

## Perpetual Pure Series Funds

# PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

April 2025

### FUND FACTS

**Investment objective:** Aims to generate positive returns over a market cycle irrespective of market conditions by investing in both long and short positions of predominantly Australian shares.

### FUND BENEFITS

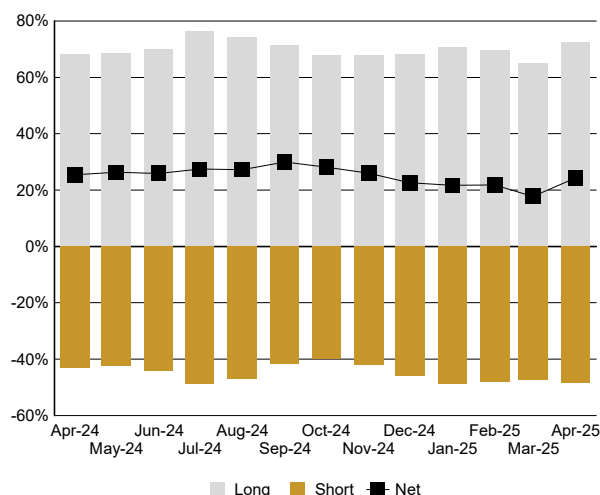
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification of special opportunities.

### 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:** March 2012  
**Size of fund:** \$278.25 million as at 31 Mar 2025  
**APIR:** PERo668AU  
**Fund Managers:** Anthony Aboud & Sean Roger  
**Management Fee:** 1.28%\*  
**Performance Fee:** 20.5% of outperformance\*  
**Performance Hurdle:** RBA Cash Rate Index  
**Investment style:** Active, fundamental, bottom-up, value  
**Suggested minimum investment period:** Five years or longer

### HISTORICAL MARKET EXPOSURE



### TOP 5 STOCK HOLDINGS (LONG)

	% of Portfolio
Flutter Entertainment Plc	6.8%
Servcorp Limited	4.8%
Cobram Estate Olives Ltd.	3.1%
Goodman Group	2.7%
Sigma Healthcare Ltd	2.6%

\* 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.

### GEOGRAPHIC LOCATION OF MATERIAL ASSETS

The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

### NET PERFORMANCE- periods ending 30 April 2025

	Fund	RBA Cash Rate Index*
1 month	1.47	0.34
3 months	0.50	1.02
1 year	4.25	4.39
2 year p.a.	4.67	4.34
3 year p.a.	4.52	3.69
4 year p.a.	5.66	2.78
5 year p.a.	7.02	2.25
7 year p.a.	5.92	1.95
10 year p.a.	5.86	1.87
Since incep. p.a.	6.86	2.10

RBA Cash Rate Index is the Performance Hurdle.

### PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	5.2	-4.0	1.2
Consumer Discretionary	17.9	-9.0	8.9
Consumer Staples	8.8	-2.9	5.9
Energy	3.0	-1.5	1.5
Financials ex Property Trusts	7.8	-13.1	-5.3
Health Care	5.1	-0.7	4.3
Industrials	10.3	-7.8	2.5
Information Technology	0.0	-3.2	-3.2
Materials	4.5	-2.0	2.5
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	7.6	-3.4	4.2
Utilities	1.7	-0.1	1.6
<b>Total</b>	<b>71.9</b>	<b>-47.6</b>	<b>24.4</b>

### PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	17.9
Dividend Yield*	2.9%
Price / Book	2.3
Debt / Equity	43.0%
Return on Equity*	12.1%

^ 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.

## MARKET COMMENTARY

The S&P/ASX 300 rose 3.6% in April, navigating a volatile month marked by geopolitical shocks and shifting investor sentiment. Volatility spiked early in the month following “Liberation Day” on 2 April, when the Trump Administration imposed harsher-than-expected tariffs, sparking the sharpest global equity sell-off since the COVID-19 crash. Markets struggled to price in the broad and indiscriminate nature of the tariffs, with a temporary tariff pause announced mid-month doing little to calm investor nerves. Despite the external chaos, domestic markets were buoyed by a flight to safety. Commonwealth Bank extended its strong performance (10.4%) as investors rotated into high-quality, defensive names. Gold prices continued to climb amid safe-haven demand, while oil prices slumped sharply, reflecting mounting concerns over global growth. Sector performance was mixed. Communication Services (6.4%) and Information Technology (6.3%) led gains as investors sought structural growth and defensive earnings. In contrast, Energy (-7.52%) and Materials (0.70%) lagged, hurt by falling commodity prices and weakening sentiment toward cyclical.

## PORTFOLIO COMMENTARY

The portfolio's largest positions include Flutter Entertainment Plc, Servcorp Limited and Cobram Estate Olives Ltd. Conversely, the portfolio's largest short positions vary across sectors but include selected Financials, Consumer Staples and Infrastructure names.

BlueScope Steel (12.1%) was a positive contributor to relative performance in April, with its share price supported by broader market dynamics rather than company-specific catalysts. The company benefited from renewed investor interest in high-quality industrial names, with its Colorbond franchise continuing to provide superior margins compared to traditional steel exposures. Encouragingly, U.S. peers Nucor and Steel Dynamics exceeded first-quarter earnings expectations, reinforcing the strength of the global steel backdrop. Steel spreads in the U.S. remain above BlueScope's FY25 guidance, supporting our view that pricing dynamics offer asymmetric upside potential. BlueScope remains a standout operator in the global steel industry, backed by strong management, a valuable strategic asset at Port Kembla, and a brand in Colorbond that supports both margin expansion and international growth opportunities.

The overweight to Myer contributed to portfolio performance (+10.77%) during April despite the lack of stock specific news. Despite the noise, we believe cost synergies are highly likely from the announced combination which could come from debt refinancing COGS sourcing, rent reductions, and CODB efficiencies, with additional optionality from internal margin initiatives. Revenue synergies, while harder to realise, could stem from integrating Apparel Brands online, expanding MyerOne, and store consolidation. Despite the noise, we view the combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E as favourable. The combination has created a leading omni-channel retail platform that brings enhanced scale and significant operating leverage benefits. Myer will also benefit from the expected addition of Retail Stalwart Solomon Lew's potential addition to the board.

Servcorp detracted from portfolio performance in April (-9.5%) after a period of extremely strong performance with the stock going from under \$3 in late 2023 to over \$5 while paying out strong dividends for shareholders. The company continues to perform well operationally despite volatile business conditions globally. Although management has backed 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.

Light & Wonder (-6.25%) detracted from portfolio performance in April, as litigation concerns weighed on sentiment despite otherwise solid operational performance. The company updated the market during the month, confirming that Aristocrat had filed a second amended complaint with the Nevada District Court. While Light & Wonder stated it would vigorously defend the claims, the update raised renewed concerns around potential legal and financial risk. These developments overshadowed continued growth in U.S. gaming operations and stable i-gaming results. The voluntary removal of 150 U.S. machines added to market unease, though the issue appears isolated and predates recent disputes. Despite governance and litigation headwinds, Light & Wonder continues to gain market share and is guided toward double-digit EBITDA growth.

## OUTLOOK

Equity markets have entered a structurally more volatile regime under the Trump presidency, as geopolitical tensions escalate and policy unpredictability becomes a defining feature of the investment landscape. Initial hopes that tariff rhetoric was merely strategic posturing have faded, replaced by the realisation that protectionist measures may be both broader in scope and more disruptive in execution than previously anticipated. This uncertainty has contributed to heightened risk aversion and a more reactive market environment. In the U.S., we are seeing the early stages of a meaningful rotation out of high-momentum growth stocks, where fundamentals had often been overlooked in favour of narrative-driven price appreciation. This shift marks a healthy rebalancing, with markets beginning to reward quality, valuation discipline, and tangible earnings delivery. While elevated volatility may feel uncomfortable, we believe it is fertile ground for active management. Dislocations are already emerging, and we are capitalising on these opportunities by leaning into high-conviction positions where long-term fundamentals are being mispriced. Our portfolio remains positioned to benefit from a more rational market regime one in which investors are once again distinguishing between price and value.

The performance fee is equal to 20.50% of daily outperformance over the hurdle rate of return. The current hurdle rate is the Reserve Bank of Australia cash rate. Performance fees are accrued daily and payable six monthly, however will only be paid in the event that the Fund's return over the performance fee calculation period is positive and the performance fee accrual is positive. For further information on the calculation of the performance fee please consult the Fund's PDS.

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## MORE INFORMATION

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