

Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

August 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

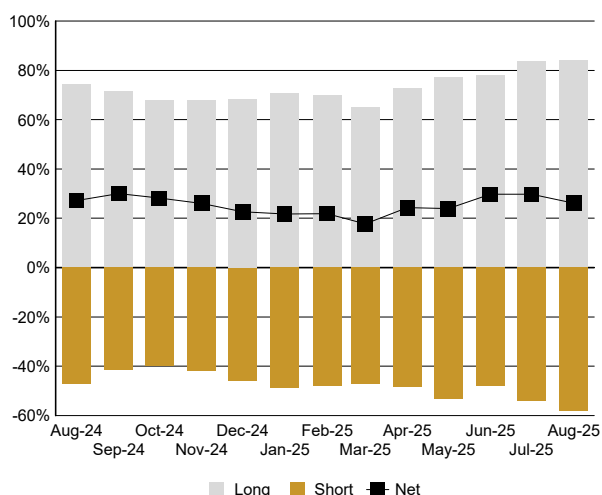
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification 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: \$296.43 million as at 30 Jun 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	6.9%
Servcorp Limited	5.2%
Cobram Estate Olives Ltd.	4.6%
Goodman Group	3.9%
Aspen Group Limited	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 31 August 2025

	Fund	RBA Cash Rate Index*
1 month	2.92	0.31
3 months	4.12	0.96
1 year	11.05	4.22
2 year p.a.	8.23	4.31
3 year p.a.	6.13	4.02
4 year p.a.	6.77	3.10
5 year p.a.	8.50	2.50
7 year p.a.	6.99	2.06
10 year p.a.	6.27	1.94
Since incep. p.a.	7.14	2.15

RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	4.7	-3.6	1.1
Consumer Discretionary	16.8	-10.6	6.2
Consumer Staples	8.2	-4.5	3.7
Energy	4.5	-1.5	2.9
Financials ex Property Trusts	7.0	-18.6	-11.7
Health Care	4.9	-1.4	3.5
Industrials	13.0	-7.5	5.5
Information Technology	0.0	-2.1	-2.1
Materials	7.3	-3.1	4.2
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	13.4	-2.6	10.8
Utilities	3.0	-1.0	2.0
Total	82.7	-56.5	26.2

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	19.8
Dividend Yield*	2.5%
Price / Book	2.6
Debt / Equity	44.2%
Return on Equity*	12.8%

^ 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

Australian equities advanced in August, with the ASX 300 gaining 3.16% to 9,019, its fifth consecutive monthly rise. The index briefly cracked the 9,000 mark for the first time on record before finishing the month just shy of that milestone. The gains came despite one of the most volatile reporting seasons in memory, where sharp swings in heavyweight stocks amplified market moves. High-profile downgrades at CSL, Woolworths, and James Hardie wiped billions from the index, while standout beats in retailers and select industrial names helped offset the gloom. Sector performance reflected these cross-currents. Materials (+9.4%) led the market, supported by diversified miners even as iron ore softened late in the month. Consumer Discretionary (+7.5%) and Staples (+2.5%) rallied on resilient retail earnings, while Real Estate (+4.7%) was buoyed by firm housing activity. Financials (+3.8%) remained a steady anchor, but Health Care (-12.9%) endured one of its sharpest reporting-season falls on record, with CSL's result triggering its steepest one-day decline since 1999. Communication Services (-7.7%) and Industrials (-4.5%) also lagged as earnings disappointed. Globally, sentiment was tested by U.S. policy developments. President Trump's renewed push for steep Federal Reserve rate cuts - and his attempts to dismiss a sitting governor - sparked concerns over central bank independence. Gold surged toward record highs, driving local producers sharply higher into month-end. While the broader market remained near all-time highs, the breadth of results underscored the risks of Australia's top-heavy index, where outsized moves in a handful of blue chips can shape overall performance. Dispersion in results underscored a market increasingly sensitive to earnings momentum and policy signals, leaving selective positioning critical heading into September.

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.

A2 Milk delivered standout performance in August, contributing +18.7% to the portfolio. The company's 21% rise in full-year profit, higher-than-expected results, and declaration of a special NZ\$300 million fully-franked dividend highlighted both its earnings power and cash generation capabilities. Management further strengthened the firm's position through strategic supply chain investment - namely the acquisition of the Pokeno manufacturing facility - to support future growth in China's infant milk formula market. Notably, A2 expanded its market position in China, growing China-label infant formula sales by 3.3% in a market down 5.6%. We remain optimistic about A2 Milk, given its strong balance sheet, disciplined capital management, and continued expansion across China and international markets, all of which provide a supportive backdrop for future growth.

Iluka Resources contributed positively to performance in August, finishing the month up +22.9%. The company reported half-year results that highlighted disciplined margin management despite ongoing softness in zircon markets, with sales strategies and cost controls helping preserve profitability. Investor sentiment was further supported by the announcement of a 15-year rare earths feedstock supply agreement with Lindian Resources, which underpins the long-term feedstock requirements for Iluka's Eneabba refinery. Construction of Eneabba continues toward its 2027 commissioning, positioning Iluka as a key player in the global rare earths supply chain. We remain constructive on Iluka given its strong balance sheet, valuable stake in Deterra Royalties, and the optionality provided by its rare earths strategy alongside its leading positions in rutile and zircon.

EVT Limited detracted from portfolio performance in August, finishing the month down -17.4%. The company's full-year results, released during the period, showed Group revenue and EBITDA growth but highlighted continued softness across its cinema operations. Entertainment admissions have been slower to recover than expected, and Australian and German Media revenues were weaker, reflecting variability in the blockbuster film pipeline and the timing of releases. While Hotels and Resorts delivered solid results - benefiting from higher occupancy rates and improved revenue per room - these gains were insufficient to offset the drag from entertainment. Investor sentiment was also impacted by the limited visibility on near-term catalysts, with the box office recovery proving uneven and management cautious on the timing of further asset divestments. Despite these headwinds, EVT's property and hotel portfolio remains a source of embedded value, and its strong balance sheet provides flexibility through periods of softer cinema trading. We continue to see scope for earnings recovery over time as the film slate normalises and operating leverage in the cinema business becomes more evident, though near-term performance is likely to remain influenced by the volatility of entertainment revenues.

Flutter Entertainment slipped -0.04% in August, modestly detracting from portfolio returns despite ongoing strength in its U.S. operations. FanDuel remains the clear market leader in online sports betting and iGaming, supporting continued earnings growth through scale efficiencies and operational leverage. However, shares softened after Q2 results: while adjusted EPS rose 45% and revenue grew 16%, investor reaction was muted following a period of strong performance earlier in the year. Sentiment was further pressured by the company's decision to exit real-money gaming operations in India due to regulatory changes, removing an estimated ~\$200 million in revenue and \$50 million in adjusted EBITDA for 2025. Despite these near-term setbacks, Flutter retains significant long-term growth potential, particularly as U.S. market regulation expands.

OUTLOOK

Markets approach September with gains intact but vulnerabilities rising. Reporting season underscored resilient consumer demand yet highlighted stretched margins and record earnings volatility, leaving investors quick to rotate across sectors. Globally, leadership remains narrow, with U.S. technology names still driving indices even as profit-taking shows sentiment is fragile. Political risks have grown, with President Trump's push for steep rate cuts unsettling confidence in the Federal Reserve's independence and sending gold to near record highs. Meanwhile, the U.S. dollar has softened and the Australian dollar found support from firmer inflation prints. Valuations remain near historical extremes, suggesting asymmetric downside risk. Past cycles indicate such peaks often coincide with turning points in capital flows, with investors rotating toward regions and styles offering better value. Against this backdrop, policy uncertainty, tariffs, and slowing earnings momentum argue for caution, but also create dispersion. For active managers, this widening opportunity set reinforces the importance of valuation discipline and selective positioning as leadership broadens beyond the narrow cohort that has dominated much of 2025.

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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