

Implemented Australian Share Portfolio

Fund facts

APIR code	PER0708AU
Inception date	9 December 2013
Asset class	Domestic Equities
Investment style	Multi manager blend
Benchmark	S&P/ASX 300 Accumulation index
Suggested length of investment	Five years or more
Unit pricing frequency	Daily
Distribution frequency	Quarterly
Legal type	Unit trust
Product type	Wholesale Managed Investment Scheme
Status	Open
Management fee*(%)	0.90%
Buy/Sell spread	0.26% / 0.00% as at September 2025
Issuer	Perpetual Investment Management Limited

*Additional fees and costs generally apply. Please refer to the Product Disclosure Statement for further details.

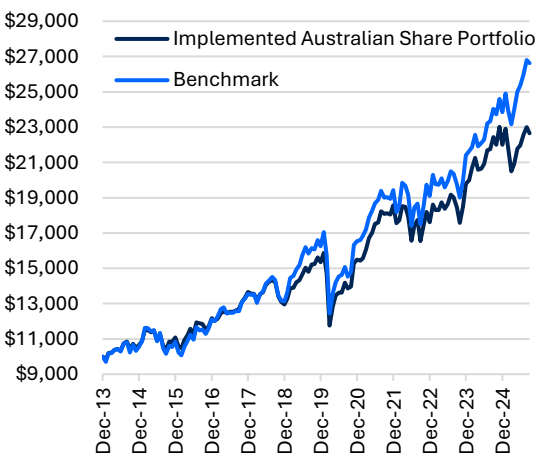
Investment objective

To provide investors with long term capital growth and income through investment in a diversified portfolio of Australian shares. To outperform the stated benchmark over rolling three-year periods.

Benefits

Provides investors with the potential for maximising capital growth and income, with broad market exposure.

Growth of \$10,000 since inception



Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance.

Net performance

As at September 2025

Returns	1M	3M	1YR	3YR	5YR	S/I*
Total return	-1.5%	3.1%	0.9%	11.0%	10.3%	7.5%
Growth return	-1.9%	2.8%	-0.7%	7.3%	3.0%	1.9%
Distribution return	0.3%	0.4%	1.6%	3.7%	7.4%	5.6%
Benchmark	-0.7%	5.0%	10.8%	15.0%	12.9%	9.0%
Excess Return	-0.9%	-1.9%	-9.8%	-4.0%	-2.5%	-1.5%

Source: State Street. Performance shown is net of all fees and transaction costs. Past performance is not indicative of future performance. *Since Inception

Top 10 stock holdings

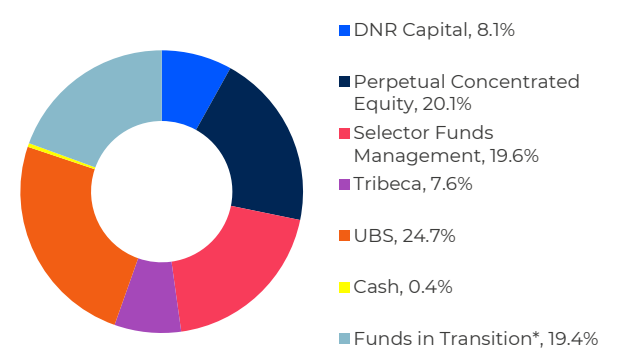
As at September 2025

Stock	Weight	Country
Commonwealth Bank	8.2%	Australia
BHP Group Limited	6.8%	Australia
Westpac Banking Corporation	3.6%	Australia
National Australia Bank	3.6%	Australia
CSL Limited	3.1%	Australia
ANZ Banking Group	3.1%	Australia
Wesfarmers	2.9%	Australia
Aristocrat Leisure	2.5%	Australia
Goodman Group	2.3%	Australia
Soul Pattinson	2.0%	Australia
Total Top 10 Holdings %	38.1%	

Source(s): State Street, FactSet

Portfolio exposure by manager

As at September 2025



Source(s): State Street, FactSet. *Funds are fully equitized through investment in S&P/ASX200 (SPI) Futures under the current manager transition agreement.

Investment approach

A multi-manager framework is utilised, where several specialist investment managers are selected to form a diverse and complementary mix of investment strategies and styles. This can help reduce volatility by avoiding over exposure to a particular specialist investment manager. Derivatives may be used in managing the portfolio.

Investment strategy

The strategy is biased towards utilising managers who are fundamental bottom-up stock pickers, have a repeatable investment process, operate within an appropriate risk management framework and operate in an aligned and stable organisational structure. We believe these factors best deliver a stable outcome of returns within a multi-manager framework.

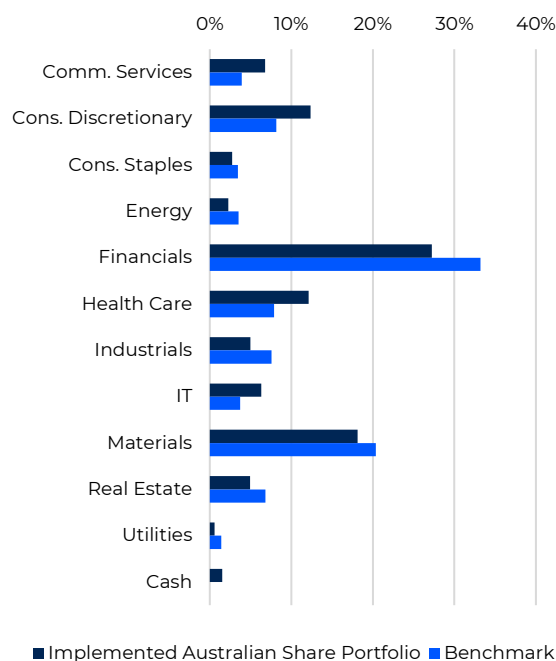
The Implemented Australian Share Portfolio uses broad market managers that invest across the entire market capitalisation spectrum of the domestic equity market. Their portfolios tend to be concentrated in nature and hold anywhere between 30-50 companies. This allows for the portfolio to access these managers' high conviction stock picking decisions. This lowers the degree of overlap across securities in each portfolio and lowers the risk of over diversification.

The portfolio will also typically use one to two specialist managers with focused strategies across the small company segment of the domestic share market. This is a relatively inefficient part of the domestic sharemarket where we feel a targeted and specialist approach is warranted. The exposure to small company specialist managers as a whole is typically held in line with the exposure of the small company segment of the sharemarket to the overall sharemarket by capitalisation.

The portfolio blends the above-mentioned group of managers, targeting managers who have a long term and consistent track record, are expected to continue to deliver on this track record, and whose investment styles complement each other well.

Sector exposures

As at September 2025



Source(s): State Street, FactSet.

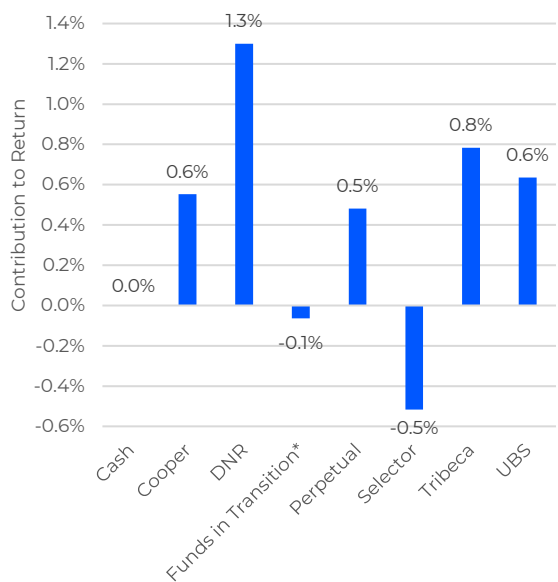
Manager line-up and approach

As at September 2025

Manager	Approach
DNR Capital	Concentrated small company portfolio, fundamental bottom-up stock selection.
Perpetual Investments Concentrated Equity	High conviction portfolio, fundamental bottom-up stock selection.
Selector Funds Management	High conviction portfolio, benchmark agnostic, fundamental bottom-up stock selection.
Tribeca Investment Partners	Small cap style neutral manager, diversified portfolio, fundamental bottom-up stock selection.
UBS Asset Management (Australia)	Passive ASX20 mandate.

Contribution by manager

Quarter to September 2025



Source(s): State Street, FactSet. *Funds are fully equitized through investment in S&P/ASX200 (SPI) Futures under the current manager transition agreement.

Market Commentary

Australian shares delivered solid gains over the September quarter. The S&P/ASX 300 rose 5.0%¹, extending the market's recovery from April's "Liberation Day" lows. Over the 12 months to 30 September, the index returned 10.8%. Smaller companies were the standouts, with the ASX Small Ordinaries climbing 15.3%² for the quarter and 21.5% year-on-year, supported by strong flows into emerging resource names and a boost from lower interest rates.

Macro conditions provided a mixed backdrop. The Reserve Bank of Australia cut rates by 25 bps in August, taking the cash rate to 3.60%. However, inflation picked up with monthly headline CPI rising to 3.0%³ year-on-year in August, its highest level in the past 12 months. Stronger-than-expected GDP growth in Q2, driven by the fastest household spending increase in three years, also tempered expectations for near-term easing. Employment data showed signs of softening, with weaker jobs growth leading unemployment to record a modest uptick. Still, Governor Bullock stressed in her September parliamentary statement that "while labour market conditions have eased a little...we assess that some tightness remains," underscoring the RBA's view that the jobs market is cooling only gradually.

At the sector level, performance was uneven. Materials (+21.2%⁴) were the clear standout, buoyed by a sharp rally in gold miners and renewed strength across base metals. Consumer Discretionary (+9.6%⁵) posted robust gains, aided by resilient household spending and a strong earnings season for retailers. Utilities (+11.4%⁶) also delivered double-digit gains, with the sector's performance largely driven by strong results and corporate developments at Origin Energy.

By contrast, Energy (-1.0%⁷) underperformed, dragged lower by the collapse of a takeover bid for Santos, which weighed on the broader sector. Health Care (-9.7%⁸) was another notable laggard, pressured by weakness in CSL and broader sector headwinds after the Trump administration announced 100% tariffs on imported pharmaceutical products. Consumer Staples (-1.4%⁹) also fell, with the decline led by Woolworths after its softer-than-expected results.

Financials ex-REITs managed a modest 1.3%¹⁰ gain, with most of the major banks contributing positively. Commonwealth Bank was the notable exception, underperforming on valuation grounds after a strong run earlier in the year. Technology shares also delivered a muted return (+2.2%¹¹), with gains constrained by weakness in sector heavyweights WiseTech and Xero, which offset broader strength in the smaller end of the sector.

From a style perspective, Value outperformed Growth in the quarter (+8.8%¹² vs -3.9%¹³), largely reflecting the outsized strength in commodity and resource-linked names.

¹ As measured by the S&P/ASX 300 – Total Return index

² As measured by the S&P/ASX Small Ordinaries – Total Return index

³ Australian Bureau of Statistics (ABS), National Accounts, and Consumer Price index

⁴ As measured by the S&P/ASX 300 Materials (Sector) – Total Return index

⁵ As measured by the S&P/ASX 300 Consumer Discretionary (Sector) – Total Return index

⁶ As measured by the S&P/ASX 300 Utilities (Sector) – Total Return index

⁷ As measured by the S&P/ASX 300 Energy (Sector) – Total Return index

⁸ As measured by the S&P/ASX 300 Health Care (Sector) – Total Return index

⁹ As measured by the S&P/ASX 300 Consumer Staples (Sector) – Total Return index

¹⁰ As measured by the S&P/ASX 300 Financials ex-REITs (Sector) – Total Return index

¹¹ As measured by the S&P/ASX 300 Information Technology (Sector) – Total Return index

¹² As measured by the MSCI Australia Value – Net Return index

¹³ As measured by the MSCI Australia Growth – Net Return index

Portfolio Commentary

The Perpetual Implemented Australian Share Portfolio underperformed its benchmark in the third quarter on a net of fees basis.

Cooper Investors mandate was terminated in early August, with the balance handed over to Citibank, where the funds have been fully equitized through investment in S&P/ASX200 (SPI) Futures and are being held temporarily until a replacement manager is appointed. Cooper Investors underperformed the benchmark over the $\approx$ 1 month period that we remained invested with them, largely due to stock selection. Key detractors were Light & Wonder, SGH, Reece, Macquarie Bank, NAB and Sigma Healthcare.

DNR outperformed their Small Ordinaries benchmark for Q3. At the sector level, they benefited most from a strong overweight to the Technology sector, while also holding very little exposure to the Healthcare sector and no Real Estate stocks. Key stock contributors were Life360, Pilbara Minerals, Zip, Eagers Automotive, Capricorn Metals and Lontown Resources. While key detractors were Guzman y Gomez, Netwealth Group, Pinnacle Investment Management and Technology One.

Perpetual Concentrated Equity underperformed the benchmark over Q3. The primary detractor was stock selection within Financials, Materials, Industrials and Communication Services sectors. Key detractors were EVT Ltd, Light & Wonder, Soul Patts, Ramsay Healthcare and Myer Holdings. While key contributors were Newmont Corporation, Nick Scali, Eagers Automotive and GPT Group, as well as being underweight to CBA and CSL.

Selector Funds Management underperformed their benchmark over Q3. Being our growth manager, they faced stylistic headwinds, with Growth stocks underperforming value stocks by 13% over the quarter. Another key detractor accounting for the majority of their underperformance was that the strategy has no exposure to Resources stocks, noting the Materials sector (+21%) was the best performing sector. The strategy was also materially overweight to Healthcare (-10%), which was conversely the worst performing sector. Key stock detractors were James Hardie, Telix Pharmaceuticals, Wisetech Global, Technology One, Reece and Cochlear. While key contributors were Infomedia, Seek, FINEOS Corporation and ARB Corporation.

Tribeca underperformed their Small Ordinaries benchmark for Q3. The drivers were more stock specific. Key stock contributors were GD Culture Group, Genesis Minerals, Life360, Ramelius Resources, Eagers Automotive, Zip and Tabcorp Holdings. While key stock detractors were Boss Energy, Karoon Energy, Develop Global, HMC Capital, Soul Patts, Telix Pharmaceuticals, Eureka Group and GQG Partners.

UBS are running a passive ASX20 indexing strategy and have delivered a return of 2.8% for the quarter, which on an absolute basis has underperformed the Implemented Australian Share Portfolio's ASX300 benchmark by 2.2%. Key contributors were Westpac, ANZ, NAB, BHP, Fortescue, Rio Tinto and Wesfarmers. While the key detractors were CBA, CSL, QBE Insurance, Woolworths and Wisetech Global.

Manager Insights and Outlook

Heading into the September quarter, we were cautious on the outlook for Australian shares. Valuations across many areas of the market were already elevated, and while the prospect of lower interest rates provided a supportive backdrop, expectations for policy easing had run ahead of reality. By July, markets were pricing in two additional RBA cuts by year-end, which left little margin for disappointment. Against this backdrop, we anticipated heightened volatility during reporting season and positioned the portfolio with a style-neutral stance, while maintaining a modest underweight to the larger-cap segment of the market, particularly the banks, where valuations appeared stretched.

As expected, the August reporting season was highly volatile. Earnings downgrades outpaced upgrades by roughly three to one, and the market proved hypersensitive to results that fell short. Companies that missed expectations often experienced a sharp decline in value, while those that beat expectations were rewarded only modestly. Intra-day swings were more than double the long-term average, with nearly half of companies moving by more than 5% on their results day. Despite this, the broader market pushed higher, with the S&P/ASX 300 briefly flirting with the 9,000 level for the first time.

At the same time, several factors supported investor sentiment. The RBA delivered its third rate cut of the year in August, while indicators such as consumer and business confidence, retail sales, and house prices showed improvement. These dynamics helped sustain risk appetite and drove strong rotation into smaller companies, which outperformed large caps by more than 10% over the quarter and by a similar margin over the year. A key driver within small caps was the sharp rally in gold miners and with gold prices trading at all-time highs, which now account for around 15% of the Small Ordinaries index.

From a style perspective, there was also a marked shift. Value stocks significantly outperformed growth, as more richly priced companies came under greater pressure to deliver against elevated expectations. This rotation aligns with our preference to look further down the market-cap spectrum, where companies often present more compelling opportunities at more reasonable valuations.

Looking ahead, we remain somewhat cautious. Equity markets continue to trade near record highs and at premiums relative to history. A steady flow of capital from a variety of investors, including institutional superannuation funds, offshore investors attracted by Australia's relative stability, and retail allocations into ASX-listed ETFs, has provided an important source of support for equities, even as earnings growth has been underwhelming. While these flows and improving sentiment remain supportive in the near term, we believe a correction back towards more sustainable valuation levels is a distinct possibility, particularly if macro conditions soften or inflation proves sticky.

Against this backdrop, our portfolio remains broadly style-neutral with us continuing to look primarily towards select opportunities among mid- and small-cap companies. These are the segments we expect to be the prime beneficiaries of lower interest rates and where we continue to find more attractive risk-reward opportunities.

More information

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