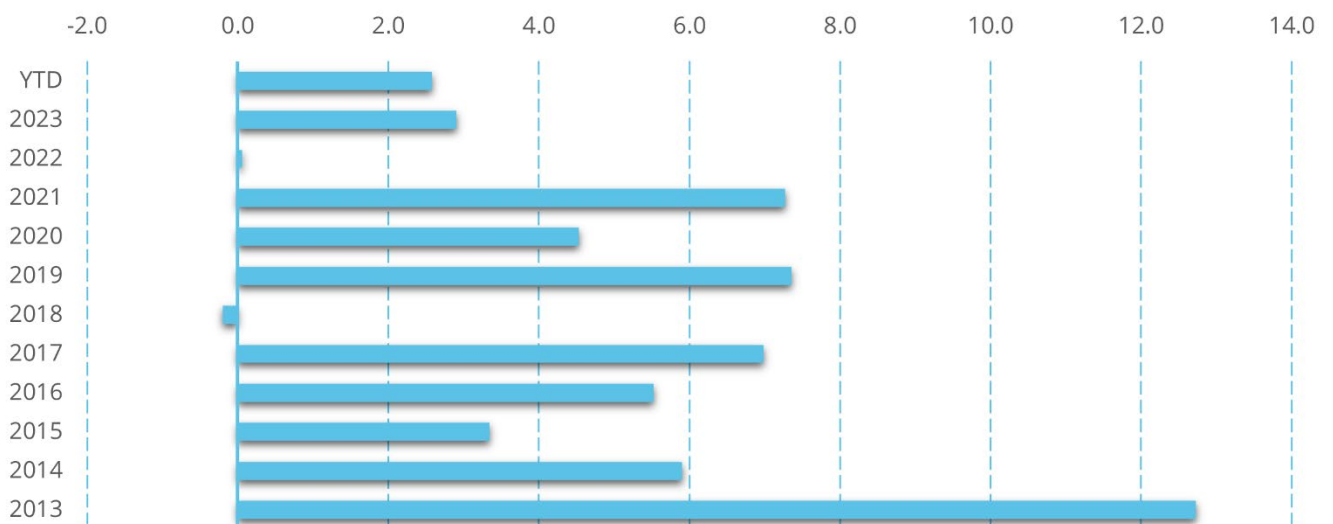



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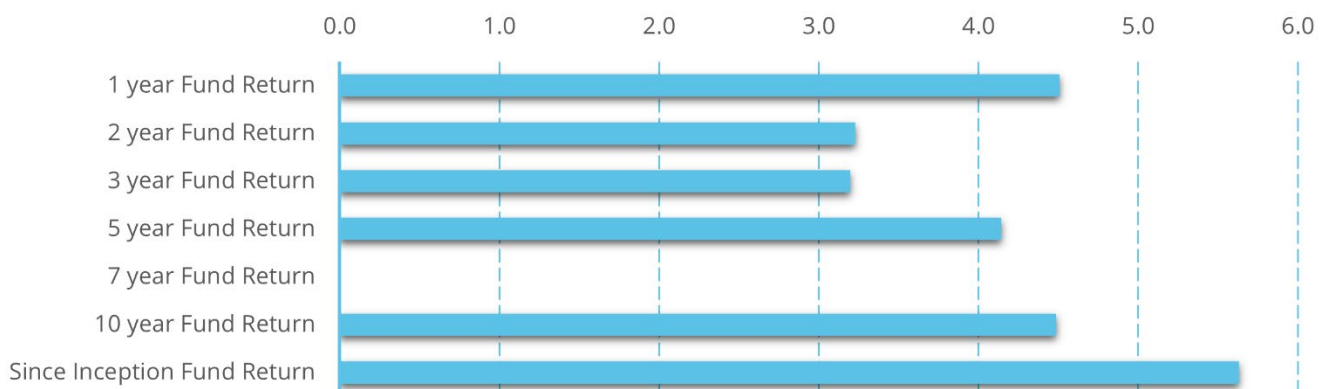
Is it Working?

Performance	Perpetual Diversified Real Return Fund
"Performance to" date	31/03/2024
Inception date of the performance?	15/10/2010
Negative Months (3 Years)	
Negative Months (5 Years)	
Negative Months (7 Years)	
Negative Months (10 Years)	
Max Gain Since Inception	
Max Loss Since Inception	
Max Drawdown Since Inception	
Volatility (3 Years)	
Beta (3 Years)	0.16
Sharpe (3 Years)	0.38

Annual Performance %



Annualised Performance %



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Our experience has been gained in well over 20 years of roles across different facets of the industry, so we understand the key drivers and challenges for people trusted with the management of investments.

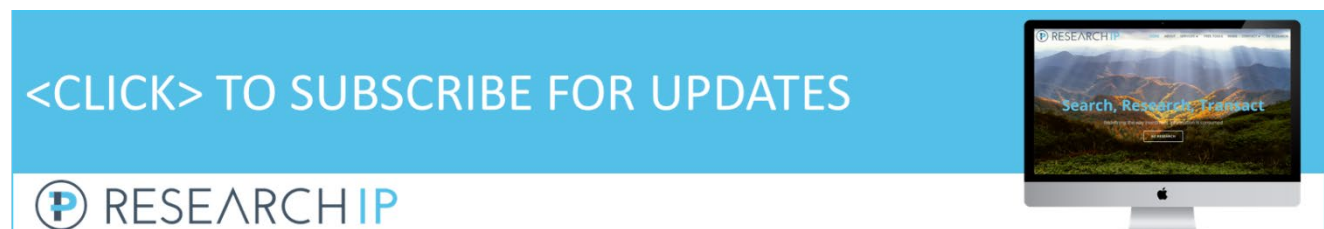
Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's views in "Other People's Money: Masters of the Universe or Servants of the People".

Some of the consulting services we provide to financial advisers, charities, not-for-profit organisations and other investors include:

- AFSL reviews
- Platform and Financial Adviser Software reviews
- Fee negotiations for better client outcomes
- Investment committee terms of reference / charter
- Investment committee skills assessment
- Investment policy development
- Investment committee implementation review
- Chair or independent investment committee member
- Investment manager review
- Investment manager / adviser selection
- Quarterly reporting and commentary
- Sustainability and ESG policy development
- Sustainability and ESG investment selection / implementation of strategies.

If you would like to discuss one or a number of these consulting services, please contact info@research-ip.com.

Our [privacy policy](#) and [ESG](#) can be viewed on our [website](#).



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Email: info@research-ip.com

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We recommend you obtain appropriate financial, legal and taxation advice before making any financial investment decision.

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