Perpetual Investment Funds

PERPETUAL AUSTRALIAN SHARE FUND

October 2026

FUND FACTS

Investment objective: Aims to provide long-term capital growth and regular income through investment predominantly in quality Australian industrial and resource shares.

FUND BENEFITS

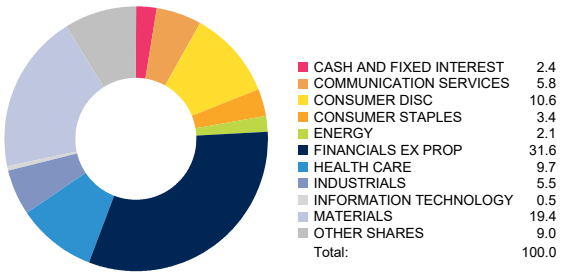
Provides investors with the potential for maximising capital growth and income, with broad market exposure, through active management by one of Australia's most experienced investment management teams.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

Benchmark: S&P/ASX 300 Accum. Index
Inception Date: February 1997
Size of Portfolio: $364.75 million as at 30 Sep 2026
APIR: PER0049AU
Management Fee: 0.99%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	8.9%
Commonwealth Bank of Australia	7.9%
CSL Limited	4.8%
National Australia Bank Limited	4.3%
Washington H. Soul Patt.	3.8%
ANZ Group Holdings Limited	3.6%
Westpac Banking Corporation	3.4%
Goodman Group	3.3%
EVT Limited	3.2%
Ramsay Health Care Limited	3.1%

NET PERFORMANCE - periods ending 31 October 2026

	Fund	Benchmark #	Excess
1 month	1.83	1.11	+0.72
3 months	1.07	0.25	+0.82
1 year	4.52	3.09	+1.43
2 year p.a.	4.69	7.78	-3.09
3 year p.a.	9.16	13.20	-4.04
4 year p.a.	6.75	10.43	-3.68
5 year p.a.	5.27	7.69	-2.42
7 year p.a.	7.10	8.01	-0.90
10 year p.a.	7.20	9.34	-2.14
Since incep. p.a.	9.46	8.66	+0.80

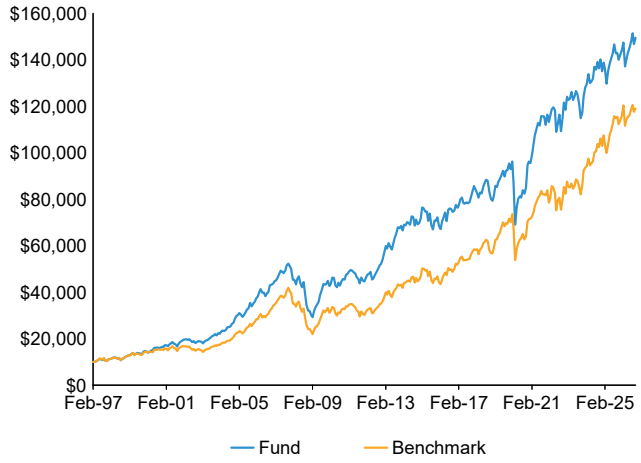
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	18.8	17.6
Dividend Yield*	3.3%	3.6%
Price / Book	2.4	2.3
Debt / Equity	41.3%	39.3%
Return on Equity*	13.3%	13.7%

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating the Fund's investment style in action. These figures are forecast estimates, calculated based on consensus broker estimates where available, and should not be relied upon. Dividend Yield is a dividend forecast of underlying securities for the portfolio and does not reflect the distributions to be determined for the fund.
* Forward looking 12-month estimate.

GROWTH OF $10,000 SINCE INCEPTION



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

The Australian equity market made modest progress in October, with the S &P/ASX 300 Accumulation Index returning 1.1% in a choppy month shaped by AGM trading updates, guidance revisions and quarterly production reports from miners against a backdrop of falling metals prices. Takeover activity was also a feature, including proposals for Cleanaway and Challenger, while the scrapping of Firmus's planned IPO weighed on data centre and AI infrastructure-linked names. Utilities (+9.3%) led sector gains, followed by Financials (+6.9%), as the major banks rebounded despite housing market weakness, supported by rotation out of Resources. Health Care (+5. 6%) and Consumer Discretionary (+3.6%) also outperformed. Materials (–8.1%) was the clear laggard, entering bear market territory more than 20% below the August peak. Lithium stocks were among the weakest, with Vulcan Energy, Liontown, Pilbara Minerals, Elevra and IGO each falling more than 20%.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Washington H Soul Pattinson, Ramsay Health Care and EVT Limited. Conversely, the portfolio 's largest relative underweight positions include Commonwealth Bank, Macquarie Group, and Telstra (not held).

The Lottery Corporation (TLC) rose 11.3% in October, driven by a strong run of jackpots during the month, which should support 2QFY27 earnings. Beyond the near-term jackpot cycle, we see TLC as a defensive, highly cash-generative business. Lottery tickets are a low-cost purchase for most consumers, which supports relatively stable long-term demand. The business also requires minimal working capital, so a high proportion of earnings converts to cash. A structural shift in ticket sales from retail outlets (newsagents) to online channels provides an additional earnings lever. When TLC sells a ticket through its own online channels, it pays no retail commission and retains the full margin. On our estimates, the EBITDA margin on an online ticket is close to double that of a ticket sold in store. With digital channels accounting for ~47% of lotteries turnover by value, there remains a long runway for margin expansion. We believe these digital margin benefits provide a clear path to mid-single-digit revenue growth and high-single-digit earnings growth.

Last month, we wrote that the correction in Pinnacle Investment Management Group's (PNI) share price following the Metrics issue in September had more than fully priced in Metrics' contribution to PNI's NPAT. We therefore took the opportunity to add to our position at an average price of $13.80. Fast forward and PNI returned 16.5% in October as the market reassessed how material any adverse effects from the Metrics issue were likely to be. We also wrote last month that the focus on Metrics was overshadowing strong progress elsewhere in the business. PNI's 1QFY27 update on 30 October was largely in line with expectations and contained no major negative news on Metrics. Group net inflows of $5.9bn for the quarter put PNI close to halfway to consensus expectations of $12.6bn for 1HFY27. Flows were also broad-based, with six affiliates each contributing more than $500m. FUM rose by around $1.3bn in Plato's Global Alpha strategy and $1.6bn at Life Cycle over the quarter, implying solid net flows. This breadth supports our view that PNI's strongest affiliates can more than offset those going through periods of weaker performance, which should underpin healthy EPS growth.

Capricorn Metals (CMM) fell 11.95% in October as the gold price slid lower. The stock has since rebounded sharply. The Democratic sweep of Congress in the US midterm elections sent US 10-year Treasury yields and the US dollar lower, which lifted gold back above US $4,000/oz. CMM rose more than 14% in the first full trading session after the congressional result was known. CMM remains our preferred gold name. It is one of the highest-margin gold producers in WA and has a significant growth runway. Under its "Range 500" ambition, CMM aims to lift annual production from 124koz in FY26 to 500koz within five years. This growth is planned in three steps: expanding its operating Karlawinda mine, building a new mine at Mt Gibson (MGGP Stage 1) and potentially adding a second processing hub at the Golden Range Project (MGGP Stage 2). CMM's 1QFY27 update, released late in October, showed progress across all three. At Karlawinda, commissioning of the expansion was completed in September. At Mt Gibson, state approvals are progressing and the company is advancing pre-development activities and procurement. CMM has also commenced studies into MGGP Stage 2, with preliminary results expected late in 2QFY27.

Navigator Global Investments (NGI) modestly detracted after declining 14.3% in October. This followed gains of more than 10% in the final two trading sessions of September, after the company announced the sale of its interest in Invictus Capital Partners. NGI will receive net upfront proceeds of US$40–43m, plus a potential earn-out of up to ~US$32m in CY30. It will also retain its carried interest and fund interests in Invictus. Management expects the deal will not significantly reduce Invictus distributions in FY27 and that material profit distributions will continue until 2031. NGI also provided a solid 1Q27 AUM update during the month. Group ownership-adjusted AUM rose 9% over the quarter to US$36.6bn, driven by the Stable acquisition. Excluding Stable, the organic AUM growth was 3% for the quarter. We like NGI as the only ASX-listed company offering pure exposure to alternatives, an asset class that is generating attractive alpha and attracting flows. The stock also trades on an attractive P /E multiple. Furthermore, the sale proceeds add to NGI's balance sheet capacity to fund M&A that grows its fee-generating base, providing a pathway to significant earnings uplift in the years ahead.

OUTLOOK

Investors continue to weigh several local and global pressure points. The RBA lifted the cash rate 25bps to 4.85% on 3 November – its fifth hike this year and an 18-year high – but Governor Bullock removed the explicit tightening bias, signalling a wait-and-see pause that many economists read as the peak. Even so, trimmed mean inflation is now forecast to hold at 3.6% through December 2026, with growth of just 1.6% and unemployment forecast to reach 5.1%, and the AUD has weakened as markets weigh the risk of a policy error. Offshore, the ASX has been caught in the brutal global tech and AI selloff following the US midterms, while falling Chinese corporate earnings pose a risk to resource demand. Domestically, a record A $1.4 trillion project pipeline led by data centres is inflationary but structural, household spending remains stickier than expected and bank earnings hinge on cost discipline, with ANZ's result on 9 November the near-term test.

The Ordinaries benchmark prior to 1/4/2000 was the ASX All Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index. This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider whether the information is suitable for your circumstances and we recommend that you seek professional advice. The product disclosure statement (PDS) for the Fund, issued by PIML, should be considered before deciding whether to acquire, dispose, or hold units in the Fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au.
Total returns shown for the Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. All investing involves risk including the possible loss of principal.

MORE INFORMATION

Investor Services 1800 022 033
Email PerpetualUTqueries@cm.mpms.mufg.com
www.perpetual.com.au

Perpetual