Perpetual Pure Series Funds

PERPETUAL PURE MICROCAP FUND - CLASS A

March 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

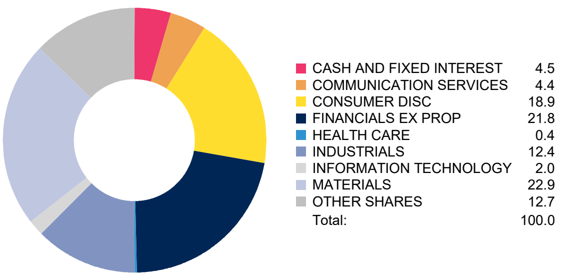
Professionally managed portfolio using Perpetual's bottom up stock selection process The potential for long-term capital growth via an investment in under-researched microcap stocks, which are typically mispriced and undervalued

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:	$105.67 million as at 31 Dec 2024
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	8.0%
MaxiPARTS Limited	5.4%
Servcorp Limited	5.3%
Wagners Holding Co. Ltd.	4.8%
Clover Corporation Limited	4.1%

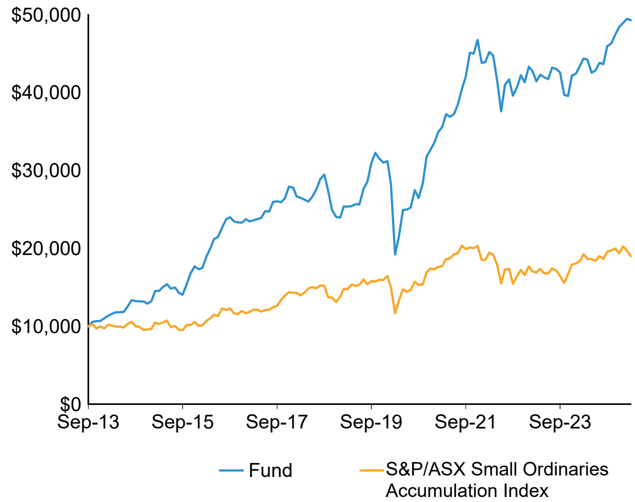
NET PERFORMANCE - periods ending 31 March 2025

	Fund	S&P/ASX Small Ordinaries*
1 month	-0.32	-3.60
3 months	1.79	-2.00
1 year	11.01	-1.26
2 year p.a.	9.04	6.01
3 year p.a.	2.94	-0.82
4 year p.a.	8.47	1.71
5 year p.a.	20.73	10.24
7 year p.a.	9.27	4.49
10 year p.a.	12.99	6.31
Since incep. p.a.	15.75	5.71

*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 Small Ordinaries ended the March quarter lower -2.0% despite a strong rally in January driven by Financials and improved economic data. Optimism faded in February as earnings season brought volatility, with cautious outlooks triggering sharp declines in several large-cap names. Defensive sectors like Utilities held up, while growth sectors such as Technology and Healthcare lagged. March saw further weakness as concerns over US tariffs, political uncertainty, and a widening federal deficit weighed on sentiment. While the RBA's February rate cut lifted consumer and business confidence modestly, these gains were overshadowed by broader macroeconomic risks. Overall, the quarter reflected a sharp shift in sentiment—from early enthusiasm to growing caution—highlighting increased investor sensitivity to both domestic and global developments. Information Technology was the worst performing sector down -13.5% over the period while Materials was the best performing up 12.5%.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Capral Limited, Maxiparts Limited and Servcorp Limited. Conversely, the portfolio's largest underweight positions include Perseus Mining Limited, De Grey Mining Ltd and Genesis Minerals Limited, all of which are not held in the portfolio.

Servcorp continues to be a strong performer for the portfolio delivering an 11.2% return for investors while the broader market fell. The company continues to perform well operationally despite challenging business conditions globally. Despite management backing away from the Middle East spin off, the strong cash generation profile of the business allows it to continue to engage in returning cash to shareholders through dividends. Its strong balance sheet with significant cash backing represents further appeal to investors.
Maxiparts modestly contributed to portfolio performance over the quarter (+10.6%), with results reflecting a stabilising backdrop for commercial vehicle parts. The group delivered a solid 1H25 result, with EBITDA margins expanding and Forch Australia continuing to outperform. While the core Maxiparts business remains challenged by soft East Coast transport activity and pricing pressures, margin discipline has been maintained and integration of recent acquisitions is progressing well. The business is nearing completion of a multi-year transformation including ERP rollout and legal finalisations which should enable greater focus on growth. With a strengthened balance sheet and conservative net leverage (~0.4x), Maxiparts is well positioned to benefit from a recovery in macro conditions and continued industry consolidation.

Webjet detracted from portfolio performance over the quarter (-34.5%) following a muted market response to its recent strategy day. While earnings revisions for FY26 and FY27 were modestly downgraded due to reinvestment requirements, the company articulated a roadmap to double transaction value by FY30 underpinned by targeted growth in international flights, business travel, and a refreshed digital offering. Execution risk remains particularly around brand repositioning and capital allocation, but early signals are constructive. Notably, Webjet retains a net cash position and trades at a significant discount to peers on EV/EBITDA multiples. Webjet remains a well-capitalised, digitally-led OTA with scalable infrastructure, cyclical leverage, and potential for material value realisation as operating conditions normalise and strategic initiatives begin to deliver.
Enero Group Limited detracted from performance over the quarter (-34.2%) after announcing a weaker-than-expected first half, with revenue and earnings both coming in below forecasts primarily due to softness in OBMedia. Group net revenue declined year-over-year though revenue remained stable between the first and second quarters, in line with prior guidance. OBMedia's earnings, while lower, showed signs of stabilising with a more consistent trajectory expected moving forward. The agency segment faced revenue pressure but performed slightly ahead of expectations on the earnings front due to a lower cost base. Corporate costs remained flat, with leadership transitions underway as the CEO and CFO have exited, potentially leading to further cost efficiencies. Cash conversion remained strong, exceeding EBITDA, and the company ended the period with a solid net cash position, representing a significant portion of its market cap. A dividend of 1.5 cents per share was declared, reflecting prudent capital management.

OUTLOOK

Initial market optimism was buoyed by the new administration's promises of tax and spending cuts, deregulation, and increased energy production—policies broadly viewed as supportive of growth. Early fears surrounding tariffs were largely dismissed as strategic posturing aimed at renegotiating global trade terms, particularly in response to perceived unfair practices. However, sentiment has shifted as it becomes increasingly clear that President Trump's commitment to protectionist measures may be more deeply rooted than previously believed. The risk now lies not only in the imposition of tariffs themselves, but in the potential for their execution to be disorderly and more economically disruptive than anticipated. Until markets gain greater clarity on the long-term direction of policy, volatility is likely to remain elevated.

MORE INFORMATION

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