

## Perpetual Investment Funds

# PERPETUAL GEARED AUSTRALIAN SHARE FUND

January 2026

### FUND FACTS

**Investment objective:** Aims to enhance long-term capital growth through borrowing (gearing) to invest predominantly in quality Australian industrial and resource shares.

### FUND BENEFITS

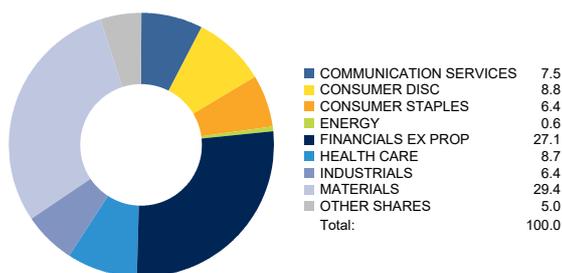
Provides investors with broad market exposure with the potential for higher returns through the use of gearing (borrowing within the fund) and actively managed by one of Australia's most experienced investment management teams.

### 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.

<b>Benchmark:</b>	S&P/ASX 300 Accum. Index
<b>Inception Date:</b>	March 2003
<b>Size of Portfolio:</b>	\$343.39 million as at 31 Dec 2025
<b>APIR:</b>	PER0071AU
<b>Management Fee:</b>	1.17%*
<b>Investment style:</b>	Active, fundamental, bottom-up, value
<b>Suggested minimum investment period:</b>	Seven years or longer

### PORTFOLIO SECTORS



### TOP 10 STOCK HOLDINGS

Stock Holding	% of Portfolio
BHP Group Ltd	9.8%
Commonwealth Bank of Australia	7.0%
Washington H. Soul Patt.	6.2%
ANZ Group Holdings Limited	3.9%
National Australia Bank Limited	3.8%
Bluescope Steel Limited	3.6%
Rio Tinto Limited	3.6%
News Corporation	3.6%
Northern Star Resources Ltd	3.4%
Goodman Group	2.9%

### NET PERFORMANCE - periods ending 31 January 2026

	Fund	Benchmark #	Excess
1 month	2.68	1.72	+0.96
3 months	-0.26	0.39	-0.65
1 year	0.28	7.76	-7.48
2 year p.a.	5.98	11.36	-5.39
3 year p.a.	3.57	9.77	-6.20
4 year p.a.	6.85	10.23	-3.38
5 year p.a.	13.19	10.10	+3.09
7 year p.a.	10.62	10.15	+0.47
10 year p.a.	10.17	10.12	+0.05
Since incep. p.a.	11.46	9.67	+1.79

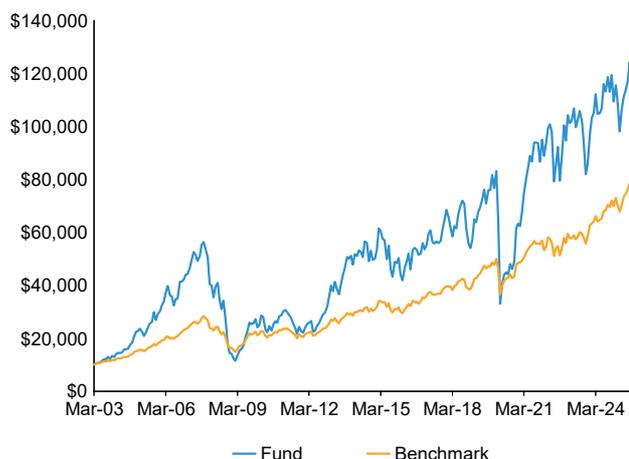
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

### PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	19.2	18.3
Dividend Yield*	2.8%	3.4%
Price / Book	2.3	2.3
Debt / Equity	33.2%	39.2%
Return on Equity*	12.4%	13.4%
Gearing Level	51.8%	

<sup>^</sup> 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.

### 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, BHP Group Ltd and News Corporation. Conversely, the portfolio's largest underweight positions include Macquarie Group, Telstra Group Limited and Woodside Energy Group, all of which are not held in the portfolio.

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.

Glencore strongly contributed to performance, rallying +19.3% in January following its mega-merger proposal with Rio Tinto to form the world's largest mining company and copper powerhouse. The company offers a unique commodity mix spanning copper, zinc and coal which is supported by a highly profitable marketing operation. Coal markets have been correcting for over three years and are working through a bottoming process as high-cost supply exits and new demand emerges, particularly from India's growing net coal requirements. Glencore has reduced its seaborne coal supply alongside peers, and even a modest coal price rebound could significantly boost earnings and free cash flow, likely directed toward enhanced shareholder returns. The copper business adds further appeal, with prices drifting past record highs of over \$14,000 per metric tonne in late January. Despite a production decrease year-on-year, Glencore is targeting copper production growth from 850-890kt in 2025 to 1Mt by 2028, supported by a pipeline of greenfield and brownfield projects that could lift output further under favourable pricing conditions. After month-end, merger discussions with Rio ceased. Despite this, we see the outlook for Glencore's commodity set as highly attractive and continue to see value in the name.

Flutter Entertainment fell -26.9% in January following industry data showing declining online sports betting handle. December data for New York revealed Fanduel handle down 13%, with weakness continuing into January. Potential drivers include reduced promotional spending (free bets cut ~20% year-over-year in key states), favourable sports outcomes limiting customer wallet recycling, unfavourable NFL scheduling, and possible volume loss to emerging prediction markets. The market reaction suggests concerns that prediction markets will permanently capture material share from traditional sportsbooks. However, we believe any volume leakage likely comes from high-volume, low-margin customers. Traditional sportsbooks maintain structural advantages, particularly in parlay products increasingly favoured by recreational bettors. Flutter and DraftKings should provide clarity on handle drivers in February results. Flutter launched "FanDuel Predicts" during the month, though rollout was slower than anticipated, covering only five states. Despite near-term handle volatility pressuring sentiment, Flutter's core competitive advantages remain intact: market share leadership, superior product engagement, and disciplined capital allocation. We continue expecting sustained material earnings growth and believe the current share price significantly overreacts to the prediction market threat.

Cobram Estate Olives detracted from portfolio performance (-7.4%) following an exceptional 2025 run, as investors locked in profits after the stock's 30% surge in December on the back of its US \$173.5 million acquisition of California Olive Ranch. The deal provides Cobram with access to COR's 4,370 hectares of US production yielding approximately 5.5 million litres annually, the market-leading California Olive Ranch and Lucini brands, and the largest olive mill in the United States. We view the acquisition as highly compelling. Post-combination, Cobram's Californian mature production hectares will increase eightfold (excluding third-party growers), with supply set to grow further as recently planted groves mature and third-party arrangements expand. This enhanced supply base provides significant flexibility to maximize value across the company's portfolio of leading locally grown brands. Cobram now holds the strategically valuable position as the largest grower and brand owner of locally grown US EVOO. The Cobram team's Australian track record, where locally grown EVOO has reached 30-40% market share, supports our confidence in their US execution capabilities. From a financial perspective, the acquisition is attractive, underpinned by \$133 million in net assets and material synergy potential.

## 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 month 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.

The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting [www.perpetual.com.au](http://www.perpetual.com.au). Neither PIML, ETSL nor any of their related parties guarantee the performance of any fund or the return of an investor's capital. Total returns shown for the Perpetual WealthFocus Superannuation 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.

## MORE INFORMATION

Investor Services 1800 022 033

Email [PerpetualUTqueries@cm.mpm.mufig.com](mailto:PerpetualUTqueries@cm.mpm.mufig.com)

[www.perpetual.com.au](http://www.perpetual.com.au)

