The Role of Alternatives in Portfolios

IMAP Portfolio Conference

Perpetual Private

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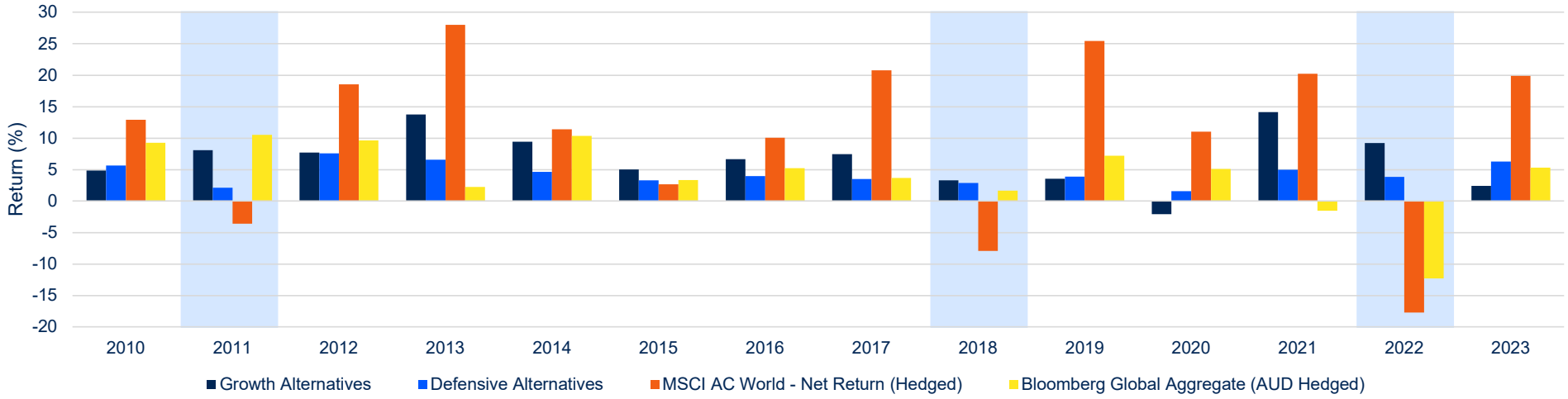
The role of alternative investments in a portfolio

Alternative assets can improve overall portfolio returns



- Alternatives provide return profiles that typically display a low correlation to listed markets.
- Persistent positive historical returns from our alternatives program, despite challenged equity and bond markets further supports this case.

Source: FactSet. As at 31 December 2023. Returns are hedged to AUD. Perpetual Opportunities Funds returns are net of fees. They have been calculated using exit prices after taking into account Perpetual's ongoing fees and assuming reinvestment of distributions (where applicable). No allowance has been made for contribution fees, withdrawal fees or taxation. Past performance is not indicative of future performance.

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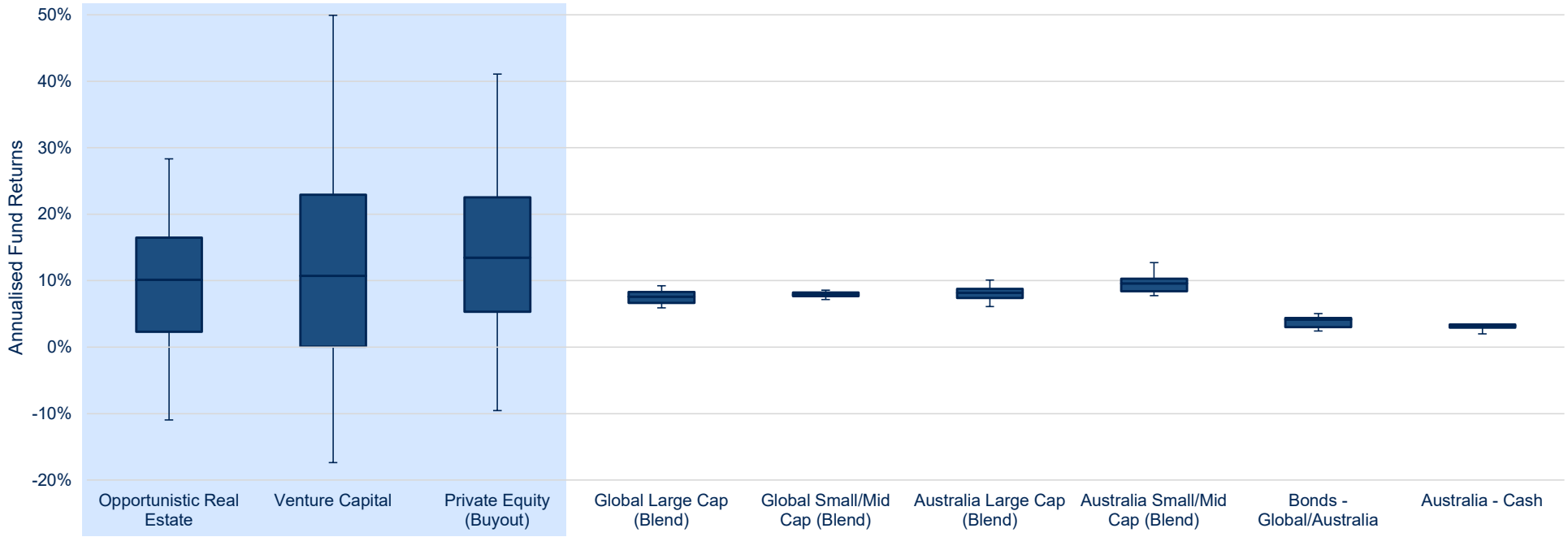
The role of alternative investments in a portfolio

Greater opportunity for alpha generation



Source: Opportunistic Real Estate, Venture Capital and Private Equity (Buyout) – Cambridge Associates. Data as of Sept 30, 2023. All data shown as net to Limited Partners. All IRRs greater than one year are annualized. IRRs in excess of 1,000% are excluded from the Average and Standard Deviation calculations.
Source: Publicly Traded Asset Classes – Morningstar Direct. Data from Dec 31, 2003 to Dec 31, 2023. All data is gross of fees.

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Portfolio Construction Considerations

Key tenets to an Alternatives Program

What is the **market opportunity** and how will **alpha** be generated and sustained vs listed markets?

Are the **return drivers** different to traditional asset classes?

Can you get access to **manager insights** to enable better-informed investment decisions?

Can you capture an **illiquidity** and **complexity premium**?

What are the **liquidity, fee** and **hedging** implications at the total portfolio level?

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Thank you

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