Perpetual Investment Funds

PERPETUAL INCOME SHARE FUND

December 2025

FUND FACTS

Investment objective: To provide investors with exposure to a diversified portfolio of tax-effective, high income yielding Australian securities that are also expected to produce some long-term capital growth. To provide above market dividend yield as measured by the S&P/ASX 200 Accumulation Index.

FUND BENEFITS

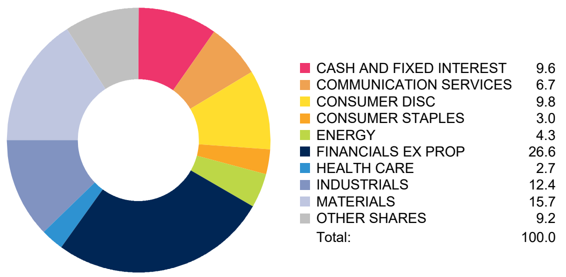
To provide investors with regular income through investment in quality securities.

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 200 Accum. Index
Inception Date:	December 1995
Size of Portfolio:	$5.85 million as at 30 Sep 2025
APIR:	PTC0002AU
Management Fee:	0.89%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Washington H. Soul Patt.	8.9%
Deterra Royalties Ltd	7.5%
GWA Group Limited	6.4%
BHP Group Ltd	5.5%
GPT Group	4.5%
ANZ Group Holdings Limited	4.0%
EVT Limited	3.8%
Origin Energy Limited	3.3%
Reliance Worldwide Corp. Ltd.	2.9%
New Hope Corporation Limited	2.9%

NET PERFORMANCE - periods ending 31 December 2025

	Fund	Benchmark	Excess
1 month	-1.14	1.30	-2.44
3 months	-0.95	-1.01	+0.06
1 year	12.37	10.32	+2.05
2 year p.a.	12.31	10.88	+1.44
3 year p.a.	12.58	11.39	+1.19
4 year p.a.	9.43	8.13	+1.30
5 year p.a.	11.43	9.89	+1.54
7 year p.a.	10.34	10.45	-0.11
10 year p.a.	8.17	9.31	-1.13
Since incep. p.a.	9.04	9.10	-0.06

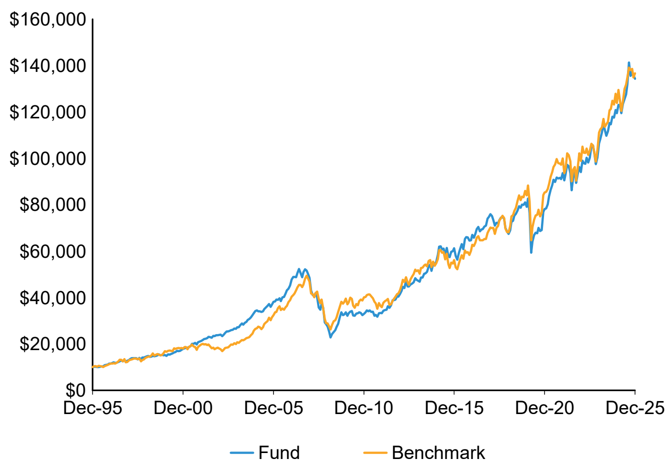
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	16.8	18.2
Dividend Yield*	4.3%	3.5%
Price / Book	1.9	2.3
Debt / Equity	46.9%	39.3%
Return on Equity*	11.4%	13.0%

^ 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 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 overweight positions include Washington H. Soul Pattinson, Deterra Royalties Ltd and GWA Group Limited. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, Wesfarmers Limited (not held) and BHP Group Ltd.

The overweight position of a2 Milk added to portfolio performance in the quarter, rising + 6.7% as investors are optimistic on the delivery of results and execution of strategic initiatives. Notably, the company reported better-than-expected performance in Infant Milk Formula, Other Nutritional's, and Liquid Milk categories, as revenue growth and EBITDA margins expand. Currency rate movements are favourable in line with the company's almost-half a billion dollars in investments to expand operations in China. This move demonstrates confidence in the market 's long-term prospects despite near-term economic headwinds. The investment comprises the $257 million acquisition of the Pokeno manufacturing facility from Mengniu Dairy, over $100 million in site upgrades, and working capital to support future growth. While acknowledging China 's declining birth rate and expecting infant formula sales to remain relatively flat over the medium term, management is strategically diversifying beyond infant formula into products targeting older age groups and expanding into smaller Chinese cities through online sales channels. The company 's focus on premiumisation and innovation across different life stages positions it well to capture market share in a challenging environment. We remain optimistic about a2 Milk 's growth trajectory, supported by its strategic investments, product diversification, and New Zealand 's constructive trade relationship with China, which provides a stable foundation for long-term expansion.

Ramsay Health Care's overweight position was a solid contributor to portfolio performance in the quarter, rallying + 8.3%, despite a weak performance in December. The company delivered strong quarter-end results as they demonstrated meaningful recovery across its Australian operations. Domestic performance showed notable improvement from earlier volume softness and wage pressures, with EBIT margins expanding materially and revenue growth of 6.5%, lifting investor sentiment following softer full-year results that had weighed on the stock. We view this as an encouraging sign that management is taking meaningful steps in improving the operations of the business. We continue to see upside from here as management builds on momentum and executes on their strategic objectives. While operating cost headwinds from wage inflation persist across the sector, Ramsay 's extensive hospital network, targeted transformation initiatives aimed at improving operational efficiency, and exposure to rising structural healthcare demand provide a solid foundation for sustained long-term earnings growth.

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. Importantly, the brand has sustained its momentum well beyond COVID, avoiding the demand spike and subsequent retreat that plagued many retailers. 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. This divergence has left Premier's retail sales growth relatively flat, with Smiggle's underperformance offsetting Peter Alexander's strength. The market remains focused on whether management can successfully navigate this transition while addressing Smiggle 's structural headwinds.

The overweight position in EVT fell -3.9% during the quarter. Industry data pointed to an improvement in box office trends for its cinema division, albeit these look to have lagged against market expectations given the improved move release line up verse December last year. Cinema box office trends can be highly volatile and hard to forecast and despite Cinemas only making up a small portion of the value of EVT, they unfortunately have an outsized impact on short-term share pricing. We see this as an outcome of the increasingly short-term focus of the stock market on near term earnings upside / downside as opposed to fundamental value. Data points for EVT's core hotel divisions continue to point to strong RevPar growth. At the current share price, valuation is almost entirely underpinned by the company's property assets. With potential catalysts over the next 12 months as EVT explores monetising large CBD property holdings and ongoing strong growth in its valuable hotels business, we continue to see material upside to the EVT share price over time.

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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