

Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

September 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

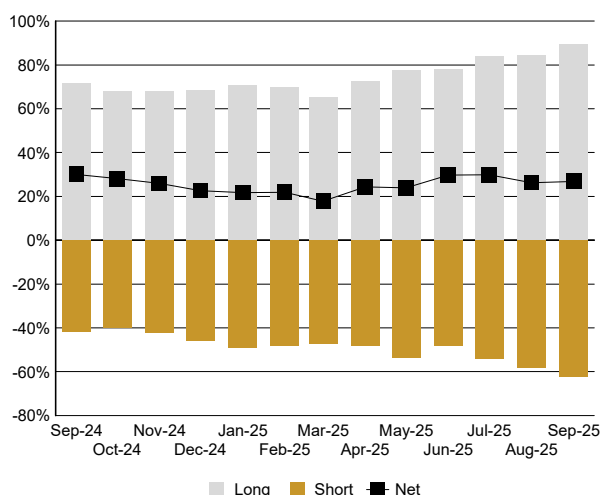
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification 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: Sean Roger & Anthony Aboud
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
Washington H. Soul Patt.	7.0%
Flutter Entertainment Plc	5.7%
News Corporation	4.8%
Cobram Estate Olives Ltd.	4.7%
Servcorp Limited	4.2%

* 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 30 September 2025

	Fund	RBA Cash Rate Index*
1 month	0.06	0.30
3 months	3.65	0.94
1 year	9.70	4.16
2 year p.a.	8.76	4.29
3 year p.a.	6.43	4.05
4 year p.a.	6.16	3.18
5 year p.a.	8.47	2.56
7 year p.a.	6.83	2.09
10 year p.a.	6.22	1.95
Since incep. p.a.	7.10	2.16

RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	8.1	-2.5	5.5
Consumer Discretionary	14.6	-11.6	3.0
Consumer Staples	8.2	-7.2	1.0
Energy	4.1	-1.3	2.8
Financials ex Property Trusts	11.1	-18.5	-7.4
Health Care	4.3	-2.1	2.2
Industrials	12.9	-7.3	5.5
Information Technology	0.0	-2.3	-2.3
Materials	9.0	-3.8	5.2
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	12.4	-3.1	9.3
Utilities	3.0	-1.1	1.9
Total	87.7	-60.8	26.8

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	19.1
Dividend Yield*	2.7%
Price / Book	2.3
Debt / Equity	42.3%
Return on Equity*	12.4%

^ 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 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. 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. 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.

PORTFOLIO COMMENTARY

The portfolio's largest positions include Washington H Soul Pattinson, Flutter Entertainment Plc and News Corporation. Conversely, the portfolio's largest short positions vary across sectors but include selected Financials, Consumer Staples and Infrastructure names. Aspen Group outperformed the broader market over the quarter (+7.8%) with the quality of management recently highlighted by the opportunistic acquisition of a greenfield master plan community site in Wallaroo, South Australia. The asset which was secured out of administration at an attractive entry price, represents a strategic expansion into a coastal location with significant council infrastructure investment already in place. The development plan encompasses land lease sites, build-to-rent dwellings, and traditional land lots, with early-stage engagement from local council suggesting a constructive approval pathway. While income generation remains several years out, the transaction demonstrates Aspen's ability to source accretive off-market opportunities in supply-constrained regional markets. The company's disciplined capital allocation and focus on scalable developments across key growth corridors positions it well to capitalise on sustained structural tailwinds in the residential accommodation sector.

Glencore contributed to fund performance after recently being added to the fund, up over 20% for the quarter. Glencore offers selective exposure that can only be found offshore with a unique commodity mix and potential earnings growth outlook. Glencore is one of the major commodity trading houses, with earnings generated from both trading commodities, as well as its significant mining operations in copper, zinc, met coal, thermal coal and a number of other smaller contributors. Within this mix, the key drivers are trading, copper and coal prices. Coal markets have been declining for over 3 years and are working through a process of bottoming and rebalancing, involving the exiting of high cost marginal supply and some slowly emerging new sources of demand. Even a modest recovery in coal prices can drive a significant increase in earnings and free cash flow, which we expect will see Glencore use to lift shareholder returns. Glencore's copper business is also attractive over both the short and long term. Copper prices have shown strength this year, with LME copper prices ~9% higher than a year ago. Longer term, Glencore has a pipeline of greenfield and brownfield copper projects that could lift production even further under the right pricing environment.

EVT Limited detracted from portfolio performance over the September quarter finishing the period down -20.2%. 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. 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.

Premier underperformed the market over the quarter with the stock down -4.8%. Premier is undergoing a transition post divestment of Apparel Brands to Myer in January 2025. The continuing operations of Premier Retail are Peter Alexander and Smiggle. Peter Alexander is growing very strongly with sales more than double that generated six years ago. It is impressive to see no pull back in sales momentum post COVID, unlike many retailers that experienced a temporary spike in demand followed by a large retreat. Weaker Smiggle sales offset Peter Alexander strength in FY25, leaving Premier's retail sales growth relatively flat.

OUTLOOK

Markets enter the final quarter with gains intact but underlying tensions building. Recent months have revealed sharp sector rotation and elevated post-result volatility, as resilient consumer demand collides with margin pressures and persistent inflation. Australian household spending has proved surprisingly robust, challenging expectations for an extended easing cycle, while globally, leadership remains concentrated in technology names despite growing fragility in sentiment. Political risks have intensified as questions around central bank independence drive gold near record highs and weigh on the US dollar. Valuations now sit near historical extremes, suggesting asymmetric downside risk at a time when policy uncertainty, tariff disruptions, and moderating earnings momentum argue for caution. Looking ahead, markets face a more complex growth backdrop. The US commands attention given elevated equity valuations and deficit concerns. Europe confronts weak business conditions and tariff headwinds, while China's stabilisation depends on sustained policy support amid cooling consumption. Domestically, growth is expected to remain subdued as the economy absorbs tighter policy settings. Navigating this environment requires discipline and patience as investors assess shifting market leadership and an increasingly uneven path forward.

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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