Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

December 2025

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

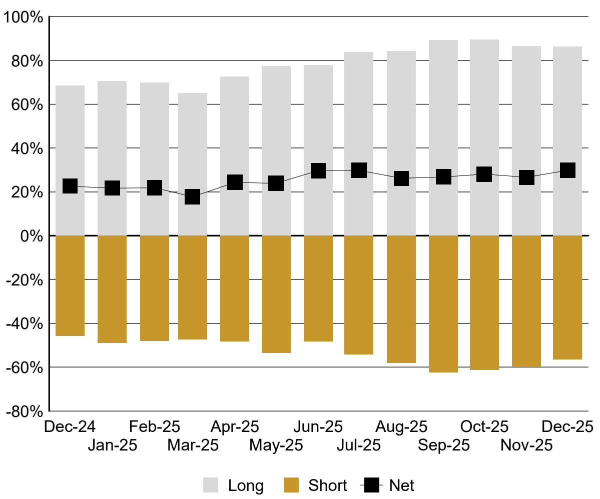
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification 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:	$300.78 million as at 30 Sep 2025
APIR:	PER0668AU
Fund Managers:	Sean Roger & Anthony Aboud
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.	6.6%
Cobram Estate Olives Ltd.	5.0%
Flutter Entertainment Plc	4.8%
News Corporation	3.9%
Servcorp Limited	3.8%

* 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 December 2025

	Fund	RBA Cash Rate Index*
1 month	1.44	0.31
3 months	2.46	0.91
1 year	9.04	3.96
2 year p.a	10.34	4.21
3 year p.a.	6.75	4.12
4 year p.a.	6.94	3.41
5 year p.a.	7.40	2.74
7 year p.a.	6.91	2.16
10 year p.a.	6.26	1.99
Since incep. p.a.	7.15	2.19

RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	9.8	-2.2	7.6
Consumer Discretionary	13.3	-7.9	5.4
Consumer Staples	8.5	-5.5	3.0
Energy	3.9	-1.5	2.4
Financials ex Property Trusts	11.9	-17.7	-5.9
Health Care	3.8	-1.4	2.4
Industrials	10.5	-4.6	5.8
Information Technology	0.0	-4.6	-4.6
Materials	10.7	-5.0	5.7
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	10.9	-3.9	7.0
Utilities	2.3	-1.3	1.0
Total	**85.5**	**-55.7**	**29.9**

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	18.8
Dividend Yield*	2.6%
Price / Book	2.3
Debt / Equity	37.1%
Return on Equity*	13.1%

^ 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 S&P/ASX300 declined -0.9% in the December quarter despite significant sector rotation. Materials surged +13.0%, driven by gold and copper strength amid persistent inflation concerns and demand for real assets, while Energy (+0.9%) and Industrials (+0.6%) offered modest gains. Conversely, Information Technology plummeted -23.7% as global AI valuation pressures intensified, compounded by governance issues at WiseTech and regulatory uncertainties. Health Care (-9.5%), Consumer Discretionary (-11.5%) and Communication Services (-6.6%) underperformed as consumer confidence weakened and macro uncertainty mounted. Financials declined -1.91% with bellwether CBA falling after disappointing earnings and stretched valuations. Throughout the quarter, sticky inflation above the RBA's 2–3% target band, evidenced by October's 3.2% CPI print and November's 3.8% reading, constrained rate-cut expectations and fuelled potential tightening speculation. A resilient labour market and moderating but positive PMI data provided some economic resilience, while corporate-specific headwinds including ANZ's record $250 million regulatory penalty and the continued de-rating of CSL as concerns mounted over its performance.

PORTFOLIO COMMENTARY

The portfolio's largest positions include Washington H Soul Pattinson, Cobram Estate Olives Ltd and Flutter Entertainment Plc. Conversely, the portfolio's largest short positions vary across sectors but include selected Financials, Consumer Staples and Infrastructure names.

Cobram Estate Olives rallied +25.69% following its US$173.5 million acquisition of California Olive Ranch (COR). The deal provides access to COR's 4,370 hectares yielding approximately 5.5 million litres annually, leading US brands, and the country's largest olive mill. Post-combination, Cobram's Californian mature production hectares will increase eightfold, with further growth expected as new groves mature. This enhanced supply base provides significant flexibility to maximize value across its portfolio of locally grown brands. The US olive oil market is the world's second-largest with sustained growth, as health-conscious consumers increasingly favour extra virgin olive oil. With less than 5% of US EVOO consumption locally grown, there is substantial scope for market share gains. The acquisition is financially attractive, underpinned by $133 million in net assets, a modest earnings multiple, and material synergy potential.

Aspen Group continued to perform in the final quarter of 2025, steadily climbing +27.7%. Market sentiment remains positive following its acquisition of a greenfield master plan community site in Wallaroo, South Australia. The asset which was secured out of administration at an attractive entry price, represents a strategic expansion into a coastal location with significant council infrastructure investment already in place. Notably, its November AGM highlighted upgrades in its development settlements and contracts, net rental income, and land bank scope, suggesting the company is in good shape for future growth. With gearing remaining conservative post-acquisition and a healthy pipeline of similar deals emerging, Aspen continues to execute on its strategy of delivering affordable housing solutions in areas of acute undersupply. The company's disciplined capital allocation and focus on scalable developments across key growth corridors positions it well to capitalise on sustained structural tailwinds in the residential accommodation sector.

Premier Investments underperformed the market over the quarter, declining -25.8% as investors assessed the company's post-divestment trajectory and were worried with higher than expected employee and rental costs which compressed earnings margins. Peter Alexander has emerged as the portfolio's standout performer, with sales more than doubling over the past six years. This resilience suggests Peter Alexander remains in a growth phase, with management planning new stores featuring larger footprints to capture opportunities, alongside international expansion. Smiggle presents a contrasting picture as highlighted by the AGM in November. Sales have declined since COVID, accompanied by UK store closures, and while management plans new product launches to reinvigorate demand, emerging competitors have raised questions about whether some weakness may be structural rather than cyclical. The market remains focused on whether management can successfully navigate this transition while addressing Smiggle's structural headwinds.

News Corporation was a detractor from portfolio performance in the quarter, with the stock down -13.3%. The stock sold off in line with the performance of REA Group, in which it holds a 61% shareholding. REA was pressured by comments from Costar, the new owner of competitor Domain, pointing to improved performance in market from Domain. Further, increasing polarisation and uncertainty around the potential impact of Artificial Intelligence on classifieds more broadly weighed. Ultimately, we see both concerns as overblown and believe REA's very dominant market position in both the eyes of consumers. With the sell-off in the NWS share price, we believe the current valuation is implying a material discount to the current market value of the REA stake, with the value of Dow Jones and Harper Collins justifying most of the current market cap of the company.

OUTLOOK

As we head into 2026, Australian equity valuations remain elevated, with market P/E ratios above their 20-year averages, though still less stretched than in the US. Investors are grappling with three dominant themes. First is the AI-driven technology cycle: a genuine capital-expenditure boom in data centres and advanced semiconductors is colliding with increasingly demanding valuations, raising questions about durability and the risk of eventual bust. Second is the resurgence in commodities. Gold has led headlines as investors seek inflation protection amid currency concerns, while copper and other critical materials are rising on tight supply and accelerating demand from electrification, energy transition and AI infrastructure. Third is monetary policy divergence. The US Federal Reserve is edging toward further rate cuts, while the Bank of Japan's long-anticipated policy normalisation looms large. The RBA sits uncomfortably between these forces, still focused on containing domestic inflation. Overlaying all of this, the abrupt removal of Venezuela's President Maduro is a reminder of how quickly geopolitical risks can re-emerge, even if markets remain outwardly calm - for now.

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.

MORE INFORMATION

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