Perpetual Pure Series Funds

PERPETUAL PURE MICROCAP FUND - CLASS A

December 2025

FUND FACTS

Investment objective: Aims to provide investors with long term capital growth via an investment in a portfolio of quality Australian microcap companies. Microcap companies are defined as companies with a market capitalisation or free float of less than $300m on acquisition.

FUND BENEFITS

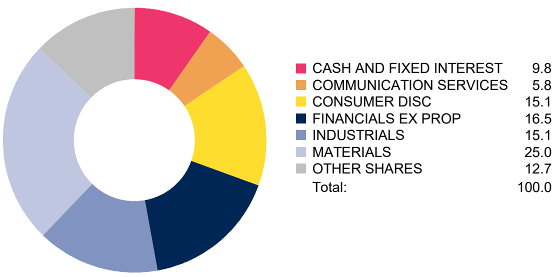
Professionally managed portfolio using Perpetual's bottom up stock selection process The potential for long-term capital growth via an investment in under-researched microcap stocks, which are typically mispriced and undervalued

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:	September 2013
Size of Portfolio:	$123.93 million as at 30 Sep 2025
APIR:	PER0704AU
Management Fee:	1.28%*
Performance Fee:	20.5% of outperformance*
Performance Hurdle:	S&P/ASX Small Ordinaries Accumulation Index
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven Years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Capral Limited	8.3%
Wagners Holding Co. Ltd.	5.3%
Jupiter Mines Limited	4.8%
Civmec Limited	4.6%
Aspen Group Limited	4.6%

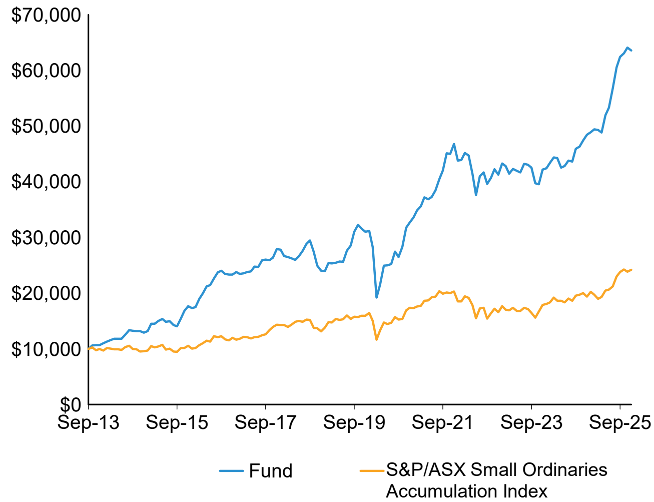
NET PERFORMANCE - periods ending 31 December 2025

	Fund	S&P/ASX Small Ordinaries*
1 month	-0.84	1.42
3 months	1.84	1.80
1 year	31.27	24.96
2 year p.a.	22.74	16.36
3 year p.a.	15.46	13.44
4 year p.a.	7.97	4.48
5 year p.a.	14.25	6.85
7 year p.a.	14.90	9.15
10 year p.a.	13.64	8.64
Since incep. p.a.	17.12	7.45

*S&P/ASX Small Ordinaries Accumulation Index is the Performance Hurdle.

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

GROWTH OF $10,000 SINCE INCEPTION



*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.

MARKET COMMENTARY

The S&P/ASX Small Ordinaries climbed +1.80% 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 overweight positions include Capral Limited and Wagners Holding Co and Jupiter Mines Limited. Conversely, the portfolio's largest underweight positions include Westgold Resources Ltd, Regis Resources Limited and Vault Minerals Limited, all of which are not held in the portfolio.

Wagners Holdings finished off the quarter with continued strength, climbing +28.2% for the period. Notably, investor sentiment grew strongly following its trading update at the company's AGM in November. The company delivered a strong start to FY26, with growing demand across Construction Materials (increased cement, concrete and quarry volumes) and Composite Fibre Technologies, where power pole sales are expected to double FY25 levels alongside improved margins from operational efficiencies. Management upgraded its full year FY26 EBIT guidance by over 30% to $52-56 million, indicating strong earnings momentum. Wagners offers compelling exposure to Australia's infrastructure growth cycle, with the Brisbane 2032 Olympics providing a multi-year demand tailwind. The opening of Slacks Creek concrete plant and Wulkuraka concrete plant, volumes are expected to continue to improve. The company's capacity expansions and proven execution capability position it well to deliver sustained earnings growth as elevated infrastructure spending continues through the medium and long term.
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.

Enero Group (EGG) detracted from portfolio performance over the quarter (-19.2%), as investor sentiment weakened amid macroeconomic uncertainty and mixed trading conditions across the business. While the group achieved EBITDA expansion, concerns centred on Hotwire Global's ongoing difficulties in the challenging tech sector. The segment's reliance on cost-cutting measures including workforce reductions and offshoring introduced execution risks, while the appointment of a new Hotwire CEO raised uncertainty about management stability. The company's dependence on defensive cost optimisation rather than organic revenue growth further dampened market confidence. While recent years have been challenging, we remain constructive on the underlying agency business, with EGG better positioned to deliver sustainable growth as a more streamlined pure-play media agency business.
Metro Mining detracted from portfolio performance over the quarter (-25.4%), though as a micro-cap stock, such volatility is not uncommon and the decline appears largely attributable to profit-taking following strong multi-year performance. The bauxite producer continues to demonstrate strong operational momentum, having secured contracts for 6.9 million wet metric tonnes (WMT) through various offtake agreements, which exceeds its 2025 target of at least 6.5 million WMT. Strategic partnerships with global aluminium producers, ongoing cost leadership initiatives, and enhanced operational resilience continue to strengthen Metro Mining's competitive position in supplying China's growing demand for high-quality bauxite. While short-term price movements can be pronounced in thinly traded stocks, we view the recent pullback as a natural consolidation after an extended period of gains, with the company's operational fundamentals and contracted revenue base remaining intact.

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.

MORE INFORMATION

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