Perpetual Private

Portfolio Factsheet

Perpetual Direct Australian Equities Responsible Investment Portfolio

Portfolio at a glance

Investment objective

The Perpetual Direct Australian Equities Responsible Investment Portfolio aims to outperform the benchmark over rolling five year periods through investing in quality companies from the ASX300 that have been assessed to meet certain Environmental, Social and Governance (ESG) and ethical criteria.

Key features

Perpetual Private
'protect and grow' screen

Ethical screen
(what a company does)

ESG Integration
(how a company conducts business)

Responsible Investment Portfolio

Benchmark	S&P/ASX300 TR Index
Inception date	30 June 2015
Typical number of holdings	20-30 stocks
Typical tracking error range	5-7% p.a.
Typical turnover range	20-40% of the portfolio. This figure may be higher or lower depending on the market environment

Portfolio Manager



Daniel Nelson, CFA
Daniel holds the CFA Institute Certificate in ESG Investing.

CERTIFIED BY RIAA

The Perpetual Direct Australian Equities Responsible Investment Portfolio has been certified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program.
See www.responsiblereturns.com.au for details[1].

About the portfolio

The Perpetual Direct Australian Equities Responsible Investment Portfolio is managed using Perpetual Private's time-tested investment philosophy – we seek to 'protect, then grow' clients' investments. The portfolio is built on the core principles of **quality, value** and **active management** combined with our three stage Responsible process outlined below:

1. Ethical screen

We seek to invest in positive contributors to our world and therefore do not invest in companies that generate significant revenues[1] from the following activities. A company will breach our tolerance if its combined revenue from these activities is more than 5%[2].



Alcohol

Production or sale of alcohol.



Gambling

Production of gambling equipment and games and the hosting or provision of gambling activities either online or on premises.



Tobacco[2]

Production or sale of tobacco, including e-cigarettes and other nicotine-based products.



Nuclear power

Production or use of nuclear materials for both energy and defense purposes, including the mining of uranium.



Armaments[2]

Production or sale of armaments regardless of intended purpose.



Animal welfare

Animal cruelty for cosmetic purposes.



Pornography

Production, sale, or distribution of pornographic materials.



Fossil fuels

Mining, refinement, production, and sale of fossil fuels including utilities that use fossil fuels.



Predatory lending practices

Use of dishonest, unfair, or unethical lending practices.

(1) The total gross amount of revenue generated from the sale of goods or services in the normal course of business operations.

(2) For involvement in the production of tobacco, manufacture of nicotine alternatives and tobacco-based products and the development, production and maintenance of controversial weapons, a 0% revenue threshold is applied.

2. ESG integration

Using a unique ESG model, we seek to identify companies that we believe are sustainable leaders within and across industries. Our proprietary model is dynamic, enabling us to get to heart of each company's performance against its key ESG opportunity set. We then aim to populate the portfolio with these industry and market leaders, creating a portfolio of high quality and responsible businesses.

How it works: The model utilises an array of data to score companies based on the ESG factors that are more material to their business. For instance, scores for banks emphasise Governance and Social factors, while mining companies are scored with a higher emphasis on Environmental factors. We use this scoring system as a core input into our portfolio construction process alongside our fundamental quality requirements.



Environment

- Carbon emissions
- Supply chain footprint
- Water stress
- Biodiversity and land use
- Waste management



Social

- Modern slavery
- Human capital welfare
- Product and customer safety
- Workforce diversity
- Community relations
- Privacy and data security



Governance

- Board
- Pay
- Alignment
- Accounting
- Business ethics and best practice
- Tax transparency



Impact

- Impact opportunities

The ESG factors we focus on have been carefully selected to reflect Perpetual Private's core values and the feedback we receive from our clients, ensuring alignment with both our ethical framework and investment objectives.

3. Proactive engagement and reporting

We employ a strategic engagement approach focusing on issues critical to both financial performance and long-term sustainability. Our goal is to collaborate with companies to foster positive outcomes for all stakeholders. If challenges persist, we are prepared to take decisive actions, such as divesting, initiating shareholder proposals, or, where possible; exercising proxy voting to advocate for change. Transparency is paramount, and we commit to regular reporting on investment performance, engagement activities, company profiles, and updates during reporting seasons.

Our Corporate Engagement Policy and portfolio Responsible Investing Scorecard are available on the Direct Equities section of our website www.perpetual.com.au/managed-accounts.

Portfolio suitability

The portfolio is designed for investors who are conscious of the social and ethical implications of where their money is invested, are less benchmark conscious and have a minimum investment timeframe of five years or longer.

Risks

All investments carry risk, for example market and economic risk where certain events may have a negative effect on the price of the stocks in the portfolio. These events may include changes in social or political conditions, as well as market sentiment, the causes of which may include changes in governments, wars, social unrest, pandemics and natural disasters. The impacts of such events can be highly unpredictable, which may give rise to increased or prolonged market volatility. Your financial adviser can assist you in understanding the full risk profile of the portfolio and whether the portfolio is suited to your financial needs.

Benefits of investing with Perpetual Private

- **Purpose built for managed accounts** – the portfolio has low turnover and is supported by tools and communications to provide investors with transparency on portfolio decisions and outcomes.
- **Responsible Investment assurance** – all stocks selected must meet our quality selection criteria and satisfy our strict Responsible Investment criteria.
- **Well credentialed, specialist investment team** managing and monitoring the portfolio with a strong, established performance track record.
- **Trusted brand and process** – our heritage of over 130 years and our origins as a trustee business contribute to our deep understanding of what it means to be a fiduciary of others' assets.

[1]The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and needs and also consider the terms of any product disclosure document before making an investment decision. Certifications are current for 24 months and subject to change at any time.

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