Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

October 2026

FUND FACTS

Investment objective: Aims to generate positive returns over a market cycle irrespective of market conditions by investing in both long and short positions of predominantly Australian shares.

FUND BENEFITS

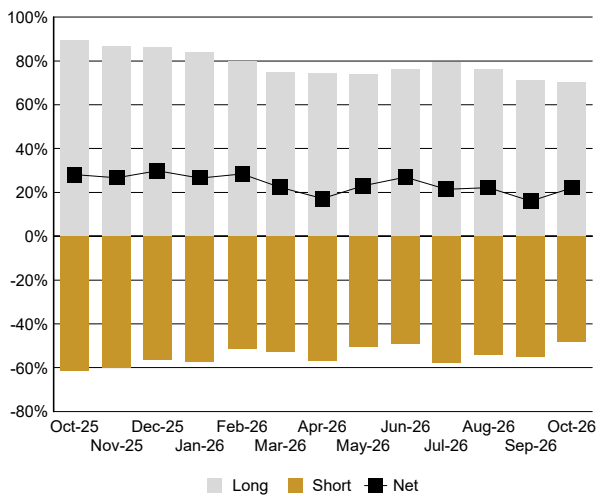
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification of special opportunities.

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.

Inception Date: March 2012
Size of fund: $244.14 million as at 30 Sep 2026
APIR: PER0668AU
Fund Managers: Sean Roger
Management Fee: 1.28%*
Performance Fee: 20.5% of outperformance*
Performance Hurdle: RBA Cash Rate Index
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

HISTORICAL MARKET EXPOSURE



TOP 5 STOCK HOLDINGS (LONG)

	% of Portfolio
Washington H. Soul Patt.	5.8%
Omni Bridgeway Ltd	3.6%
Aspen Group Limited	3.3%
Mainfreight Limited	3.1%
Servcorp Limited	2.9%

* Information on Management Costs (including estimated indirect costs) and a full description of the Fund's performance fee is set out in the Fund's PDS.

GEOGRAPHIC LOCATION OF MATERIAL ASSETS

The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

NET PERFORMANCE- periods ending 31 October 2026

	Fund	RBA Cash Rate Index*
1 month	2.11	0.39
3 months	3.31	1.12
1 year	3.76	4.17
2 year p.a	6.26	4.13
3 year p.a.	7.09	4.24
4 year p.a.	5.49	4.11
5 year p.a.	5.81	3.44
7 year p.a.	7.24	2.52
10 year p.a.	6.29	2.20
Since incep. p.a.	6.82	2.30

*RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	8.3	-3.0	5.2
Consumer Discretionary	10.0	-5.8	4.2
Consumer Staples	4.8	-5.1	-0.3
Energy	2.6	-0.3	2.2
Financials ex Property Trusts	15.5	-9.8	5.7
Health Care	4.2	-0.7	3.5
Industrials	8.7	-10.8	-2.0
Information Technology	0.0	-3.8	-3.8
Materials	3.1	-6.3	-3.2
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	10.2	-2.2	8.0
Utilities	2.6	-0.1	2.6
Total	**69.8**	**-47.8**	**22.1**

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	16.5
Dividend Yield*	3.2%
Price / Book	2.0
Debt / Equity	37.4%
Return on Equity*	13.0%

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating Perpetual'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.

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, Omni Bridgeway and Aspen Group. Conversely, the portfolio's largest short positions are across Financials, Communication Services and Industrials.

LGI had a very strong October, returning 38%. Wholesale electricity prices started ticking up mid-September before spiking sharply and remaining elevated throughout October. Prices were supported in part by a significant fall in output at Eraring power station, following a series of overlapping unplanned maintenance outages across its generating units. Events like this highlight the volatility that ageing assets can bring to the market and the value of LGI's ability to dispatch battery-stored power at peak prices. Separately, on 6 October management announced the acquisition of 42MW of operating grid-connected solar assets for $22.0m with no associated debt. LGI expects the assets to contribute annual EBITDA of $2.1–4.0m, pricing electricity at the time of the deal. This implies an acquisition multiple of roughly 5.5–10.5x EBITDA, which we believe reflects a fair purchase price. The acquisition advances LGI's strategy of becoming a diversified renewable energy platform. Including the acquired solar assets, LGI's medium-term portfolio target now stands at 125MW: 26MW of biogas generation, 42MW of solar generation and 57MW of battery storage.

Global litigation funder Omni Bridgeway (OBL) rose 15% after the market responded positively to its 1QFY27 update. OBL made a strong start to FY27. Completions generated $135.8m in proceeds at a 3.9x multiple on invested capital (MOIC). Cash performance fees of $9.4m were received in the quarter and a further $8.6m was accrued, putting it ahead of expected run-rate. Recurring income is also building. Management fees rose 24% on the prior corresponding period, lifting cost coverage to 68% from 52% in 1H26. Operating costs of $15.7m for the quarter annualise to $62.8m, below FY27 guidance of $72.5m–$75m. Together, these results show the benefits of OBL's shift to a capital-light funds management model. With fee income growing and a fixed cost base, we see further operating leverage upside as OBL moves towards steady-state unit economics. We also rate CEO Raymond van Hulst highly. He has nearly 25 years of experience in legal finance and legal asset management and has held leadership roles within the business since 2002.

Nick Scali (NCK) declined 10.2% for the month after a weak trading update and downgraded 1H FY27 profit guidance, with the stock falling more than 15% on the day of the announcement. Management indicated that trading conditions in Australia and New Zealand remained challenging in Q1, with written sales orders (WSO) 15% below the prior corresponding period (pcp) and store traffic down ~10%. As previously disclosed, a cyber security incident left the company's ERP system unavailable for three weeks in August, during which orders were processed manually. Management did not quantify the impact on WSO, so it is unclear how much of the decline reflects the outage rather than underlying demand. By contrast, the UK business continues to perform well, with Q1 WSO up 29% on pcp and like-for-like WSO up 14%. We continue to view NCK as a high-quality retailer led by a founder-operator with a long track record of navigating periods of economic stress relatively effectively, often emerging in a stronger competitive position and driving meaningful earnings growth in subsequent years. The stock's strong balance sheet, with $29m of net cash, supports this resilience and provides optionality in a tough macro environment. In the first trading week of November, the share price recovered to pre-downgrade levels.

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. Against this backdrop, data points and company updates continue to point to a deteriorating Australian consumer. Outside of a resolution in the Middle East or a significant slowdown in the AI build-out, it is hard to envisage significant relief in rates and am improvement in domestic economic conditions.

The performance fee is equal to 20.50% of daily outperformance over the hurdle rate of return. The current hurdle rate is the Reserve Bank of Australia cash rate. Performance fees are accrued daily and payable six monthly, however will only be paid in the event that the Fund's return over the performance fee calculation period is positive and the performance fee accrual is positive. For further information on the calculation of the performance fee please consult the Fund's PDS.
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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.

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

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