

PERPETUAL GLOBAL ALLOCATION ALPHA FUND

September 2025

FUND FACTS

Investment objective: Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

FUND BENEFITS

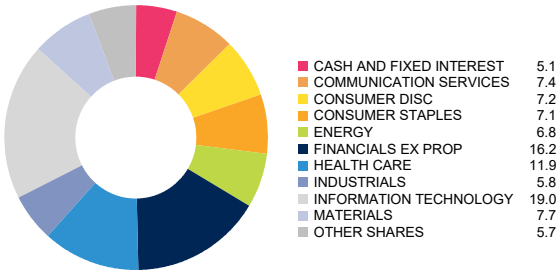
Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment teams.

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.

Benchmark: MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022
Inception Date: March 1999
Size of Portfolio: \$69.85 million as at 30 Jun 2025
APIR: PER0066AU
Management Fee: 0.55%*
Investment style: Active, fundamental, disciplined, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

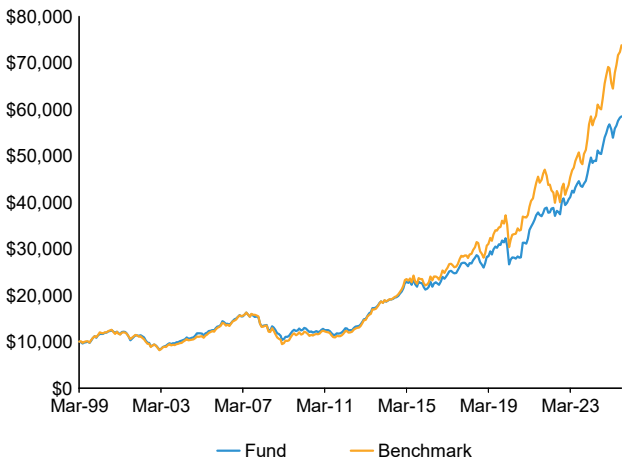
	% of Portfolio
Microsoft Corporation	3.4%
Apple Inc.	2.7%
NVIDIA Corporation	2.2%
Alphabet Inc.	1.9%
Broadcom Inc.	1.5%
Amazon.com, Inc.	1.1%
Meta Platforms Inc	1.0%
Exxon Mobil Corporation	1.0%
Chevron Corporation	0.9%
Roche Holding Ltd	0.9%

PERFORMANCE- periods ending 30 September 2025

	Fund	Historical ¹ Performance	Benchmark	Excess
1 month	0.45	-	1.99	-1.55
3 months	3.60	-	6.14	-2.54
1 year	16.17	-	23.03	-6.86
2 year p.a.	15.92	-	23.12	-7.20
3 year p.a.	16.11	-	22.63	-6.52
4 year p.a.	-	11.95	13.69	-1.74
5 year p.a.	-	15.85	16.85	-1.00
7 year p.a.	-	10.91	13.09	-2.18
10 year p.a.	-	10.38	12.65	-2.27

¹Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

GROWTH OF \$10,000 SINCE INCEPTION



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

MARKET COMMENTARY

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.

The anticipation of near-term US rate cuts was a tailwind for markets throughout the third quarter. The US Federal Reserve (Fed) reduced rates in September – its first cut since 2024 – as attention shifted from inflation risks to growth concerns. Non-farm payrolls rose just 22k in August and the unemployment rate climbed to 4.3%. Alongside soft July and August reports, May and June gains were revised down heavily by a collective -258 k, the sharpest downward revision outside the pandemic period since the 1970s. In contrast, consumer spending showed resilience with US retail sale increasing 0.6% in August and 0.6% in July after a subsequent revision. A portion of the retail sales strength was attributable to inflation, which remains elevated. Headline CPI rose 0.4% in August and core inflation (3.1% y/y) remains stubbornly above the Fed's target range. Forward-looking indicators are well balanced with the ISM manufacturing PMI marginally below 50 (contraction) while the services PMI reached 52 (expansion) in August before declining in September. The Fed's dot plot implies two further rate cuts are anticipated by year end, however the spread suggests a lack of consensus among governors. As such there remains some uncertainty to the policy outlook and we feel that while US rates will continue to come down, there will be fewer cuts in this cycle than the market is anticipating.

US trade policy remained a key consideration with the US announcing new deals with several major partners including Japan, the EU and South Korea during the quarter. Negotiations between the US and China were extended and the US softened restrictions on exporting AI chips to China. While the US equity market seems complacent about risks, we remain cautious about the outlook and there will be a growth payback from the front running of US tariffs in the first half of 2025 which supported growth but is likely to leave growth at quiet an anaemic level over the remainder of 2025. While we are yet to see the full inflation impact, real consumer spending growth could soften as the erosion of real spending power will intensify as tariffs are passed onto end-consumers. While risks of a synchronised global recession have declined, we anticipate 2025 global GDP growth to be around a 10-year low excluding the pandemic.

Despite the uncertain conditions for international commerce, second quarter company profit results were robust. More than 80% of S & P 500 companies exceeded consensus expectations. A weaker US dollar was supportive for exporters alongside frontloading inventories and rising AI related capex. Firms are also managing their cost base well with high margins despite 4 years of rising real wages growth which provides some additional ballast to the outlook. The combination of strong balance sheets, high margins and slightly better than normal profit growth, gives firms a better foundation to handle near term shocks from the impact of tariffs.

The RBA resumed its gradual easing path at its August meeting before holding in September, accompanied by increasingly hawkish commentary. Data suggests that the Australian economy has cyclically improved but the longer-term trend outlook looks tepid with households not spending tax cuts, businesses remaining cautious about any material rise in investment and per capita GDP growth in negative territory for 8 of the past 9 quarters.

China's economy has thus far shown resilience to higher tariffs, with second quarter GDP (+5.2% YoY) beating consensus expectations reflecting growth in exports and manufacturing activity. Policy support and easing trade tensions supported the Chinese industry while there was optimism that the broader domestic economy could be strengthened by anti-involution policies. The ongoing tariff negotiations between the US and China remain a focus with broad ramifications including for the Australian economy and resources sectors.

Meanwhile, the outlook for European growth in FY26 remains marginally above trend with most of the growth backloaded. Turmoil in the French parliament rattled markets during August, as the Prime Minister called for a vote of no confidence after failing to garner support for budget cuts. While equity valuations are less eye watering in Europe relative to the US and Australia – they remain expensive relative to history (78th percentile relative to the last 20 years).

Japan also saw political uncertainty following the upper house election defeat of the Liberal Democrat party and resignation of Prime minister Ishiba. The resignation may have ramifications for the path of monetary policy and the independence of the Bank of Japan with frontrunner Sanae Takaichi expected to apply pressure to keep policy settings accommodative. Hawkish signals from the BoJ at its September meeting put further upward pressure on Japanese government bond yields.

PORTFOLIO COMMENTARY

Newmont Corporation positively contributed to relative performance during the quarter, benefiting from a rebound in operational execution and favorable commodity pricing. The company, which is one of the world's largest gold producers, delivered second-quarter results that exceeded expectations, with higher-than-anticipated production volumes and strong free cash flow. Improved cost controls and lower capital expenditures helped drive margin expansion, while shareholder returns were bolstered by a significant buyback program. The announcement of a new \$3 billion repurchase plan further signaled management's confidence in future cash generation. With gold prices expected to remain elevated and input costs trending lower, Newmont is well-positioned to sustain its momentum into the second half of the year. The company currently trades at a forward earnings multiple of 13.9x.

Alibaba Group Holding Limited outperformed during the quarter and for the year largely on its perceived leadership role in China's AI race post the DeepSeek moment. Alibaba has significantly ramped up its CapEx and commitment for AI (at least \$52B in the next three years) and plans to integrate AI into all its ecosystem and product offerings to capture a disproportionate share of the GenAI value across the value chain. June quarter results were also strong as Alibaba demonstrated improvement in its core e-commerce business while sustaining its high growth momentum in the cloud segment. Its entrance into the highly competitive food delivery space is a controversial point for investors, but the company will manage the risk and strive to create synergy and improve unit economics overtime. The narrative for Alibaba has shifted from a mature China e-commerce leader /market share donor to the AI champion of China with full stack AI offerings that can accelerate both its cloud and core e-commerce businesses.

SBA Communications Corp. Class A detracted from relative performance during the quarter as concerns mounted over its growth outlook and competitive positioning. SBA Communications, a real estate investment trust (REIT) that owns and operates wireless infrastructure such as cell towers, faced headwinds following the AT&T-EchoStar spectrum deal, which is expected to reduce near-term activity and revenue potential. The lack of a comprehensive agreement with AT&T further limits SBA's ability to benefit from network upgrades tied to newly acquired spectrum. Additionally, the company is contending with legacy revenue churn from Sprint, compounded by anticipated churn from other contracts in 2026 and 2027. Investors have also grown cautious about SBA's limited international exposure, which may hinder its ability to offset domestic softness compared to peers with more diversified portfolios.

NICE Ltd. Sponsored ADR detracted from relative performance during the quarter due to a mixed earnings report that raised concerns about the sustainability of its growth trajectory. The company, which provides cloud-based and AI-powered customer experience and compliance solutions, posted solid year-over-year growth in revenue and EPS, but the quality of the revenue caused some investor skepticism due to lumpy product sales and margin compression. Operating and gross margins declined slightly, impacted by increased investment in cloud and AI capabilities. However, cloud revenue and AI-related annual recurring revenue (ARR) showed strong growth. The company reiterated its full-year outlook, but the third-quarter guidance came in light, with revenue expectations below consensus due to timing issues in product renewals which contributed to some of the weakness during the quarter.

OUTLOOK

Markets are facing challenges in the near term (softening growth and rising risk to US core inflation) and long term (investors living in a '4% world' given high valuations and likely having priced in years of productivity improvement). Valuations are expensive relative to history in nearly all regions, while elevated market concentration and the preponderance of value-agnostic passive funds have made regional equity markets increasingly vulnerable to unexpected news. The past decade and a half of US exceptionalism - culminating in the extraordinary run of the Magnificent 7 tech stocks - has underpinned very strong global equity returns. The stellar gains in US equities and their leading tech firms, we believe represents a bring forward of investment returns, rather than a new steady state of ongoing out-performance.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of equity and credit markets and complementing this with option protection where it has been attractively priced to implement. These include an S & P 500 put spread and a USD call option versus the Hong Kong Dollar.

Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets. The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting www.perpetual.com.au. Neither PIML, ETSL nor any of their related parties guarantee the performance of any fund or the return of an investor's capital. Total returns shown for the Perpetual WealthFocus Superannuation Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

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