

INSTITUTIONAL UPDATE

September 2025



AUSTRALIAN EQUITIES STRATEGIES

Australian equities navigated a turbulent quarter marked by shifting policy expectations and stark performance divergence, ultimately rising almost 5% through the period. The market's resilience was tested through one of the most volatile reporting seasons in recent memory, where sharp swings in heavyweight stocks underscored the risks inherent in a top-heavy market structure. While the ASX briefly touched record highs in early July and sustained momentum through August, September's pullback reflected a fundamental reassessment of the macroeconomic landscape. The domestic economy proved more resilient than anticipated, with stronger consumption and household spending challenging forecasts for an extended easing cycle, while inflation data exceeded expectations and prompted markets to narrow rate cut assumptions. This backdrop of elevated valuations, bifurcated central bank messaging, and geopolitical tensions created a complex environment where selectivity proved critical. Sector performance reflected these cross-currents, with Materials rising over 20% while Financials gained only 1.3%, marking a significant rotation in market leadership. Healthcare endured one of its sharpest falls on record following CSL's high-profile disappointment. Consumer sectors delivered resilient performance supported by retail earnings beats, while gold producers posted exceptional gains as safe-haven demand surged amid concerns over fiscal sustainability and central bank independence. Global developments added complexity, with U.S. policy uncertainty around Federal Reserve independence and tariff timelines testing sentiment, though trade agreements and artificial intelligence infrastructure investment provided support. The confluence of earnings momentum, policy signals, and geopolitical developments left markets increasingly sensitive to data surprises, with selective positioning emerging as essential heading into the final quarter.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual Australian Share Fund	-2.4	2.1	10.8	3.8	9.8	10.5	12.8	8.3	9.0
S&P/ASX 300 Accumulation Index	-0.7	5.0	14.9	10.8	16.1	15.0	12.9	9.2	10.1
Excess	-1.8	-2.8	-4.2	-6.9	-6.3	-4.5	-0.1	-1.0	-1.2
Perpetual Concentrated Equity Fund	-2.3	2.7	10.5	4.4	10.2	11.2	14.3	8.2	9.3
S&P/ASX 300 Accumulation Index	-0.7	5.0	14.9	10.8	16.1	15.0	12.9	9.2	10.1
Excess	-1.6	-2.3	-4.5	-6.3	-5.9	-3.8	+1.4	-1.0	-0.8
Perpetual ESG Australian Share Fund - Class A	-4.2	1.5	9.4	8.3	13.6	13.8	14.9	9.9	10.3
S&P/ASX 300 Accumulation Index	-0.7	5.0	14.9	10.8	16.1	15.0	12.9	9.2	10.1
Excess	-3.5	-3.4	-5.6	-2.5	-2.5	-1.2	+2.1	+0.7	+0.2
Perpetual Pure Equity Alpha Fund - Class A	0.1	4.7	9.3	12.2	11.0	8.6	11.7	9.8	9.0
RBA Cash Rate Index	0.3	0.9	1.9	4.2	4.3	4.1	2.6	2.1	2.0
Excess	-0.2	+3.8	+7.3	+8.1	+6.7	+4.6	+9.1	+7.7	+7.1
Perpetual Share-Plus Long-Short Fund	-1.6	6.3	15.1	10.6	14.6	12.9	16.6	10.9	10.9
S&P/ASX 300 Accumulation Index	-0.7	5.0	14.9	10.8	16.1	15.0	12.9	9.2	10.1
Excess	-0.9	+1.3	+0.2	-0.1	-1.5	-2.1	+3.7	+1.6	+0.8
Perpetual Smaller Companies Fund	1.6	13.2	23.7	21.4	15.8	12.5	14.9	11.9	12.4
S&P/ASX Small Ordinaries Accumulation Index	3.4	15.3	25.3	21.5	20.1	15.5	9.3	6.6	9.6
Excess	-1.9	-2.1	-1.5	-0.1	-4.3	-3.1	+5.6	+5.3	+2.7
Perpetual Strategic Capital Fund - Class S	-3.7	0.2	11.5	6.1	-	-	-	-	-
S&P/ASX 300 Accumulation Index	-0.7	5.0	14.9	10.8	-	-	-	-	-
Excess	-3.0	-4.8	-3.4	-4.6	-	-	-	-	-

GLOBAL EQUITIES STRATEGIES

Looking back, the third quarter extended the remarkable rebound that began in April. Equity markets powered to fresh all-time highs despite a backdrop that was anything but calm. In the U.S., returns were meaningfully positive—the S&P 500 advanced 8.1%, the Nasdaq surged 11.4%, and the Russell 2000 jumped 12.4%, marking its best quarter since 2023. Non-U.S. developed markets continued their positive ascent for the year but lagged the U.S. with the MSCI World ex-U.S. Index up 5.3%. Conversely, emerging markets was the strongest region, with the MSCI Emerging Markets Index up 10.6%, hitting new highs for the gauge of developing markets in what has been a strong year thus far. As we have seen in past quarters, as markets focus more on growth and artificial intelligence themes, the market tends to narrow. We saw this again this quarter not only on a sector basis, as noted further below, but also from an overall market basis. In the quarter the MSCI World Index returned 7.3% while the MSCI World Equal Weighted Index returned 4.5%. Looking at a key theme that drove the market, AI/Big Data, the Indxx Artificial Intelligence and Big Data Index was up 13.2% in the quarter, driving nearly half of its year-to-date return of 28.5%. With large index weightings in stocks such as Alibaba Group Holding Limited (+63%), Tesla, Inc. (+40%), Alphabet Inc. (+37%), and Tencent Holdings Ltd. (+33%), the outperformance does not come as too much of a surprise but the magnitude of the returns in one quarter for these securities is very meaningful and does plant in investors' minds the seed of "bubble" territory for the theme as a whole.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Barrow Hanley Emerging Markets Fund	4.7	10.5	22.4	27.1	16.8	-	-	-	-
MSCI Emerging Markets Net Total Return (AUD)	5.8	9.4	16.5	22.8	20.0	-	-	-	-
Excess	-1.1	+1.1	+5.9	+4.2	-3.2	-	-	-	-
Barrow Hanley Global Share Fund - Class A	1.4	3.8	5.8	18.4	17.5	19.3	17.6	13.2	12.8
MSCI World Net Total Return Index (\$A)	1.9	6.1	12.4	22.7	23.0	22.5	16.2	13.4	13.1
Excess	-0.5	-2.2	-6.6	-4.3	-5.5	-3.1	+1.4	-0.2	-0.3

CASH & FIXED INCOME STRATEGIES

The September quarter brought cautious optimism, reflecting resilient corporate earnings, economic and labour data alongside intransigent inflation print.

Domestic bond yields moved marginally higher along the curve over the September quarter. Ten year yields rose just 14 bps as the curve flattened marginally. The Reserve Bank of Australia (RBA) cut rates for the third time this year in August, signalling cautious optimism amid lowered GDP forecasts and steady inflation despite some component specific pricing spikes. Globally, yield curves steepened marginally, with short end rallies reflecting softer than expected US labour data, the Fed's first rate cut since November 2024 and dovish commentary from Fed chair Powell at the Jackson Hole symposium.

Domestic credit spreads ground tighter over the quarter, narrowing on aggregate each month. Spreads benefitted from a confluence of factors including corporate earnings results, monetary policy tailwinds alongside US jobs and CPI data. August's corporate earnings season results were resilient with soft revenue growth offset by improved margin discipline. Infrastructure and utilities names performed well alongside subordinated bank paper. Swap to bond spreads moved further into negative territory through July and August before returning to within range of their Q2 level.

Primary issuance was robust through the third quarter, highlighted by increased kangaroo issuance volumes as opportunistic issuers came to market to take advantage of healthy demand for new issues.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual High Grade Floating Rate Fund	0.5	1.6	2.9	5.9	6.2	6.1	4.0	3.6	3.5
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.9	4.2	4.3	4.1	2.5	2.1	2.1
Excess	+0.2	+0.7	+0.9	+1.8	+2.0	+2.0	+1.5	+1.5	+1.5
Perpetual Credit Income Fund	0.7	2.2	3.3	6.9	8.1	8.1	5.5	4.8	4.8
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.9	4.2	4.3	4.1	2.5	2.1	2.1
Excess	+0.4	+1.3	+1.3	+2.7	+3.8	+4.0	+3.0	+2.7	+2.7
Perpetual Active Fixed Interest Fund	0.2	0.9	3.9	5.6	7.4	6.1	1.0	2.8	3.2
Bloomberg AusBond Composite Index	0.1	0.4	3.0	4.1	5.6	4.2	-0.2	1.8	2.1
Excess	+0.1	+0.5	+0.9	+1.5	+1.8	+1.9	+1.2	+1.0	+1.1
Perpetual ESG Credit Income Fund- Class A	0.7	2.3	3.9	7.7	8.6	8.5	5.8	4.9	-
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.9	4.2	4.3	4.1	2.5	2.1	-
Excess	+0.4	+1.4	+2.0	+3.5	+4.3	+4.5	+3.3	+2.8	-
Perpetual Pure Credit Alpha Fund - Class W	0.7	2.4	3.6	7.6	8.6	8.8	6.9	5.9	6.1
RBA Cash Rate Index	0.3	0.9	1.9	4.2	4.3	4.1	2.6	2.1	2.0
Excess	+0.4	+1.4	+1.7	+3.4	+4.3	+4.7	+4.4	+3.8	+4.2

MULTI-ASSET STRATEGIES

The September quarter saw robust returns across risk assets, supported by moderating trade tensions, stronger than anticipated corporate earnings, AI exuberance and easing monetary policy. This was in spite of softer macroeconomic data including growing signs of weakness in US labour markets.

- Global Equities (+7.6%) rallied, buoyed by US stocks (+8.1%). US equities recovered well from elevated volatility around the release of July non-farm payrolls and navigated elevated bond market volatility in September. Growth sectors and securities materially outperformed value, supported by falling discount rates and AI optimism.

- Australian Shares (+5.0%) rallied, while underperforming the broader developed market. Australian shares declined in September as higher than expected inflation and Q2 GDP reduced the likelihood of further near-term rate cuts.

- UK equities (+7.5%) rallied with large cap multinational stocks benefitting from the improved global economic outlook despite ongoing domestic inflation challenges.

- European equities (+4.6%) lagged the broader developed markets with German shares (-0.1%) declining.

- Emerging markets (+12.5%) performed well, led by China (+19.8%) benefitting from the softening US dollar and easing trade tensions including concessions around AI chips.

- Bond markets were mixed over the quarter. US bond yields rallied and the yield curve flattened over the quarter as investors priced in further rate cuts from the Fed. UK bonds yields rose reflecting sticky inflation and fiscal concerns.

- Gold (+16.4%) extended its rally, reaching another record high in September, reflecting geopolitical and economic uncertainty and the softening US dollar.

MORE INFORMATION

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* Due to CPI data being released by the Australian Bureau of Statistics later in the month after quarter end, CPI figures reported are lagged by one month.
