Perpetual Investment Funds

PERPETUAL BALANCED GROWTH FUND

August 2026

FUND FACTS

Investment objective: The fund aims to provide long-term capital growth and income through investment in a diversified portfolio with an emphasis on Australian and international share investments.

FUND BENEFITS

Provides investors with access to a diverse range of growth and income producing assets. Active management and asset allocation techniques are employed in order to further enhance the fund's return and manage risk.

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 consideredbefore 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: Balanced Growth Index (Internally generated composite)

Inception Date: October 1997

APIR: PER0063AU

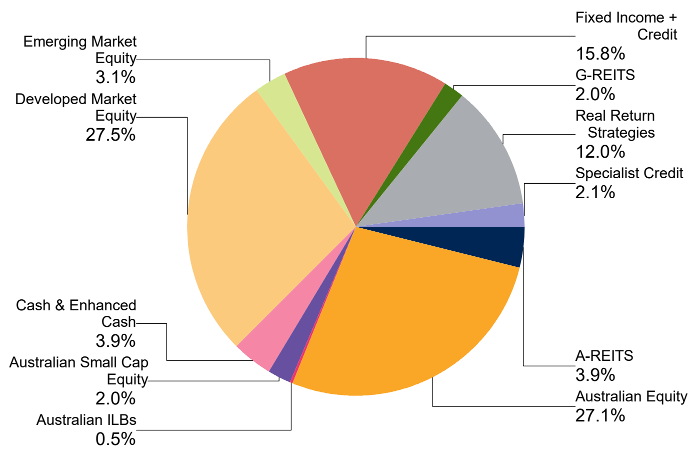
Management Fee: 1.04% p.a.

Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



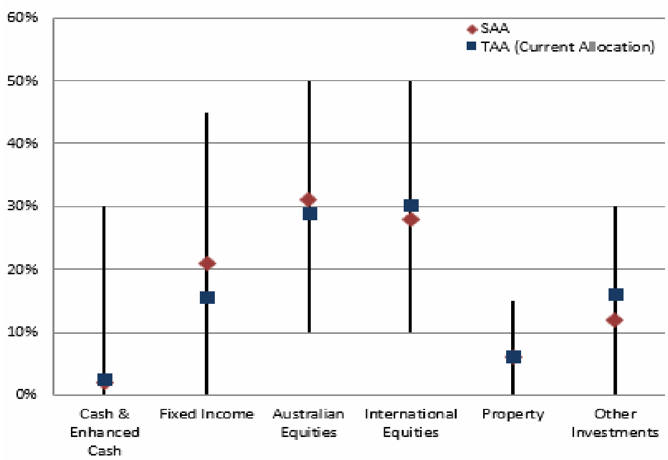
NET PERFORMANCE- periods ending 31 August 2026

	Fund	Benchmark	Excess
1 month	0.6	0.6	0.0
3 months	2.8	2.3	0.5
1 year	6.3	6.3	0.0
2 year p.a.	7.3	9.3	-1.9
3 year p.a.	7.5	10.7	-3.2
5 year p.a.	6.0	6.4	-0.4
10 year p.a.	7.0	8.1	-1.1
Since incep. p.a.	7.3	7.4	-0.1

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

ASSET ALLOCATIONS AND INVESTIBLE RANGES

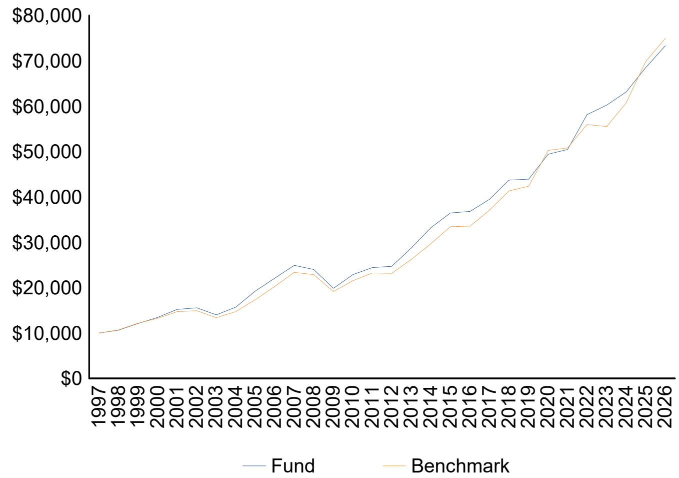
FUND TACTICAL AND STRATEGIC ALLOCATIONS INCLUDING ALLOWABLE MAXIMUM AND MINIMUM RANGES



STRATEGIC AND TACTICAL ASSET ALLOCATIONS

The Strategic Asset Allocation (SAA) is the neutral allocation acting as an anchor for active positioning, while the Tactical Asset Allocation (TAA) process adjusts the asset allocation according to market opportunities and risks.

GROWTH OF $10,000 SINCE INCEPTION



MARKET COMMENTARY

Global equity markets extended their advance through August even as government bond yields came under renewed pressure. Equity investors focused on strong corporate earnings and evidence that investment in artificial intelligence is translating into broader business spending. Government bond yields rose in major markets, with Australian, UK and US 10-year yields all pushing towards 15-year highs, as markets grappled with rising fiscal deficits, sticky inflation and the inflationary implications of a looming AI-driven data-centre investment boom.

- Global equities (+2.4%) and US equities (+2.7%) rallied, with gains evenly spread between the value and growth gauges (the MSCI World Value index and MSCI World Growth index were both up +2.4%).
- Japanese equities were among the strongest performers, with the Nikkei 225 (+3.1%) extending its exceptional 2026 gains, supported by a weaker Yen and the ongoing strength in semiconductor and other AI supply chain names.
- European equities were solid (Eurostoxx 50 index rose +1.0% which was its fifth consecutive monthly gain) but trailed the broader market as strong earnings were offset by a hawkish ECB tone and rising bond yields.
- UK equities also lagged, with the FTSE 100 (+0.2%) relatively flat even though the index has recorded seven monthly gains in 2026YTD. In August UK 10-year gilt yields pushed above 5% for the first time since 2008.
- Australian shares were resilient through a volatile reporting season, with the ASX 300 (+1.6%) extending its run of monthly gains, led by small caps, even as the Reserve Bank held rates steady and bond yields rose.
- Emerging markets were mixed (+1.9%) with markets exposed to AI supply chain including the TAIEX (+7.1%) and KOSPI 200 index (+2.5%) bouncing from losses in July, which helped both markets to outperform Chinese equities (1.0%)).
- Gold recorded its strongest monthly rise since January 2026 (+10.1%), as the resurgence of Middle East hostilities and continued central bank buying amplified the effect of the global duration selloff as investors sought alternative diversifiers.
- Government bond yields rose broadly across major markets. The US 10-year yield rose to 4.75% (highest level since January 2025) as investors became increasingly concerned about stubborn core inflation and the US Fed's reaction function. Yields in similar markets such as Australian & UK also experienced upward pressure on long-dated yields.

Geopolitical developments remained an important market theme throughout August. Oil prices initially eased through the first half of August on hopes of a durable US-Iran agreement to reopen shipping through the Strait of Hormuz, before reversing sharply as diplomatic efforts broke down and direct exchanges of fire between US and Iranian forces resumed in the final week of the month. The persistent risk of supply disruption continues to warrant a geopolitical risk premium in energy markets, though limited pass-through to broader inflation have so far allowed most central banks to remain patient, although September is shaping up as a month in which rates are expected to rise in both Japan and Europe, and potentially Australia.

The inflationary impact of higher energy and input costs saw monetary policy expectations shift over the month with markets increasingly pricing in further US Fed and RBA rate hikes. Fed Chair Warsh's Jackson Hole address in late August again offered no explicit forward guidance but reiterated the FOMC's discomfort with inflation running persistently above target, and markets have since increased the probability assigned to a September rate hike. The Reserve Bank of Australia left the cash rate unchanged at 4.35%, but stronger-than-expected July inflation and persistent capacity pressures increased market expectations of further tightening.

Following the coordinated intervention by U.S. and Japanese authorities to support the yen, U.S. Treasury Secretary Scott Bessent announced plans to significantly increase purchases of long-dated Treasury securities through an expanded buyback program as U.S. yields climbed to their highest level in nearly two decades .While framed as a measure to enhance market liquidity, the move reignited discussion around the sustainability of U.S. fiscal deficits and the longer-term outlook for the U.S. dollar.

US corporate earnings remained a key source of support, with the Q2'26 reporting season confirming very broad-based profit growth well in excess of nominal GDP growth across most sectors, while European and Japanese reporting seasons also tracked ahead of expectations. In the United States, earnings strength was concentrated in AI and energy, but there were also signs of improvement across aerospace and defence, luxury goods, personal care and medical equipment. The broader earnings profile is supportive for the Fund's bias towards a wider set of value-oriented, geographically diversified opportunities.

Within Australia, the economic picture was mixed. Nominal consumer spending remained solid, but real spending was subdued as sentiment stayed weak, unemployment edged higher and wages growth eased. Housing activity also softened, with major banks reporting declining mortgage applications. Against this backdrop, attention increasingly turned to the scale of Australia's coming AI-driven data-centre investment cycle, conservatively estimated at over $110bn over the next four years. Arriving into an economy already with a positive output gap and already-binding construction capacity in Queensland and Western Australia, which risks the investment boom crowding out spending in other sectors such as property, rather than expanding growth— a dynamic reminiscent of the 2010-12 mining boom — reinforcing the case for a higher-for-longer Reserve Bank cash rate and a firmer Australian dollar.

Positive stock selection among Australian equities was the key contributing factor to outperformance over the month. Strong performance from key overweights EVT limited, Ramsay Healthcare, and AMP limited contributed to outperformance. Underweight exposure to the major banks was also rewarded as margin pressure and softening property market weighed on results.

Global equity stock selection was a very slight detractor over the month with the Global Allocation Alpha Fund marginally underperforming its benchmark. The Fund continues to target less expensive parts of the global sharemarket in addition to providing greater sector and regional diversification relative to increasingly concentrated market weighted indices. The Fund's overweight exposure to global equities was constructive for relative performance as global equities rallied.

Global equity markets continue to be characterised by elevated valuations, concentrated index leadership and strong retail participation, particularly in the United States. While the investment opportunity set remains narrower than usual in the largest benchmark indices, recent reporting seasons have provided encouraging evidence that earnings growth is broadening beyond a handful of mega-cap companies. Europe and Japan are increasingly contributing to global profit growth, while a growing proportion of US companies are participating in the earnings expansion, supporting a more constructive medium-term outlook for risk assets.

We continue to manage downside risks by carefully managing exposure to the most expensive parts of the global equity and credit markets, and we have zero exposure to private markets given their liquidity and valuation risks, where a left-tail event could spark vulnerabilities and contagion. The Fund complements this with option protection where it has been attractively priced to implement. This includes cost-effective, layered S&P 500 put structures that risk only a low single-digit basis-point premium while delivering asymmetric protection across shallow, moderate and deep drawdown scenarios without requiring precise market timing.

The Fund's fixed income exposure is primarily focused on 10-year Australian government bonds alongside domestic credit and a small allocation to inflation linked bonds.

The Fund's position in the Perpetual Diversified Real Return Fund continues to deliver low volatility absolute returns while retaining a relatively low correlation to equity markets.

OUTLOOK

The outlook for markets remains finely balanced, with resilient global growth and earnings momentum offset by stretched valuations, elevated government bond issuance, higher bond yields and a rising risk premium attached to long-dated sovereign debt. Government bonds continue to offer diminished diversification benefits as yields rise in tandem with equities, reinforcing the importance of the Fund's alternative sources of portfolio protection. The Fund retains multiple embedded risk protections and sources of portfolio convexity. We continue to carefully manage the Fund's exposure to global equities and maintain diversity in regional and sector allocations.

The Balanced Growth Fund gains its exposure to Australian Shares by investing in an underlying Australian Share Fund/s which primarily invests in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. The investment guidelines showing the Fund's maximum investment in international shares do not include this potential additional exposure. Short positions may be part of the underlying Australian Share Fund's strategy. Currency hedges may be used from time to time.

MORE INFORMATION

Investor Services 1800 022 033
Email PerpetualUTqueries@cm.mpms.mufg.com
www.perpetual.com.au

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