Perpetual WIFA-Perpetual Split Gr

Morningstar Category
Multisector Aggressive

Morningstar Take by Sarah Fox 06 Jul 2018

Perpetual’s multisector range of funds is a reasonable choice despite a recent senior departure. Head of Multi-asset, Michael O’Dea, competently leads this experienced group, with each team member having lengthy track records in their areas of specialty. Unfortunately, portfolio manager Glen Foster resigned after seven years in the multisasset team. While he is a loss, his replacement Geoff Ryan, who joins from Commonwealth Superannuation Corporation, also has extensive experience in developing and implementing dynamic asset allocation models, and the transition has been managed prudently, so we aren’t too concerned with this change. The process combines traditional, strategic asset allocation with in-house asset class capabilities. It invests 100% in growth assets comprising a 40% split in domestic equities and 60% in global equities. Unlike the conservative, diversified and balanced multisector options, split growth does not employ tactical asset allocation so asset class exposure is derived solely from the combination of three in-house Perpetual capabilities. Some of these strategies we hold in high regard. For example, the domestic-equity component is composed mainly of Perpetual Industrial Share, which boasts one of the strongest teams in the market. While there can be limitations to constraining the opportunity set, this fund has helped Split Growth achieve impressive returns relative to its peer group on a five- and 10-year basis to May 2018, but it has struggled against its growth competitors on a shorter-term basis. As such, relative performance has waned. While the longer-term returns aren’t attributable to the current team, the stable strategic asset allocation process does provide a degree of consistency. Perpetual remains one of the most expensive ranges in the cohort and this is indeed a strike against them. Though the high fee load and high profile team change hold us back, elements of robustness here make these funds a sound choice.

Fees

One-time
Entry Fee/Contribution Fee 0.00%
Exit Fee/Withdrawal Fee 0.00%
Buy/Sell Spread 0.38%

Annual
ICR pa (30 Jun 2016) 2.14%
Performance Fee pa (30 Jun 2016) NAv
Management Fee pa 2.10%
Admin Fee pa 0.00%

Operations

Investment Details
Ticket/AFR Code 16776/PER0496AU
Fund Inception 10 Nov 2008
Fund Status Open
Net Assets (Mill) 31 Mar 2019 $23.20
Entry Price 18 Jun 2019 $1.0907
Exit Price 18 Jun 2019 $1.0866

Purchase Information
Minimum Initial Investment $2,000
Minimum Additional Investment $1,000
Minimum Withdrawal $1,000
Switching Allowed Yes
Distributions Frequency Annually

Manager Info
Responsible Entity(RE) Perpetual Investment Management Ltd
RE Telephone +61 02 9229 9000

Notes
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Quick Stats
Morningstar Category: A fund category is based on exposure to asset classes, investment sectors, investment style, market-cap allocation, and associated risk and return characteristics of funds. The objective of the classification system is to provide groupings of funds which can be reasonably considered to be close investment alternatives and for which performance and other statistics such as fees are comparable.

Morningstar Analyst Rating: a qualitative assessment of five key pillars we believe will identify funds most likely to outperform over the long term on a risk-adjusted basis (People, Process, Parent, Performance, and Price). The Analyst Rating operates on a five-point scale: ‘Gold’, ‘Silver’, ‘Bronze’, ‘Neutral’, and ‘Negative’. ‘Under Review’ means that a change at a rated fund requires further review to determine the impact on the rating. ‘Not Ratable’ means that either a fund has failed to provide sufficient transparency to determine a rating, or that we are providing information on a new strategy where investors require guidance as to suitability, but there is not yet sufficient information to rate the fund.

Morningstar Rating: The rating is calculated for funds with at least a three-year history based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund’s monthly performance. The top 10% of funds in each peer group receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The peer group is determined by the fund’s Morningstar Category and Legal Type. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (for Australia) or three-and five-year (for New Zealand) Morningstar Rating metrics.

Morningstar Take
The Morningstar Take is a summary of Morningstar’s overall opinion of the fund manager’s strategy and capabilities in the asset class. If Morningstar has not qualitatively reviewed the manager, the PDS Objective and Fund Investment Strategy will appear in its place.

Performance
The performance data given represents past performance and should not be considered indicative of future results.

Growth of $10,000: The graph compares the growth of $10,000 in a fund with that of a capital market index chosen by Morningstar and with that of the average growth for all funds in its Morningstar peer group. The index is an unmanaged portfolio of specified securities. The index and the category average do not reflect any initial expenses however the category average returns are net of ongoing fees. A fund’s portfolio may differ significantly from the securities in the index.

Quarterly Rank: The graph represents the fund’s total return percentile rank among funds in the same peer group. The black bar on the graph represents the quartile in which the fund-performance ranking falls. If the top quarter of the graph is shaded, for example, the fund performed among the top 25% of its category that year.

Total Return: Reflects performance without adjusting for sales charges but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of distributions. Growth return is the percentage change in the scheme’s soft close exit price adjusted for any capital re-organisation. Income return is the total return less growth return and reflects the level of distributions from a fund. For Australian funds, performance is not adjusted for taxation. For New Zealand PIE funds, tax credits are added back to the performance. For New Zealand non-PIE funds, returns are calculated net of tax. Trailing returns for periods over one year are annualised.

Tax-Adjusted Return: A pre-liquidation performance calculation for Australian funds only that assumes the taxed distribution amount is reinvested.

Risk Measures
Standard deviation: is a statistical measure of the volatility of the fund’s return.

Sharpe ratio: A risk-adjusted measure calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the fund’s historical risk-adjusted performance.

Alpha: A measure of the difference between a portfolio’s actual returns and its expected performance, given its level of risk as measured by beta. A positive Alpha figure indicates the portfolio has performed better than its beta would predict.

Beta: A measure of a fund’s sensitive to market movements. If beta is greater than one, movements in the market have a greater effect on the portfolio’s returns. If beta is less than one, movements in the market have a lesser effect on the portfolio’s returns.

R-Squared: Measures the relationship between a portfolio and its benchmark. R-squared can be used to ascertain the significance of a particular beta or alpha. Generally, a higher R-squared will indicate a more useful beta figure.

Fees
Entry Fee/Contribution Fee: The amount paid or payable against the initial, and any subsequent, contributions made into a product by or for a retail client for the product.

Exit Fee/Withdrawal Fee: The amount paid or payable on the disposal of all interests held in a financial product.

Buy/Sell Spread: The difference between the price at which you can buy a unit and sell a unit on any given day. This is a transaction cost incurred by the investor that reflects the actual or estimated transaction costs incurred by the fund in dealing with the underlying securities.

IOR: The Indirect Cost Ratio is a ratio of the fund’s management costs that are not deducted directly from a member’s or product holder’s account, to the fund’s total average net assets. Note: Dollar-based fee charged directly against a member’s account, such as a $1 per week management cost is not included in the IOR.

MEP: The Management Expense Ratio, usually expressed as an annual percentage figure as a proportion of the Net Asset Value of the fund, is the amount of an investor’s money invested the Fund Manager takes each year to pay for the costs of operating and marketing the Fund.

Performance Fee: The amount paid or payable, calculated by reference to the performance of a product or fund above a specified hurdle rate.

Management Fee: The percentage deducted from a fund’s average net assets to pay the investment manager for managing the fund’s investments. For tiered fee structures, it is the highest fee. It is collected from the prospectus.

Admin Fee: The percentage fee deducted for general administration of the fund. For tiered fee structures, it is the highest fee.

Portfolio
Composition: The graph represents a breakdown of the fund’s holdings into general investment classes based on surveyed data provided by the fund manager.

Morningstar Style Box: For equity funds the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend or growth). For fixed-income funds the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitive as measured by a bond’s duration (limited, moderate or extensive).

Top 10 Stock Holdings: The largest equity exposure of a fund’s portfolio. Portfolio holdings information is based on the most recent information available to Morningstar.

Top 5 Sector Weightings: The Morningstar Sector structure divides the stock universe into 120 industries ranging from semiconductors to medical equipment. These industries are classified into 41 industry groups, which are then used to construct 12 separate sectors.

Top 5 Countries: The largest geographical exposure of a fund’s stock assets. Country assignments are based on the primary exchange where each stock is traded.