

# PERPETUAL EXACT MARKET RETURN FUND

## Product Disclosure Statement

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### CONTACT DETAILS

If you have any questions or would like a copy of the PDS or any updates, any information incorporated by reference in the PDS or more information about Perpetual Exact Market Return Fund:

**Phone** 1800 110 941

**Mail** Perpetual Exact Market Return Fund, GPO Box 4171, Sydney NSW 2001, Australia

**Website** [www.perpetual.com.au/exactmarketreturnfund](http://www.perpetual.com.au/exactmarketreturnfund)

**Email** [investments@perpetual.com.au](mailto:investments@perpetual.com.au)

### IMPORTANT NOTES

This PDS provides a summary of significant information and contains a reference to other important information which also forms part of the PDS. You should consider all of this information before making a decision to invest in this product.

The information provided in the PDS is general information only and does not take account of your personal financial situation or needs. You should obtain financial advice tailored to your personal circumstances.

We may update the PDS with changes that are not materially adverse via disclosure on our website. You can also obtain a paper copy of any updates free of charge on request.

This PDS can only be used by investors receiving it (electronically or otherwise) in Australia. All amounts in this PDS are in Australian dollars and all times quoted are Sydney time (unless otherwise specified). A business day is a working day for Perpetual in Sydney.

**PRODUCT DISCLOSURE STATEMENT (PDS)  
ISSUE NUMBER 7 DATED 1 FEBRUARY 2021**

Issued by Perpetual Investment Management Limited  
ABN 18 000 866 535  
AFSL 234426

Perpetual 

## 1. ABOUT PERPETUAL INVESTMENT MANAGEMENT LIMITED

Perpetual Investment Management Limited (PIML) is:

- the responsible entity of Perpetual Exact Market Return Fund (Fund)
- the issuer of units in the Fund and this PDS
- the investment manager of the Fund.

PIML is one of Australia's leading investment managers with \$29.0 billion in funds under management (as at 30 September 2020). PIML is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827) and part of the Perpetual Group, which has been in operation for over 130 years. By employing some of the industry's best investment specialists and applying a proven investment philosophy, PIML has been able to help generations of Australians manage their wealth.

As the responsible entity of the Fund our main responsibilities are to manage the Fund according to its constitution (copy available free of charge by contacting us) and investment policy as well as properly administering it. We have established an investment review committee to set the investment objectives, investment guidelines and investment approach for the Fund. We may change the Fund's investment policy whenever we believe it's in the best interests of investors, without prior notice.

In carrying out our duties, we are subject to the Corporations Act and must:

- act honestly and in the best interests of investors
- exercise care and diligence.

Subject to the Corporations Act:

- we're not liable to investors for any losses in any way relating to the Fund, except to the extent to which the loss is caused by our fraud, negligence or breach of trust
- our liability is limited to our ability to be indemnified out of the assets of the Fund.

## 2. HOW PERPETUAL EXACT MARKET RETURN FUND WORKS

The Fund is a managed investment scheme that is registered with the Australian Securities and Investments Commission (ASIC) as Perpetual Exact Market Cash Fund (ARSN 110 147 389).

The Fund commenced in February 2005.

### INVESTORS

We authorise the use of this PDS as disclosure only for indirect investors who wish to access the Fund through an investor directed portfolio service (IDPS), IDPS-like scheme, a nominee or custody service or any other trading platform authorised by PIML (collectively referred to in this PDS as a 'Service').

As an indirect investor gaining exposure to the Fund through a Service, you do not yourself become an investor in the Fund. Instead, it is the Service operator, which invests for you and acts on your behalf, that has the rights of an investor. Certain provisions of the Fund's constitution are not relevant to indirect investors. For example, indirect investors cannot attend investor meetings or transfer or mortgage units in the Fund. You can request reports on your investment in the Fund from the Service operator and you should direct any inquiries to them.

'You' or 'your' refers to indirect investors in the Fund.

When you invest in the Fund, your money is pooled with investments from other investors and used to buy assets for the Fund, which we manage on behalf of all investors. Each unit that your Service operator holds in the Fund on your behalf confers a proportional beneficial interest in the Fund. However, you're not entitled to any particular asset of the Fund and we rather than you have ownership and control over the Fund's assets, management and operation.

### VALUE OF YOUR INVESTMENT

When you invest, your Service operator will be allocated units in the Fund on your behalf. The value of your investment in the Fund will vary as the Fund's daily unit price changes to reflect increases or decreases in the market value of the Fund's assets.

## INVESTMENTS AND WITHDRAWALS

You can invest in or withdraw from the Fund by directing your Service operator to lodge an investment application or withdrawal request, as applicable, with us.

As you are investing indirectly through a Service, you should contact your Service operator for details about your Service operator's requirements relating to the following:

- any minimum investment and withdrawal amounts
- processing requirements and timeframes
- distribution payment options
- identification verification procedures
- privacy policy.

You should also use any relevant application and other forms provided by your Service operator.

### HOW UNITS ARE ISSUED OR WITHDRAWN

If our Sydney office receives and accepts an investment application or withdrawal request by 3.00pm on any business day, the investment or withdrawal will be processed using that day's entry or exit price. If received and accepted after 3.00pm, it will be processed using the next calculated entry or exit price. If it's a non-working day for Perpetual in Sydney, the investment or withdrawal will be processed using the next available entry or exit price.

The number of units issued to your Service operator is determined by dividing the investment amount by the applicable entry price. The number of units withdrawn for withdrawals is determined by dividing the withdrawal amount by the applicable exit price.

For current entry and exit prices, visit our website or contact us.

We have the discretion not to accept applications and can delay processing them if we believe that's in the best interests of investors or if required by law.

The proceeds from your withdrawal will usually be available to your Service operator within two business days from when we have accepted the request, given normal operating conditions, but no later than 70 days after we have accepted the request.

### SUSPENSION OF APPLICATIONS AND WITHDRAWALS

In certain emergency situations that impact the effective and efficient operation of a market for an asset in the Fund or in circumstances where we otherwise consider it to be in investors' interests, we may suspend processing all applications or withdrawals for the Fund in accordance with the Fund's constitution. This means that there may be times when your Service operator on your behalf is unable to:

- invest additional amounts into the Fund
- withdraw from the Fund within the usual period of two business days from when we accept a withdrawal request.

### WITHDRAWAL OF LARGE INVESTMENTS

We can in certain circumstances also delay or stagger the payment of large withdrawal requests.

### DISTRIBUTIONS

A distribution is the payment of the Fund's distributable income to investors at predetermined intervals. The distributable income may include interest, realised net capital gains and other income. The components of a distribution will depend on the nature of the Fund's assets.

The distribution amount depends on the Fund's distributable income. The amount of your distribution will be proportionate to the number of units your Service operator holds on your behalf relative to the number of units on issue at the end of the distribution period. The amount will vary and sometimes there might not be any distribution.

At the end of each distribution period, the Fund's unit price will typically fall as it is adjusted to reflect the amount of any distribution. As your distribution amount is based on the entire distribution period, the closer you invest before the end of a distribution period the greater the possibility is that you may receive back some of your capital as income in the distribution for that period.

Distribution of the Fund's distributable income to investors generally occurs quarterly as at 31 March, 30 June, 30 September and 31 December. Distributions not reinvested are generally paid to your Service operator within 14 days after the end of the distribution period. However, the Fund's constitution allows up to 90 days after the end of the distribution period.

The Fund's constitution lets us make special distributions on an interim basis without prior notice to you. Any realised net capital gains are generally included in the 30 June distribution.

You still have to pay tax on the distribution even if it is reinvested (if your Service operator offers this option).

We can determine to reinvest part or all of your distribution in the Fund.

As the Fund has elected into the AMIT regime, there may be implications for distributions (see 'Distributions' on page 8 for details).

### REGULAR REPORTING/UPDATED INFORMATION

All reports will be sent directly to your Service operator. They will use this information to provide you with regular reporting and information to help you complete your annual income tax return. Please contact your Service operator with any investor inquiries.

You can go to our website or contact us for the latest investment returns and any other updated information in relation to the Fund. Other general information is also provided in the Fund's annual report, which is also available at our website.

As a disclosing entity, the Fund is subject to regular reporting and continuous disclosure obligations. You may obtain a copy of this information at our website, or from us, free of charge, or ASIC (where applicable).

### HOW UNITS ARE PRICED AND INVESTMENTS ARE VALUED

Unit prices for the Fund are calculated by:

- establishing the net asset value of the Fund
- for entry unit prices – adding the applicable transaction costs to the net asset value and then dividing the adjusted net asset value by the number of units on issue to determine the entry unit price
- for exit unit prices – deducting the applicable transaction costs from the net asset value and then dividing the adjusted net asset value by the number of units on issue to determine the exit unit price.

We generally determine the net asset value of the Fund on each business day. Valuations may also be made when money is deposited into, or withdrawn from, the Fund. The net asset value is calculated by deducting the value of the Fund's liabilities from the value of its gross assets.

The net asset value of investments in the Fund includes unrealised gains and losses and any income and realised gains accrued but not yet distributed. If unrealised gains are realised in the future, any assessable portion may be distributed to investors. Any amounts payable to or receivable by the counterparty under the swap agreement are also included in the net asset value of the Fund.

The fixed income investments of the Fund are valued on a held-to-maturity basis. Other investments are valued at their market value. Where we cannot value the Fund appropriately using these methods we may use a different valuation method.

### SIGNIFICANT RISKS

TYPE OF RISK	DESCRIPTION OF RISK
Counterparty risk	A loss may occur if the other party to a contract (eg derivatives contract, swap agreement or guarantee) defaults on their obligations under the contract.
Credit risk	The issuer or party to a transaction may not repay the principal, make interest payments or fulfil other financial obligations in full and/or on time. The market value of an investment can also fall significantly when the perceived risk of a note or bond increases or its credit rating declines.
Asset risk	A particular asset that the Fund invests in may fall in value, which can result in a reduction of your investment.
Interest rate risk	Changes in interest rates may have a negative impact, either directly or indirectly, on investment returns.

A copy of our unit pricing policy, including details of any discretions that we may exercise in various circumstances, is available at our website or can be obtained free of charge by contacting us.

### INTEREST EARNED ON APPLICATION, WITHDRAWAL AND DISTRIBUTION ACCOUNTS

Application money, proceeds of withdrawal requests and distribution amounts are held in trust accounts prior to being processed. A member of the Perpetual Group retains any interest earned on these accounts.

### 3. BENEFITS OF INVESTING IN PERPETUAL EXACT MARKET RETURN FUND

The Fund provides investors with the potential for regular income and lower volatility than other income strategies through an actively managed, highly diversified and liquid investment.

The Fund aims to provide investors with a return that matches the pre-tax benchmark performance of the Bloomberg AusBond Bank Bill Index (referred to as Exact Benchmarking) on an ongoing basis. While Exact Benchmarking applies, investors in the Fund will earn the pre-tax benchmark return regardless of the return that the Fund actually derives from its assets (see 'Investment structure' on page 5 for further information).

### 4. RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk. The value of your investment may fall for a number of reasons, which means that you may receive back less than your original investment when you withdraw or you may not receive income over a given timeframe. Before making an investment decision, it's important to understand the risks that can affect the value of your investment. While it's not possible to identify every risk relevant to investing in the Fund, we have detailed in the following table significant risks that may affect your investment. Different strategies may carry different levels of risk, depending on the assets that make up the strategy, and assets with the highest long-term returns may also carry the highest level of short-term risk due to their generally larger fluctuations in returns.

While we can't completely eliminate investment risks, we aim to manage their impact by setting consistent and carefully considered investment guidelines. To manage counterparty risk associated with the use of a swap agreement, we will either deal only with counterparties that have appropriate ratings from a recognised rating agency or, as is the case at present where the counterparty is not rated, we have obtained a limited guarantee which may be called upon if the counterparty does not honour its swap agreement (see 'Swap agreement' and 'Swap guarantee' on page 5 for further information).

The level of risk for each person will vary depending on a range of factors including age, investment timeframe, other investments and risk tolerance. Your financial adviser can assist you in determining whether the Fund is suited to your financial needs and the level of diversification you need.

Neither we nor any company in the Perpetual Group guarantee that you will earn any return on your investment or that your investment will gain in value or retain its value. The level of returns will vary, and future returns may differ from past returns. Investment in the Fund is subject to investment risk, including possible delays in repayment and loss of income and capital invested.

## SIGNIFICANT RISKS (CONTINUED)

TYPE OF RISK	DESCRIPTION OF RISK
Market and economic risk	Certain events may have a negative effect on the price of all types of investments within a particular market. These events may include changes in economic, social, technological or political conditions, as well as market sentiment, the causes of which may include changes in governments or government policies, political unrest, wars, terrorism, pandemics and natural, nuclear and environmental disasters. The duration and potential impacts of such events can be highly unpredictable, which may give rise to increased and/or prolonged market volatility.
Derivatives risk	Derivative market values can fluctuate significantly and, as a result, potential gains and losses can be magnified. Losses can occur where the value of the derivative fails to move in line with the underlying asset or where a greater exposure to a market is created through the derivative position than is backed by the assets of the Fund. Other risks applying to derivatives include counterparty risk and liquidity risk, or where the derivative position is difficult or costly to reverse.  A counterparty may also be required to take collateral from the Fund's assets to support a derivatives contract. Therefore, there is a risk that if the counterparty becomes insolvent, the Fund's assets may not be returned in full. See 'Use of derivatives' on this page for further details about how derivatives may be used in managing the Fund.
Legal and regulatory risk	Changes in legislation and differences between rules (including interpretation of the law) in domestic and foreign markets, including those dealing with taxation, accounting and investments, may adversely impact your investment.
Other investment risks	The investment professionals employed to manage the Fund may change, which may affect the future performance of the Fund.  Investing in the Fund may have a different tax outcome than investing directly because of the application of tax laws to the Fund and the impact of investments and withdrawals by other investors. One result is that you may receive back some of your capital as income.  Transactions may be suspended, which may result in delays in paying withdrawal requests.  The Fund may be terminated.
Operational and cyber risks	The Fund's operations may be adversely impacted by breakdowns in internal/external administrative processes or circumstances beyond our reasonable control, such as failure of technology or infrastructure, or natural disasters. Despite security measures, fraud, data loss/damage or business disruption may result from cyber threats against or unauthorised infiltration of our technology systems and networks or those of our service providers.

## 5. HOW WE INVEST YOUR MONEY

**When choosing a fund in which to invest, you should consider the likely investment return, the risk and your investment timeframe.** We recommend you consult a financial adviser for assistance in determining whether the Fund is appropriate for you.

### FUND INVESTMENTS

The Fund predominantly invests in cash (including deposits and money market) and fixed income securities, but may have exposure to other securities including derivative instruments. The Fund predominantly holds Australian assets but may also hold offshore assets (for which the currency risk may be hedged).

The Fund may invest in assets directly or indirectly by investing in other Perpetual managed funds that have similar investment objectives and authorised investments.

### CASH

Cash investments include bank accounts, discount securities (eg bank bills), short-term deposits and money market funds which may invest in fixed income instruments and loans. Cash provides a relatively consistent rate of return in the form of regular interest payments, generally in line with short-term interest rates and is widely considered the lowest investment risk.

### DEPOSITS

Deposits are products offered by authorised deposit-taking institutions (ADIs). ADIs are regulated by the Australian Prudential Regulation Authority (APRA), which enforces standards designed to ensure that under all reasonable circumstances ADIs can meet their obligations to depositors.

### MONEY MARKET

Money market instruments are considered highly liquid fixed income instruments with a short maturity profile.

### FIXED INCOME

Fixed income instruments are securities issued by an issuer for a pre-determined period. The issuers may include governments, banks, corporations and asset backed trusts. The instruments when issued usually provide a return in the form of defined periodic income payments and the return of principal at maturity. These income payments are either fixed when issued or set periodically against a benchmark.

## INVESTMENT APPROACH

The Fund aims to achieve Exact Benchmarking by investing in cash (including deposits and money market) and fixed income securities. If, however, the Fund's investments fall short of the required return, the Fund will still deliver the benchmark return to investors through a swap agreement while Exact Benchmarking applies.

The Fund is managed on a total pre-tax return basis. The income and growth components may vary from the Bloomberg AusBond Bank Bill Index while the total return matches the pre-tax benchmark return.

### USE OF DERIVATIVES

A derivative is a financial instrument that derives its value from the price of a physical security or market index.

Derivatives may be used in the management of the Fund to:

- protect against changes in the market value of existing investments
- achieve a desired investment position without buying or selling the underlying physical asset
- take advantage of price differences (known as arbitrage)
- manage the duration of the Fund
- manage actual and anticipated interest rate, currency and credit risks.

Derivatives will not be used for gearing purposes.

### ENVIRONMENTAL, SOCIAL, GOVERNANCE AND ETHICAL FACTORS

Increasingly, investment managers are developing their own policies regarding their method for considering environmental, social (which includes labour standards) and governance (ESG) factors which may influence the purchase, sale or retention of an individual investment.

PIML has a long-standing commitment to responsible investment, and in 2009 became a signatory to the United Nations supported Principles for Responsible Investment (PRI). PRI signatories recognise the growing social and political expectation that the companies they invest in conduct themselves responsibly and sustainably. Our commitment to PRI acknowledges that, as a company and as an industry, we must continue to improve our understanding of how ESG factors impact investment returns for individual assets and across the economy.

Our consideration of ESG factors for the Fund does not include making ethical or moral judgements on particular practices or issues. Instead, when deciding whether to buy, retain or sell an investment, we consider those ESG risks only to the extent that they are relevant to the current or future value of the investment.

## BORROWING

The Fund currently doesn't intend to borrow as part of its investment strategy. However, borrowing may occur in the management of the Fund. The Fund may borrow from a variety of sources, including companies associated with the Perpetual Group (in which case the terms are set on a commercial and arm's length basis).

## INVESTMENT STRUCTURE

### SWAP AGREEMENT

To achieve Exact Benchmarking, the Fund has entered into a total return swap agreement with Perpetual Australia Pty Limited (ABN 86 002 785 720) (PAPL), a wholly owned subsidiary of Perpetual Limited whose principal activity is acting as the counterparty to swap agreements.

Under this swap agreement, PIML swaps with PAPL the return that PIML achieves from investing the Fund's assets for the benchmark return. Therefore, if the performance of the assets in the Fund:

- outperforms the benchmark return, then the Fund will pay the outperformance to PAPL or
- underperforms the benchmark return, then the Fund will receive payments from PAPL to bring its return up to the benchmark return.

This means that, while Exact Benchmarking applies, investors in the Fund will earn the pre-tax benchmark return regardless of the return that the Fund actually derives from its assets. The difference between these amounts is determined and accrued daily and cash settled monthly between the Fund and PAPL.

PIML, as the responsible entity of the Fund, may enter into swap agreements with other institutions provided that they have appropriate ratings from a recognised rating agency and/or appropriate guarantees.

### SWAP GUARANTEE

National Australia Bank Limited (NAB) has provided PIML, as the responsible entity of the Fund, with a limited bank guarantee that can be called on by PIML in the event of a shortfall by PAPL under the swap agreement. There is a risk that the value of the guarantee may be insufficient to cover the obligations of PAPL.

The guarantee may be cancelled by PIML at any time, but we will not do so without first notifying investors. If you would like more information regarding the guarantee facility, including the guarantee amount, please contact us.

PIML, as the responsible entity of the Fund, may obtain new or additional guarantees from recognised financial institutions.

NAB does not guarantee the performance of either the Fund or the swap agreement. Investors have no recourse to the NAB guarantee nor any rights against NAB.

### CESSATION OF EXACT BENCHMARKING

Exact Benchmarking may cease to apply to Perpetual Exact Market Return Fund in the following situations.

#### INVESTORS' DECISION

Investors may determine by a majority vote in a postal ballot that Exact Benchmarking will no longer apply to the Fund. Exact Benchmarking may be reinstated by the postal vote mechanism at any time. However, as an indirect investor gaining exposure to the Fund through a Service, you do not yourself become an investor in the Fund. Instead, it is the Service operator, investing for you, that has the rights (including voting rights) of an investor.

#### EVENT OF FORCE MAJEURE

If an event of force majeure occurs in relation to the Fund, PIML may determine that Exact Benchmarking will cease to apply. A force majeure event is an act beyond the control of the responsible entity, including an act of God, embargo, civil or labour disturbance, act of war, war, act of any government authority or legal restraint and fraud which directly results in a person failing wholly or partly to perform their obligations in respect of an asset held directly or indirectly by the Fund. Exact Benchmarking will recommence when the event of force majeure ceases (as determined by PIML).

## TERMINATION OF THE SWAP AGREEMENT

PAPL can terminate the current swap agreement with 60 days' notice to PIML. Exact Benchmarking would cease to apply to the Fund if PIML was unable to enter into a replacement swap agreement (on commercially acceptable terms) with another appropriate institution by the end of the notice period.

## FUND PROFILE

### PERPETUAL EXACT MARKET RETURN FUND

#### Suitability

Designed for investors with the appropriate risk level, investment timeframe and objective – see below.

#### Risk level<sup>1</sup>

2 – Low

#### Minimum suggested timeframe<sup>2</sup>

One year or more

#### Investment return objective

Aims to provide investors with a regular income return that matches the pre-tax benchmark performance of the Bloomberg AusBond Bank Bill Index (referred to as Exact Benchmarking) on an ongoing basis.

#### Investment guidelines<sup>3</sup>

Cash and fixed income securities 100%

- 1 The risk level represents the Standard Risk Measure (SRM), which is based on industry guidance to allow investors to compare funds that are expected to deliver a similar number of negative annual returns over any 20 year period, as follows.

RISK BAND	RISK LABEL	ESTIMATED NUMBER OF NEGATIVE ANNUAL RETURNS OVER ANY 20 YEAR PERIOD
1	Very low	Less than 0.5
2	Low	0.5 to less than 1
3	Low to medium	1 to less than 2
4	Medium	2 to less than 3
5	Medium to high	3 to less than 4
6	High	4 to less than 6
7	Very high	6 or greater

The SRM is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of the negative return could be or the potential for a positive return to be less than an investor may require to meet their objectives. Further, it does not take into account the impact of administration fees on the likelihood of a negative return.

Investors should still ensure they are comfortable with the risks and potential losses associated with the Fund.

The SRM for the Fund may change over time for various reasons, including as a result of reviews of the underlying capital market assumptions that are used in its calculation and future changes to asset allocations by the investment manager. Any changes to the SRM at any time will be available at our website.

- 2 This is a guide only and not a recommendation. You should discuss your investment in the Fund with your financial adviser to ensure that it meets your needs.
- 3 This provides an indication of what the Fund will invest in directly or indirectly. The Fund invests predominantly in investment grade securities, but may also invest in sub-investment grade securities.

**Investment grade** – a term given to securities that have a high probability of payment of interest and repayment of capital.

**Sub-investment grade** – a term given to securities where there is a higher risk that the issuer may not be able to meet interest payments or the repayment of principal if difficult conditions arise.

## 6. FEES AND COSTS

### DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund or your financial adviser.

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** MoneySmart website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed funds fee calculator to help you check out different fee options.

## FEES AND COSTS SUMMARY

The information in the 'Fees and costs summary' can be used to compare costs between different managed investment schemes. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs can be deducted from investment returns or from the Fund's assets as a whole.

Any additional fees that you may be charged by your Service operator for investing in the Fund via their Service should be set out in your Service operator's disclosure document.

### FEES AND COSTS SUMMARY

PERPETUAL EXACT MARKET RETURN FUND		
TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>ONGOING ANNUAL FEES AND COSTS</b>		
<b>Management fees and costs</b> The fees and costs for managing your investment	Nil while Exact Benchmarking applies.  0.226% pa if Exact Benchmarking ceases to apply other than as a result of an event of force majeure. <sup>1</sup>	Not applicable while Exact Benchmarking applies.  Management fees are deducted directly from the Fund's assets and reflected in its daily unit price.  Management costs may be charged directly to the Fund and/or incurred indirectly in underlying funds.
<b>Performance fees</b> Amounts deducted from your investment in relation to the performance of the product	Nil.	Not applicable.
<b>Transaction costs</b> The costs incurred by the scheme when buying or selling assets	Nil.	Not applicable – transaction costs do not impact investment returns paid to investors while Exact Benchmarking applies and the Fund's buy/sell spread is nil.

### FEES AND COSTS SUMMARY (CONTINUED)

PERPETUAL EXACT MARKET RETURN FUND		
TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>MEMBER ACTIVITY RELATED FEES AND COSTS (fees for services or when your money moves in or out of the product)</b>		
<b>Establishment fee</b> The fee to open your investment	Nil.	Not applicable.
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil.	Not applicable.
<b>Buy/sell spread</b> An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil while Exact Benchmarking applies.	Not applicable while Exact Benchmarking applies.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil.	Not applicable.
<b>Exit fee</b> The fee to close your investment	Nil.	Not applicable.
<b>Switching fee</b> The fee for changing investment options	Nil.	Not applicable.

1 See 'Cessation of Exact Benchmarking' on page 5 for further information.

We may change our fees without your consent. However, we won't increase our management fee, or introduce any new fees, without giving your Service operator at least 30-days' written notice.

### EXAMPLE OF ANNUAL FEES AND COSTS

This table gives an example of how the fees and costs in Perpetual Exact Market Return Fund while Exact Benchmarking applies can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE - PERPETUAL EXACT MARKET RETURN FUND		BALANCE OF \$50,000 <sup>1</sup> WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged <b>\$0.00</b>
<b>PLUS</b> Management fees and costs	0.00% <sup>2</sup>	<b>And</b> , for every \$50,000 you have in Perpetual Exact Market Return Fund you will be charged or have deducted from your investment <b>\$0.00</b> each year <sup>2</sup>
<b>PLUS</b> Performance fees	Nil	<b>And</b> , you will be charged or have deducted from your investment <b>\$0.00</b> in performance fees each year
<b>PLUS</b> Transaction costs	0.00%	<b>And</b> , you will be charged or have deducted from your investment <b>\$0.00</b> in transaction costs <sup>2</sup>
<b>EQUALS</b> Cost of Perpetual Exact Market Return Fund while Exact Benchmarking applies		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees and costs of <b>\$0.00</b> . <sup>2</sup> <b>What it costs you will depend on whether Exact Benchmarking applies and, if not, the fees your Service operator may negotiate.</b>

1 We have assumed a constant value of \$50,000 for the whole year.

2 If Exact Benchmarking ceased to apply other than as a result of an event of force majeure, you would instead be charged a management fee of 0.226% pa (\$113.00 each year) plus any relevant management costs and transaction costs.

## ADDITIONAL EXPLANATION OF FEES AND COSTS

### ONGOING ANNUAL FEES AND COSTS

No ongoing annual fees and costs are charged while Exact Benchmarking applies. If Exact Benchmarking ceases to apply other than as a result of an event of force majeure, ongoing annual fees and costs will be charged as set out below.

The ongoing annual fees and costs for the Fund comprise:

- management fees and costs
- transaction costs.

The amounts shown in this PDS include all ongoing annual fees and costs as at the date of the PDS. Any updates from time to time, which are not materially adverse, will be available at our website.

Ongoing annual fees and costs may vary in future years. Updated details will also be available at our website each year.

### MANAGEMENT FEES AND COSTS

#### MANAGEMENT FEES

If Exact Benchmarking ceases to apply other than as a result of an event of force majeure, we will receive a management fee of 0.226% per annum for managing your investment in the Fund.

#### Differential fees

We may negotiate a rebate of all or part of our management fee with wholesale clients (as defined by the Corporations Act) and employees of the Perpetual Group. The payment and terms of rebates are negotiated with wholesale clients but are ultimately at our discretion, subject to the Corporations Act and ASIC policy.

#### MANAGEMENT COSTS

Management costs may include operating expenses deducted directly from the Fund and other indirect management costs, including the cost of investing in derivatives.

#### Operating expenses

We're entitled to charge to the Fund or be reimbursed from the Fund for any expenses incurred in the proper performance of our duties and obligations relating to the management and administration of the Fund.

There is no limit in the Fund's constitution on the amount that can be recovered for expenses that are reasonably and properly incurred.

#### Normal operating expenses

Normal operating expenses are those incurred in the day-to-day operation of the Fund.

We currently choose to pay normal operating expenses out of our management fee.

#### Abnormal operating expenses

Abnormal operating expenses aren't generally incurred during the day-to-day operation of the Fund and aren't necessarily incurred in any given year. They're due to abnormal events like the cost of running an investor meeting, or legal costs incurred by changes in the Fund's constitution.

### TRANSACTION COSTS

In managing the investments of the Fund, transaction costs such as brokerage, settlement costs, clearing costs and government charges may be incurred by changes in the Fund's investment portfolio, or when the Fund experiences cash flows in or out of it.

When the Fund incurs transaction costs from changing its investment portfolio, they are paid out of the Fund's assets and reflected in its unit price.

Estimated transaction costs that are incurred because investors buy or sell units in the Fund are also paid from the Fund's assets, but they may be recovered from those transacting investors by the transaction cost allowances that are included in the calculation of the Fund's entry and/or exit unit prices, where relevant, as described under 'Buy/sell spread' on this page.

Net transaction costs after any buy/sell spread recoveries on investor-initiated transactions, as shown in the 'Fees and costs summary' on page 6, are a cost to all investors in a Fund.

Transaction costs may vary from year to year without notice to investors.

The following annual transaction cost information for the Fund based on the most recently completed financial year, which forms part of the PDS, is publicly available at our website or can be obtained free of charge by contacting us:

- estimated total **gross** transaction costs
- estimated transaction costs recovered by buy/sell spreads on investor-initiated transactions
- estimated **net** transaction costs borne by all investors (the estimated percentage by which the Fund's investment return has been reduced by transaction costs not recovered by buy/sell spreads).

**Transaction costs do not impact investment returns paid to investors while Exact Benchmarking applies and the Fund's buy/sell spread is nil.**

### MEMBER ACTIVITY RELATED FEES AND COSTS

#### BUY/SELL SPREAD

Estimated transaction costs are allocated when an investor buys or sells units in the Fund by incorporating a buy/sell spread between the Fund's entry and exit unit prices, where appropriate. This aims to ensure that other investors aren't impacted by the transaction costs associated with a particular investor buying or selling units in the Fund. We have discretion to waive the buy/sell spread on applications or withdrawals where no transaction costs are incurred.

A buy/sell spread is an additional cost to you and will impact the return on your investment. The spread, if applicable, is based on our estimates of the average transaction costs incurred by the Fund. However, it is not a fee paid to us and is retained in the Fund to cover the actual transaction costs as they are incurred.

Goods and services tax (GST) is not applicable to any buy/sell spread when you buy or sell units in the Fund.

### FURTHER INFORMATION ABOUT FEES AND COSTS

#### MAXIMUM FEES AND CHARGES

The Fund's constitution allows us to charge maximum fees as outlined in the table below.

FEE OR COST	MAXIMUM
Contribution fee	5% of the investment amount
Withdrawal fee	5% of the withdrawal amount
Management fee	3% pa of the Fund's gross asset value
Expense recoveries	Unlimited

Amounts disclosed are inclusive of GST.

#### TAX

Tax information, including GST, is set out on page 8.

#### ADVISER REMUNERATION

##### FINANCIAL ADVISER COMMISSIONS

No commissions are paid to your financial adviser.

##### OTHER BENEFITS

As a result of your investment in the Fund your financial adviser and/or Service operator may receive other non-monetary benefits (where allowed by law), which are not an additional cost to you.

#### PLATFORM ADMINISTRATION PAYMENTS

We may make payments to platform providers for administrative services associated with distributing the Fund on their investments menu (where allowed by law). These payments may help them recover their costs incurred in establishing the Fund on their menu and certain other marketing and distribution costs. If these payments are made, they are not paid by you or the Fund, but rather they are paid by us.

## FURTHER INFORMATION

Where relevant, the Fund's latest annual transaction costs and current buy/sell spread details, which form part of this PDS, are publicly available at our website or can be obtained free of charge by contacting us.

You should read the important information about the transaction costs and buy/sell spread before making a decision. Go to [www.perpetual.com.au/exactmarketreturnfundupdates](http://www.perpetual.com.au/exactmarketreturnfundupdates).

The material relating to fees and costs may change between the time when you read this PDS and the day when you acquire the product.

## 7. HOW MANAGED INVESTMENT SCHEMES ARE TAXED

Your investment in a registered managed investment scheme is likely to have tax consequences for you each year, even if you don't change your investment. Registered managed investment schemes generally don't pay tax on behalf of investors and you will be assessed for tax on any income and capital gains arising from your investment in the Fund.

The tax consequences of investing in managed investment schemes are particular to your circumstances, so we strongly recommend you seek professional tax advice.

You should also refer to your Service operator for further information about the tax treatment of your investment in the Fund.

### ATTRIBUTION MANAGED INVESTMENT TRUST (AMIT) REGIME

The Fund has elected into the AMIT regime.

### TAX POSITION OF THE FUND

Generally, Australian income tax won't be payable by the Fund.

Under the AMIT regime, each year, we are required to break down the income of the Fund (net of fees and expenses) into trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (eg franking credit offsets).

The Fund will not be subject to income tax provided that all of the determined trust components are attributed to investors on a fair and reasonable basis and in accordance with its constitution and any other constituent documents of the Fund (which includes this PDS).

Investors will be subject to tax on the income of the Fund that is attributed to them each year ending 30 June. If there is income of the Fund that is not attributed to an investor, the Fund will be subject to tax at the highest marginal tax rate (plus Medicare levy).

### AUSTRALIAN RESIDENT INVESTORS

#### DISTRIBUTIONS

For information about the calculation of your distribution entitlement, see 'Distributions' on page 2.

The income of the Fund attributed to you must be included in your income tax return for the year of the entitlement even if the distribution is received or reinvested in the following year.

Where a distribution made to you is less than<sup>1</sup>, or more than, the trust components attributed to you, the cost base of your units will need to be increased or decreased, as appropriate. Details of the trust components attributed to you and any net cost base adjustment will be included on your annual tax statement.

Where the Fund's determined trust components for an income year are revised in a subsequent year (eg due to actual amounts differing to the estimates of income, gains/losses or expenses), then differences (referred to as 'unders and overs') will arise. Unders and overs will generally be taken into account in the year they are discovered.

1 If this were to occur, the Fund's unit price would only fall by the amount of the actual distribution and not by the additional amount attributed to investors. You would need to increase the cost base of your units for tax purposes by the amount that has been attributed but not paid as a distribution.

### CAPITAL GAINS TAX

In addition to any realised net capital gains attributed to you, any withdrawal from the Fund may create a taxable gain or loss, which will be treated as a capital gain or loss, or as ordinary income, depending on your circumstances.

### ANNUAL TAX STATEMENT

Your Service operator will use the information we provide to prepare their statements for you.

### NON-RESIDENT INVESTORS

Australian tax will be deducted from certain Australian sourced income and capital gains distributed/attributed to non-resident investors. Non-resident investors may also be subject to tax in the country they reside in, but may be entitled to a credit for some or all of the tax deducted in Australia.

### TAX FILE NUMBER (TFN)/ AUSTRALIAN BUSINESS NUMBER (ABN)

Providing your TFN isn't compulsory but without it or the appropriate exemption information your Service operator will have to withhold tax from the income distributed/attributed to you at the highest marginal tax rate (plus Medicare levy) until your TFN or exemption is provided. You may prefer to provide an ABN as an alternative to your TFN if your investment is made as part of an enterprise.

Please refer to your Service operator for more information on the collection of TFNs and ABNs for investors investing in the Fund through their Service.

### GOODS AND SERVICES TAX (GST)

GST generally applies to the fees, costs and expenses payable by the Fund, including management costs and other fees payable to us.

Generally, the Fund can't claim a credit for all of the GST paid but may be entitled to claim a reduced input tax credit (RITC), which represents a portion of the GST applicable to management costs and certain other expenses, as set out in the GST law.

Unless otherwise stated, the fees and costs in the 'Fees and costs summary' table on page 6 show the approximate net cost to the Fund of these amounts payable to us, on the basis that the Fund is entitled to claim RITCs for the GST on relevant amounts.

## 8. HOW TO APPLY

You can invest in the Fund by directing your Service operator to lodge an investment application with us. You should complete any relevant forms provided by your Service operator.

The PDS may be updated or replaced from time to time and you should read the current version before making any investment application in relation to the Fund. You can obtain a copy of the current PDS at our website or from your Service operator.

### YOUR COOLING-OFF RIGHTS

No cooling-off rights apply in respect of any investment in the Fund acquired by your Service operator on your behalf. For information about any cooling-off rights that may apply to you in respect of the Service that you invest through, please contact your Service operator directly or refer to their disclosure document.

### INQUIRIES AND COMPLAINTS

If you have any inquiries or complaints relating to your investment in the Fund, you should direct these to your Service operator in the first instance. If your Service operator is unable to answer your query or resolve a complaint on your behalf, you can contact us directly.

