



## Media Release

### **Advisers and investors turn to real return investing in uncertain times: Perpetual**

**Thursday 29 June 2017**

Advisers and investors are increasingly turning to real return investing as part of modern portfolio construction.

Real return funds have grown exponentially in recent years. In the past five years, real return funds have more than quadrupled to almost \$10 billion in assets<sup>1</sup>.

Real return funds are designed to provide a higher certainty of achieving a real return objective with a lower level of risk and lower sensitivity to extreme market events.

Perpetual Head of Multi Asset, Michael O'Dea, believes investors and advisers have gained a greater appreciation of the benefits of using real return funds.

"Real return strategies offer investors the convenience of an expanded set of investment opportunities within a single fund. In addition, these funds have tremendous scope to adjust the asset allocation, based on the manager's view of the likely returns and risks of any asset class.

"Leading real return funds can also utilise investment strategies such "relative value" to exploit risk and return imbalances between asset classes. This enables investors to better diversify risk and enhance their return.

"At Perpetual, we focus on providing investors with genuine diversification by investing in high quality opportunities at reasonable prices with a specific return target.

"Our investment philosophy is based on value as the key driver of investment decisions across all asset classes. We construct the portfolio from investments with the highest probability of achieving the investment objective, rather than managing portfolio risk to a peer group. This promotes a close alignment between the client's investment goals and the portfolio we manage on their behalf."

Commenting on the importance of diversity in portfolio construction, Mr O'Dea cited a recent WealthInsights report noting multi asset strategies now compose up to 19% of investor portfolios, up from an average of eight per cent in 2007<sup>2</sup>.

"Real return strategies offer a breadth of investment ideas and portfolio construction that can protect and grow investors' capital.

"We monitor these opportunities and manage the portfolio on a continuous basis, to ensure the right balance between risk and return," said Mr O'Dea.

The Perpetual Diversified Real Return returned 7.9% net per annum over the past five years to 31 May 2017, exceeding the CPI+5%p.a. objective over a five year period<sup>3</sup>.

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<sup>1</sup>Source: Morningstar Research, "Objectives-Based Investing – The Australian Landscape", June 2016.

<sup>2</sup>Source: WealthInsights, "Adviser Market Trends Report", October 2016.

<sup>3</sup>Source: Perpetual, FactSet. Inception date used for Australia CPI is 30 September 2010. Past performance is not indicative of future performance.

The fund has a 'Recommended'<sup>4</sup> rating from Zenith and Lonsec in recognition of its strong performance and experienced team.

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**About Perpetual**

Perpetual is a financial services group operating in funds management, financial advisory and trustee services. Our origin as a trustee company, coupled with our strong track record of investment performance, has created our reputation as one of the strongest brands in financial services in Australia. For further information, go to [www.perpetual.com.au](http://www.perpetual.com.au)

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<sup>4</sup> 'Recommended' products are deemed strong investments within their respective asset class, typically rating first quartile on most criteria. Source: Zenith