

Perpetual Select Super and Pension Plan

CHANGES TO INVESTMENT OPTIONS

The following should be read in conjunction with the Product Update dated 1 March 2023 and Product Disclosure Statement issue number 10 dated 1 October 2020.

Changes to the Conservative, Diversified, Balanced and Growth investment options (the Options)

WHAT IS CHANGING

Following a comprehensive review of the investment strategies for Perpetual Select Super Plan and Select Pension Plan, there will be changes to some of the investment options from 1 March 2023 including changes to:

- Investment benchmarks
- Investment guidelines
- Asset classes, including the Income alternatives asset class description

The changes are aimed to provide greater clarity in asset class descriptions and to improve investment outcomes for the above Options given current and expected market conditions.

HOW DOES THIS AFFECT ME?

No action is required from you should you wish to remain invested in the Options, following the changes outlined above taking effect on 1 March 2023. We recommend that you consider this information having regard to the current PDS for Perpetual Select Super Plan or Pension Plan, available at www.perpetual.com.au/select-super-updates.aspx or www.perpetual.com.au/select-pension-updates.aspx respectively, and to your objectives, financial situation or needs.

WHAT ARE THE CHANGES?

Changes to investment benchmarks

Fixed income asset class benchmarks for Conservative, Diversified, Balanced and Growth investment options are changing as follows:

Current benchmark	Benchmark from 1 March 2023
<u>Fixed income</u> 50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg Barclays Global Aggregate Index (hedged in AUD)	<u>International fixed income</u> Bloomberg Barclays Global Aggregate Index (hedged in AUD)
	<u>Australian fixed income</u> Bloomberg AusBond Composite 0 + Yr Index
<u>Diversified credit</u> Bloomberg AusBond Bank Bill Index	<u>Diversified credit</u> <u>Not applicable as diversified credit is no longer an asset class</u>

Changes to investment guidelines

Perpetual Select Conservative Option

Asset Class	Current disclosure	Asset class	From 1 March 2023
Cash ⁴	0 – 30%	Cash ⁴	0 – 30%
Fixed income ⁵	10 – 40%	International fixed income⁵	15 – 60%
Diversified credit	20 – 60%	Australian fixed income	10 – 40%
Income alternatives	0 – 20%	Income alternatives	0 – 20%
Real estate ^{6,7}	0 – 10%	Real estate ^{6,7}	0 – 10%
Australian shares	5 – 20%	Australian shares	5 – 20%
International shares	10 – 30%	International shares	10 – 30%
Growth alternatives	0 – 10%	Growth alternatives	0 – 10%

Perpetual Select Diversified Option

Asset Class	Current disclosure	Asset class	From 1 March 2023
Cash ⁴	0 – 30%	Cash ⁴	0 – 30%
Fixed income ⁵	10 – 30%	International fixed income⁵	10 – 40%
Diversified credit	10 – 40%	Australian fixed income	5 – 30%
Income alternatives	0 – 10%	Income alternatives	0 – 10%
Real estate ^{6,7}	0 – 15%	Real estate ^{6,7}	0 – 15%
Australian shares	10 – 25%	Australian shares	10 – 25%
International shares	15 – 40%	International shares	15 – 40%
Growth alternatives	0 – 20%	Growth alternatives	0 – 20%

Perpetual Select Balanced Option

Asset Class	Current disclosure	Asset class	From 1 March 2023
Cash ⁴	0 – 30%	Cash ⁴	0 – 30%
Fixed income ⁵	5 – 20%	International fixed income⁵	5 – 30%
Diversified credit	5 – 25%	Australian fixed income	5 – 20%
Income alternatives	0 – 10%	Income alternatives	0 – 10%
Real estate ^{6,7}	0 – 15%	Real estate ^{6,7}	0 – 15%
Australian shares	10 – 35%	Australian shares	10 – 35%
International shares	15 – 50%	International shares	15 – 50%
Growth alternatives	0 – 20%	Growth alternatives	0 – 20%

Perpetual Select Growth Option

Asset Class	Current disclosure	Asset class	From 1 March 2023
Cash ⁴	0 – 30%	Cash ⁴	0 – 30%
Fixed income ⁵	0 – 10%	International fixed income⁵	0 – 15%
Diversified Credit	0 – 10%	Australian fixed income	0 – 10%
Income alternatives	0 – 10%	Income alternatives	0 – 10%
Real estate ^{6,7}	0 – 15%	Real estate ^{6,7}	0 – 15%
Australian shares	15 – 40%	Australian shares	15 – 40%
International shares	20 – 60%	International shares	20 – 60%
Growth alternatives	0 – 20%	Growth alternatives	0 – 20%

The following changes have been made to the footnotes to investment option Profiles:

Footnotes have been updated as shown below, and footnotes 8 and 9 have been deleted.

Previous disclosure	New Disclosure
<p>3 The composite benchmarks comprise, as applicable to the various asset types in the underlying funds:</p> <ul style="list-style-type: none"> • cash – Bloomberg AusBond Bank Bill Index • fixed income – 50% Bloomberg AusBond Composite 0+ Yr Index and 50% Bloomberg Barclays Global Aggregate Index (hedged in AUD) • diversified credit – Bloomberg AusBond Bank Bill Index • income alternatives – Bloomberg AusBond Bank Bill Index plus 2% • real estate – 50% S&P/ASX 300 A-REIT Accumulation Index and 50% FTSE EPRA/NAREIT Developed Index – Net Return (unhedged in AUD) • Australian shares – S&P/ASX 300 Accumulation Index • international shares – MSCI All Country World Index – Net Return (unhedged in AUD) • growth alternatives – Bloomberg AusBond Bank Bill Index plus 5%. 	<p>3 The composite benchmarks comprise, as applicable to the various asset types:</p> <ul style="list-style-type: none"> • cash – Bloomberg AusBond Bank Bill Index • International fixed income – Bloomberg Barclays Global Aggregate Index (hedged in AUD) • Australian fixed income – Bloomberg AusBond Composite 0+Yr Index • income alternatives – Bloomberg AusBond Bank Bill Index plus 2% • real estate – 50% S&P/ASX 300 A-REIT Accumulation Index and 50% FTSE EPRA/NAREIT Developed Index – Net Return (unhedged in AUD) • Australian shares – S&P/ASX 300 Accumulation Index • international shares – MSCI All Country World Index – Net Return (unhedged in AUD) • growth alternatives – Bloomberg AusBond Bank Bill Index plus 5%.
<p>5 Fixed income includes Australian fixed income, diversified credit and international fixed income – refer to the 'Investment guidelines' for the 'Fixed Income' investment option on page 17 for further details.</p>	<p>5 International fixed income may include Australian fixed income.</p>
<p>6 Real estate includes both Australian and international assets – refer to the 'Investment guidelines' for the 'Real Estate' investment option for further details.</p>	<p>6 Real estate includes both Australian and international assets.</p>

Change to income alternative asset class description

The income alternative asset class description will be replaced with the following:

Asset class	Asset class description effective 1 March 2023
Income alternative	<p>Income Alternatives are alternative assets that have the objective of generating income and include a variety of strategies including:</p> <p>Absolute return funds which are actively managed investments that aim to produce returns in both rising and falling markets by using a broad range of securities and investment techniques.</p> <p>Private Market and Senior debt strategies which include bonds and loans mainly issued by non-investment grade companies. Non-investment grade companies have a lower credit rating than investment grade companies as they are more likely to experience an impairment or default. A non-investment grade company is a company with a credit rating below BBB-/Baa3 or a non-rated asset.</p> <p>Securitised Assets are financial products that are backed by the cash flow of a portfolio of assets. Types of securitised assets include:</p> <ul style="list-style-type: none"> • Residential mortgage-backed securities (RMBS): a structured product backed by a portfolio of residential loans. • Commercial mortgage-backed securities (CMBS): backed by a portfolio of commercial property loans. • Collateralised loan obligations (CLOs): backed by a portfolio of senior secured loans to non-investment grade companies. • Asset Backed Securities (ABS): backed by assets like auto loans, consumer loans or loans to franchisees. <p>Private Market Property Debt are mainly loans backed by a residential or commercial property. The debt is held by one investor or by a small group of investors and should be considered as illiquid. The debt is often used to acquire properties, refinance, or redevelop an existing property.</p>

Core Property involves purchasing an interest in property that is located in major cities, is intended to have stable long-term rents and low vacancies. The exposure seeks to provide a stable income with the opportunity for a small amount of capital growth.

Other Alternatives. Other alternative assets include royalties and insurance linked investments. Royalties are investments that produce an income backed by an intangible asset such as intellectual property rights or a license. Insurance Linked investments produce an income from the operations of an insurance company or through the premiums paid by an insurance company.

Further information

If you have any questions, please speak to your financial adviser, email investments@perpetual.com.au or phone us on 1800 003 001 during business hours (Sydney time).

Yours sincerely



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