Perpetual Investment Funds

PERPETUAL CONCENTRATED EQUITY FUND

January 2026

FUND FACTS

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

FUND BENEFITS

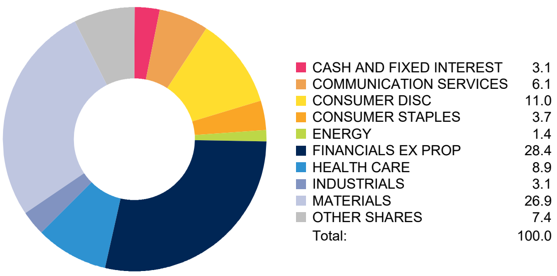
Provides investors with higher potential returns, through the active management of a portfolio of fewer stocks but with higher conviction, than our core Australian equity funds. This concentration may lead to increased short term volatility.

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:	August 1999
Size of Portfolio:	$259.50 million as at 31 Dec 2025
APIR:	PER0102AU
Management Fee:	1.10%*
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	9.2%
Commonwealth Bank of Australia	7.0%
Washington H. Soul Patt.	6.6%
Rio Tinto Limited	4.4%
ANZ Group Holdings Limited	3.9%
News Corporation	3.8%
Bluescope Steel Limited	3.6%
Goodman Group	3.5%
National Australia Bank Limited	3.4%
Northern Star Resources Ltd	3.3%

NET PERFORMANCE - periods ending 31 January 2026

	Fund	Benchmark #	Excess
1 month	2.49	1.72	+0.77
3 months	1.43	0.39	+1.04
1 year	5.49	7.76	-2.26
2 year p.a.	7.37	11.36	-3.99
3 year p.a.	6.46	9.77	-3.31
4 year p.a.	8.05	10.23	-2.18
5 year p.a.	9.94	10.10	-0.16
7 year p.a.	8.54	10.15	-1.61
10 year p.a.	8.19	10.12	-1.94
Since incep. p.a.	10.04	8.48	+1.56

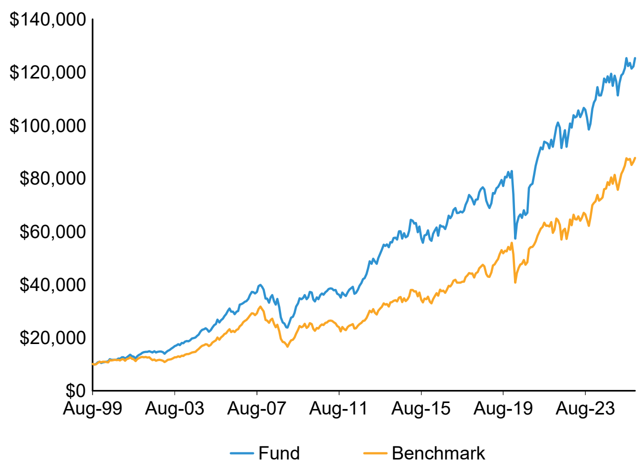
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	19.1	18.3
Dividend Yield*	2.8%	3.4%
Price / Book	2.3	2.3
Debt / Equity	31.8%	39.2%
Return on Equity*	12.2%	13.4%

^ 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/ASX 300 advanced 1.7% in January, extending December's momentum and approaching October's record highs with a 7.1% rally from November lows. Heightened geopolitical uncertainty, including US policy volatility around Greenland, EU tariffs, and Middle East tensions, drove sharp commodity moves. Crude oil surged on supply concerns while safe-haven demand pushed gold, silver, and copper to fresh highs. Sector performance diverged sharply: Energy (+11.1%) led on uranium miner strength and rising oil prices, while Materials (+ 9.4%) benefited from broad-based commodity gains. Technology (-9.1%) suffered steep losses, mirroring US Mag 7 weakness. Real Estate (- 2.7%) declined as bond yields climbed ahead of the February RBA meeting. Domestically, stronger-than-expected employment data (65,200 jobs added, unemployment falling to 4.1%) and elevated Q4 inflation (trimmed-mean CPI 3.3%, above the RBA's 2-3% target) significantly raised rate hike probabilities, with markets pricing ~74% odds for February action. The RBA subsequently raised the cash rate by 0.25%.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Washington H Soul Pattinson, News Corporation and BlueScope Steel Limited. Conversely, the portfolio's largest relative underweight positions include Westpac Banking Corporation, Macquarie Group Ltd (not held) and Commonwealth Bank of Australia.

BlueScope Steel contributed to portfolio performance with a +29.7% gain in its first month of trading in 2026. In early January BlueScope announced that it had received an all-cash acquisition proposal from a consortium of Steel Dynamics and SGH Limited at $30.00 per share. The release also highlighted BlueScope had received three earlier acquisition proposals from Steel Dynamics led consortiums that ranged in value from $24-33 per share (noting the $33 / share offer included an assumed value for an in-specie of the Australian assets). The company also announced mid-month a dividend of $438 million or $1/share. We discussed our thesis on BlueScope in our November update and see the corporate interest as further confirmation that BlueScope has a highly valuable, strategic asset base. Whilst there remains uncertainty as to whether the consortium returns with an improved proposal that could be supported by the Board, we see the interest as a catalyst for value unlock in any case. In the event the corporate interest does not result in a transaction, we would expect the BlueScope Board to explore strategic options for recognising full value for shareholders.

The portfolio's overweight to Washington H. Soul Pattinson (SOL) contributed positively to relative performance over January (+ 3.9%), with shares benefiting from ongoing strength in the investment portfolio and continued execution of its disciplined capital allocation strategy. While SOL issued no material price-sensitive announcements during the month, typical for an investment house that follows semi-annual reporting cycles, the company remained active in portfolio stewardship. In a market environment where valuations appear stretched, SOL offers equity exposure with an embedded margin of safety, combining conservative positioning with the flexibility to capitalise on volatility and deploy capital opportunistically as conditions shift. The company retains significant property exposure through underlying direct and indirect holdings, providing a cleaner investment structure while preserving access to high-quality assets. With a diversified portfolio spanning resources, pharmaceuticals, and financial services, and a proven track record of patient capital management, we believe SOL remains well-positioned to deliver long-term risk-adjusted value.

After a remarkable 2025, Aspen Group detracted from portfolio performance (- 9.5%) in January following some light profit-taking and macro-level drivers that weighed on the broader REIT sector. Rising bond yields and shifting inflation expectations created headwinds across real estate, despite the absence of any material company-specific news regarding development approvals or portfolio revaluations. Aspen 's defensive positioning in affordable housing provided some insulation from the broader sector weakness, as demand fundamentals in its core markets remain robust amid ongoing supply constraints. With gearing remaining conservative and demand in its key end markets very strong, Aspen remains well placed to continue to deliver 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.

The overweight position of a2 Milk detracted from portfolio performance in the month, falling - 8.0%. China National Bureau of Statistics' posting of a 17 percent year-over-year decline in births to 7.9 million for 2025 saw the company sell off with investors cautioning future demand for infant formula. While acknowledging China's declining birth rate and expecting infant formula sales to remain relatively flat or weaken over the medium term, management can continue to grow the brand by taking marking in its core business through its expanding multi-brand approach as well as expanding into adjacencies, 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.

OUTLOOK

The apparent pivot by the RBA back to a tightening cycle adds to layers of macro concerns investors must contend with alongside unpredictable US administration policy. Commodity-exposed sectors continue to enjoy tailwinds amid supply constraints and geopolitical risk premiums, with energy (uranium, oil/gas) and materials (gold, copper) benefiting from structural tailwinds. Although investors have also been shaken by a new bout of tech jitters emanating from the US. Alongside the broad concerns about excess valuations and massive tech AI spending (which is consuming profits at the hyperscalers) the release of Anthropic's latest Claude Cowork technologies triggered a rout in SaaS stocks considered vulnerable to the latest advances in artificial intelligence with software and financial services stocks all hit hard. Australian and US equity markets started the moth trading in the 95th percentile of valuation versus the last 20 years, leaving them both vulnerable to the shift in sentiment.

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.

MORE INFORMATION

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