Perpetual Pure Series Funds

PERPETUAL PURE MICROCAP FUND - CLASS A

June 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

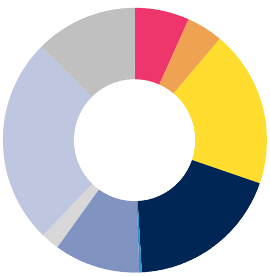
Professionally managed portfolio using Perpetual's bottom up stock selection process The potential for long-term capital growth via an investment in under-researched microcap stocks, which are typically mispriced and undervalued

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:	$105.27 million as at 31 Mar 2025
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



CASH AND FIXED INTEREST	6.7
COMMUNICATION SERVICES	4.5
CONSUMER DISC	19.0
FINANCIALS EX PROP	18.9
HEALTH CARE	0.4
INDUSTRIALS	10.4
INFORMATION TECHNOLOGY	2.2
MATERIALS	25.3
OTHER SHARES	12.6
Total:	100.0

TOP 5 STOCK HOLDINGS

	% of Portfolio
Capral Limited	8.2%
Wagners Holding Co. Ltd.	6.0%
Servcorp Limited	4.8%
Aspen Group Limited	4.8%
Jupiter Mines Limited	4.5%

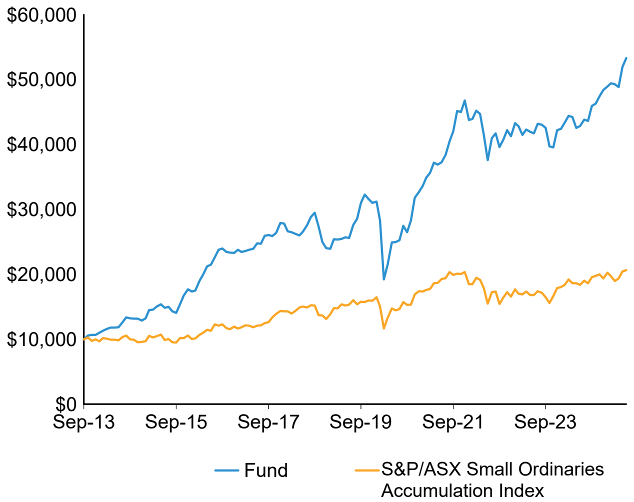
NET PERFORMANCE - periods ending 30 June 2025

	Fund	S&P/ASX Small Ordinaries*
1 month	2.58	0.85
3 months	8.14	8.62
1 year	24.42	12.26
2 year p.a.	13.04	10.79
3 year p.a.	12.33	10.00
4 year p.a.	9.37	1.74
5 year p.a.	16.36	7.37
7 year p.a.	10.43	4.62
10 year p.a.	13.63	7.64
Since incep. p.a.	16.16	6.33

*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 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 Capral Limited, Maxiparts Limited and Servcorp Limited. Conversely, the portfolio's largest underweight positions include Netwealth Group Ltd., Zip Co Ltd and Genesis Minerals 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.

Aspen Group delivered a strong return over the quarter (+43.4%), as investors responded positively to the company's clear strategic direction and its exposure to one of Australia's most pressing structural themes: housing affordability. Aspen's portfolio of lifestyle and residential communities provides dwellings at prices significantly below the national median, with site rents well beneath government support thresholds - offering both social relevance and economic resilience. Over the period, Aspen completed a $70 million institutional placement and raised an additional $18 million via an oversubscribed Security Purchase Plan. Proceeds are earmarked to strengthen the balance sheet and fund selective acquisitions, including a flagged $20 million portfolio in Adelaide. The strength of investor demand reflected confidence in Aspen's scalable business model and disciplined capital deployment. With ongoing rental inflation, low vacancy rates, and constrained affordable housing supply, Aspen remains well positioned to grow earnings while delivering a defensive income stream supported by long-term demographic and economic tailwinds.

Clover Corporation Limited detracted from performance over the quarter (-1.15%), with the share price weighed down by lingering sector headwinds, including a still-subdued global infant formula market and uncertainty across ingredient supply chains. While market sentiment remained cautious, operational momentum continued to build. First-half FY25 results showed signs of meaningful recovery, with revenue up 38% year-on-year and a return to profitability. Although positive fundamentals began to be recognised post-quarter-end - with the share price rebounding sharply in July- investors remained cautious during the June quarter as they awaited evidence of sustained earnings growth.

Enero Group (EGG) detracted from performance over the quarter (-15.8%), with investor sentiment weighed down by macroeconomic uncertainty and trading conditions within the OBMedia business. The business reached an important inflection point shortly after quarter-end with the sale of its AdTech subsidiary, OBMedia. This divestment sharpens the group's strategic focus on its core agency portfolio - Hotwire Global, BMF, and Orchard - which continue to demonstrate differentiated value propositions, strong leadership, and global reputations for creative and client delivery excellence. While recent years have been challenging, we remain constructive on the underlying agency business, with EGG better positioned to deliver sustainable growth as a more streamlined pure-play media agency business.

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.

MORE INFORMATION

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