Perpetual Investment Funds

PERPETUAL SMALLER COMPANIES FUND

June 2025

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource shares which, when first acquired, do not rank in the S&P/ASX 50 Index.

FUND BENEFITS

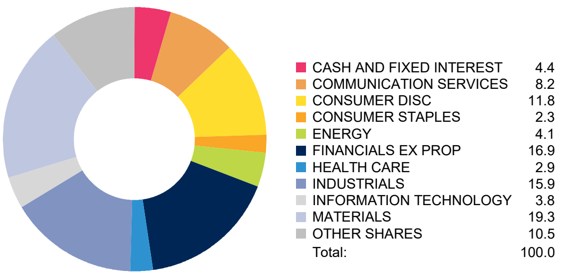
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

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.

Benchmark:	S&P/ASX Small Ordinaries Accum. Index
Inception Date:	October 1996
Size of Portfolio:	$613.83 million as at 31 Mar 2025
APIR:	PER0048AU
Management Fee:	1.25%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Genesis Minerals Limited	3.4%
EQT Holdings Limited	3.1%
Ventia Services Group Limited	3.0%
Capricorn Metals Ltd	2.8%
oOh media Ltd	2.8%

NET PERFORMANCE - periods ending 30 June 2025

	Fund	Benchmark #	Excess
1 month	1.55	0.85	+0.70
3 months	9.05	8.62	+0.43
1 year	9.77	12.26	-2.48
2 year p.a.	8.18	10.79	-2.61
3 year p.a.	9.97	10.00	-0.04
4 year p.a.	5.83	1.74	+4.09
5 year p.a.	12.01	7.37	+4.63
7 year p.a.	8.86	4.62	+4.24
10 year p.a.	9.54	7.64	+1.90
Since incep. p.a.	11.73	5.55	+6.18

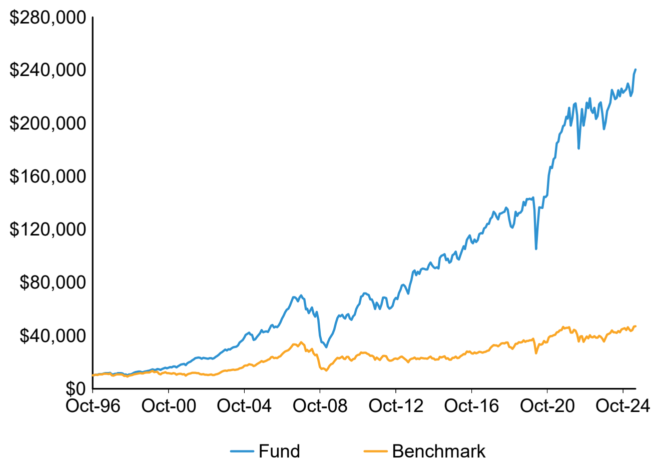
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	14.0	17.4
Dividend Yield*	4.4%	4.0%
Price / Book	1.9	1.7
Debt / Equity	31.3%	35.8%
Return on Equity*	13.3%	11.2%

^ 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 Small Ordinaries staged a strong recovery over the June quarter, rising +8.62%. The rally came as fears of extreme tariff scenarios continued to recede, helping restore market confidence after a volatile start to the year. While geopolitical risks and global growth concerns lingered, sentiment improved as it became increasingly clear that the most aggressive US tariff proposals were unlikely to materialise. Markets have coined the term 'TACO trade' - 'Trump Always Chickens Out' - to describe the pattern of tariff escalation followed by policy reversals, which has contributed to easing market volatility. Energy (+21.9%) supported gains as commodity prices remained elevated, while Industrials (+19%) and Information Technology (+12.4%) outperformed amid improving business sentiment and investor appetite for structural growth. In contrast, defensives lagged with Consumer Staples (+5.6%) and Consumer Discretionary (+2.6%) underperforming as risk appetite returned. Health Care (-4.3%) was the weakest sector, weighed down by stock-specific challenges and softer earnings expectations. While investors have enjoyed solid gains, often driven by narrow pockets of the market, the outlook highlights the importance of finding value beyond the obvious leaders.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Servcorp Limited, EQT Holdings Ltd and FleetPartners Group Limited. Conversely, the portfolio's largest underweight positions include Zip Co ltd, Netwealth Group Ltd and Regis Resources Limited, all of which are not held in the portfolio.

Qualitas contributed positively to portfolio performance over the quarter, supported by ongoing strength across its funds management platform and positive market dynamics in private credit. The company continues to benefit from strong institutional demand for real estate private credit, with approximately $9.2 billion in funds under management and a significant growth pipeline. The business has demonstrated disciplined capital deployment, with the vast majority of its Fee Earning FUM exceeding performance fee hurdles, and remains well positioned to capitalise on the growing demand for alternative financing solutions in Australia's real estate sector. While valuation metrics suggest the stock trades at a modest premium, the company's solid balance sheet, attractive market positioning, and proven track record underpin our constructive view on the outlook.

The portfolio's overweight to EVT Limited contributed positively to relative performance over the June quarter (+25.1%), with the stock continuing to re-rate as the market narrows the disconnect between asset value and share price. The recent announcement of a sale process for the company's prime 525 George Street property marks a significant milestone, unlocking value from its high-quality real estate portfolio. This follows a period of improving operating momentum, with a recovery in cinema earnings underway and spend per visitor continuing to grow. We remain constructive on EVT's outlook, with ongoing earnings recovery, embedded property value, and potential capital management acting as catalysts for further upside.

Redox detracted from portfolio performance over the June quarter (-23.6%) as market concerns around the economic outlook weighed heavily on the share price. Despite achieving consistent long-term revenue growth and operating within an attractive, highly fragmented industry, the company has faced significant selling pressure following its half-year result and a broad re-rating of cyclical exposures. Management has attributed recent weakness to market expectations of softer demand and margin pressure in a slowing economic environment. While near-term earnings may face headwinds, we believe Redox's diversified customer base, strong balance sheet, and disciplined M&A strategy position the business to continue gaining market share over the long term as the global chemical distribution industry consolidates.

Vault Minerals Limited detracted from portfolio performance over the quarter (-5.6%) following the company's first full financial year post-merger. While gold production was broadly solid, it fell marginally short of guidance, weighing on market sentiment. However, the business continues to demonstrate operational and financial strength, with all-in sustaining costs maintained within expectations and a strong balance sheet underpinned by a net cash position (including bullion) and no debt. Ongoing investment in infrastructure upgrades across Leonora, Mount Monger, and Deflector positions Vault to improve production reliability and margins over time. While near-term uncertainty remains, we believe Vault's scale, disciplined capital management, and diversified production base leave it well placed to deliver shareholder value as operational momentum builds.

OUTLOOK

Looking ahead, we expect financial markets to grapple with a more complex and uneven growth backdrop. While recession fears have eased for now, the underlying risks - from geopolitical tensions to persistent fiscal imbalances - are yet to be resolved. The U.S. remains at the centre of global market attention, with high equity valuations, growing deficit concerns, and trade policy uncertainty likely to be key drivers of volatility in the second half of the year. In Europe, weak business conditions and rising tariff risks point to subdued growth. China's ability to stabilise growth will depend heavily on further policy support, particularly as consumer demand shows signs of fatigue. Closer to home, the near-term picture remains challenging. Growth is expected to remain below trend as the economy works through the lagged impacts of tighter policy, a weaker household sector, and slowing public sector spending. However, with inflation moderating and interest rates likely to ease further, policy settings are shifting toward support. In this environment, we see greater dispersion in market outcomes, reinforcing the importance of selectivity and discipline across portfolios as investors navigate the next phase of the cycle.

Benchmark prior to 1/4/2000 was the ASX Small Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX Small Ordinaries Accumulation Index.

MORE INFORMATION

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