

## Perpetual Investment Funds

# PERPETUAL CONCENTRATED EQUITY FUND

March 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

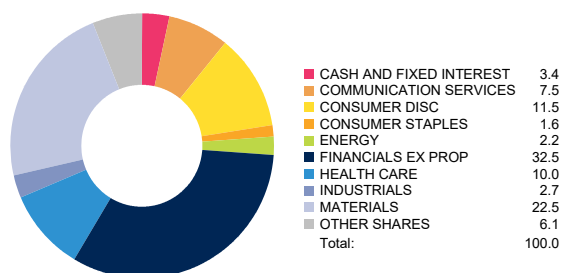
Provides investors with higher potential returns, through the active management of a portfolio of fewer stocks but with higher conviction, than our core Australian equity funds. This concentration may lead to increased short term volatility.

### 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.

<b>Benchmark:</b>	S&P/ASX 300 Accum. Index
<b>Inception Date:</b>	August 1999
<b>Size of Portfolio:</b>	\$259.50 million as at 31 Dec 2025
<b>APIR:</b>	PER0102AU
<b>Management Fee:</b>	1.10%*
<b>Investment style:</b>	Active, fundamental, bottom-up, value
<b>Suggested minimum investment period:</b>	Five years or longer

### PORTFOLIO SECTORS



### TOP 10 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	10.1%
Commonwealth Bank of Australia	8.4%
Washington H. Soul Patt.	6.3%
National Australia Bank Limited	4.6%
Rio Tinto Limited	3.9%
Ramsay Health Care Limited	3.9%
ANZ Group Holdings Limited	3.8%
EVT Limited	3.1%
Goodman Group	3.0%
Lottery Corporation Limited	2.8%

### NET PERFORMANCE - periods ending 31 March 2026

	Fund	Benchmark #	Excess
1 month	-7.82	-7.30	-0.52
3 months	-3.39	-2.04	-1.35
1 year	6.12	11.59	-5.47
2 year p.a.	1.59	7.02	-5.44
3 year p.a.	4.55	9.43	-4.88
4 year p.a.	4.42	6.84	-2.42
5 year p.a.	6.88	8.46	-1.58
7 year p.a.	6.85	8.54	-1.69
10 year p.a.	7.16	9.39	-2.23
Since incep. p.a.	9.73	8.27	+1.46

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

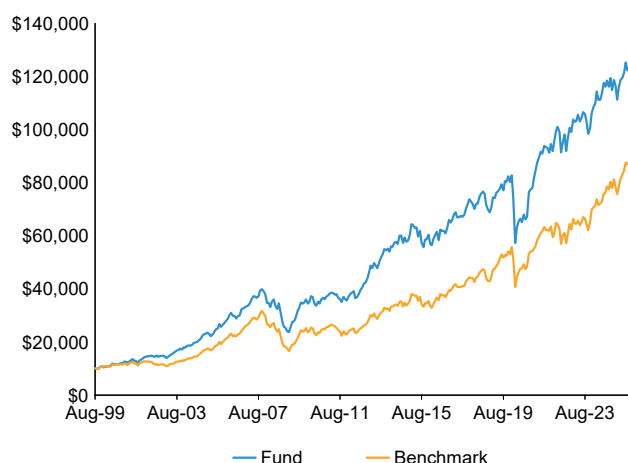
### PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	17.5	16.5
Dividend Yield*	3.1%	3.8%
Price / Book	2.2	2.2
Debt / Equity	34.8%	37.9%
Return on Equity*	12.1%	14.0%

<sup>^</sup> 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 declined 2.0% over the March quarter, masking considerable intra quarter volatility as early momentum gave way to a sharp reversal. The market rallied strongly through January and February, reaching new highs on the back of broad commodity strength and outsized gains in the big four banks and large cap Materials, before surrendering those gains and more in March as geopolitical escalation and renewed inflationary pressures drove the worst monthly drawdown in nearly three years. Energy was a standout performer across the quarter, buoyed by rising oil prices linked to Middle East supply disruptions, while Materials delivered a mixed outcome, benefiting from commodity tailwinds early before reversing sharply. Technology continued its prolonged de rating, extending losses amid ongoing concerns around AI disruption and valuation. The RBA tightened policy twice during the quarter, lifting the cash rate to 4.10%, as persistently elevated inflation and a resilient labour market left the board with little room to pause. This tightening backdrop weighed on rate sensitive sectors including Real Estate and contributed to a notable divergence between large and small caps, with large caps offering relative shelter as risk appetite deteriorated. By quarter end, sentiment had shifted materially, with volatility measures surging and the market pricing a more cautious macro outlook.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Washington H Soul Pattinson, Ramsay Health Care Ltd and EVT Limited. Conversely, the portfolio's largest relative underweight positions include Westpac Banking Corporation, Woodside Energy Group (not held) and Telstra Group (not held).

Washington H. Soul Pattinson (SOL) performed well over the quarter, climbing 8.8% post release of its interim result, the first reflecting post combination with Brickworks. The result reflected another period of solid cashflow and growth in net asset value. In a market environment where valuations remain elevated, SOL's diversified portfolio and highly regarded management team offer an attractive exposure through current volatility. Positioning has rotated into alternative assets including private credit, where management are seeing no signs of stress given their more old economy oriented exposure, and private equity. With a proven track record of patient capital management, we believe SOL remains well positioned to deliver long term risk adjusted value.

Ramsay Health Care contributed to portfolio performance, closing the quarter up 14.7% driven by a series of positive developments. The appointment of a new chair and management team has started to see operational improvement visible in utilisation rates and margin stabilisation. Management continued to execute effectively, announcing the much anticipated in specie distribution of the Ramsay Santé shareholding, a transaction that will further highlight the quality of the Australian assets and materially reduce the debt burden, simplifying the investment case considerably. Additionally, RHC is well positioned to benefit from industry consolidation and the exit of weaker competitors, which should support a sustained recovery in margins over the medium to long term. Ramsay represents an opportunity for investors to gain exposure to high quality, infrastructure like assets, with transformation initiatives well underway and operational efficiencies continuing to improve. Looking ahead, we will be monitoring the outcome of the Fair Work Commission ruling on nurse wages where the critical question being the extent to which Ramsay can pass through these cost increases to private health insurers, and the timing of any such renegotiation.

Nick Scali (NCK) declined 33.5% during the quarter, making it a significant detractor from Fund performance. The share price fell sharply on result day despite gross margins, EBITDA and first half profit all improving materially year on year. These positives were overshadowed by a weaker than expected trading update, with like-for-like weekly sales growth of 3.2% in ANZ well below market expectations of around 10%. Written sales orders down 8.5% YoY also pointed to weakness in forward demand. The stock declined a further 15.9% in March as geopolitical escalation heightened fears of an extended rate hiking cycle, compounding concerns that higher rates would suppress demand for big ticket furniture items. Despite this, we continue to view NCK as a high quality retail business, led by a founder operator with a long track record of executing well through multiple economic cycles. We remain encouraged by the longer term offshore growth opportunity in the UK, and operational execution remains solid with store refurbishments completed and new locations under negotiation.

The overweight position in Light & Wonder (LNW) detracted from portfolio performance over the quarter, declining 24.2% for the quarter, with the selloff driven by two key concerns: expectations of weaker consumer spending arising from escalating US Iran tensions, and broader market questions around the potential impact of AI on the gaming sector. Notwithstanding these headwinds, the stock was sold heavily in a manner consistent with the broader de rating of gaming and leisure stocks. LNW continues to take market share underpinned by a strong suite of new premium games, and gaming spend has proven resilient in previous economic downturns, providing a degree of confidence that the consumer spending fears may be overstated. Additionally, land based gaming accounts for over two thirds of the business and is relatively defensible against AI generated competition, given meaningful regulatory and licensing barriers as well as the deep integration of software and hardware that is difficult to replicate digitally. At the time of writing, the stock trades at a 12x PE multiple, we believe that the market is yet to fully reflect the earnings durability of the underlying gaming systems and content business.

## OUTLOOK

With tensions escalating rapidly in the Middle East, comparisons to past crises – particularly the 1970s oil shocks – are inevitable. Like then, equity markets entered this period on elevated valuations. While the selloff has been meaningful, it still reflects a base case that avoids worst case outcomes – and valuations remain stretched. The US market, at 19.3x forward P/E, sits at a 17.3% premium to its 20 year average (around the 78th percentile). Australia, at 17.2x, appears more modest, but for a resources and financials heavy market, this still represents a 15.8% premium – near the 84th percentile. We continue to favour real business with quality balance sheets and hard assets over financial leverage and growthier names.

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# 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.

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## MORE INFORMATION

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