

Perpetual Investment Funds

PERPETUAL CONSERVATIVE GROWTH FUND

October 2025

FUND FACTS

Investment objective: Aims to provide moderate growth over the medium term and income through investment in a diversified portfolio with an emphasis on cash and fixed income securities; and outperform a composite benchmark (before fees and taxes) reflecting its allocation to the various asset types over rolling three-year periods.

FUND BENEFITS

Provides investors with access to a diverse range of growth and income producing assets. Active management and asset allocation techniques are employed in order to further enhance the fund's return and manage risk.

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: Conservative Growth Index (Internally generated composite)

Inception Date: September 2003

APIR: PER0077AU

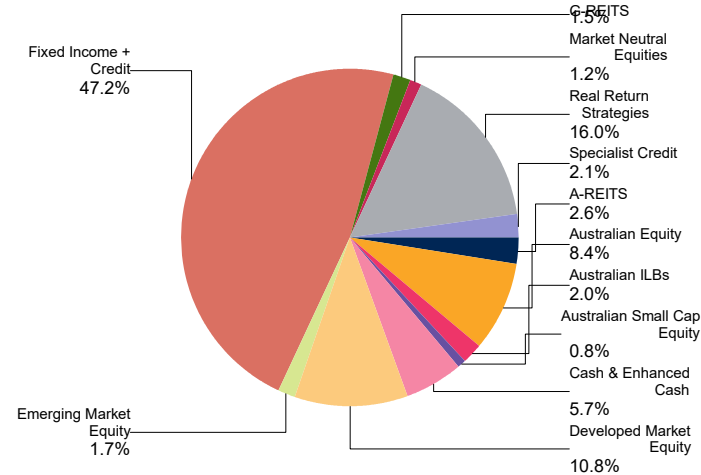
Management Fee: 0.90% p.a.

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

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Three years or longer

PORTFOLIO SECTORS



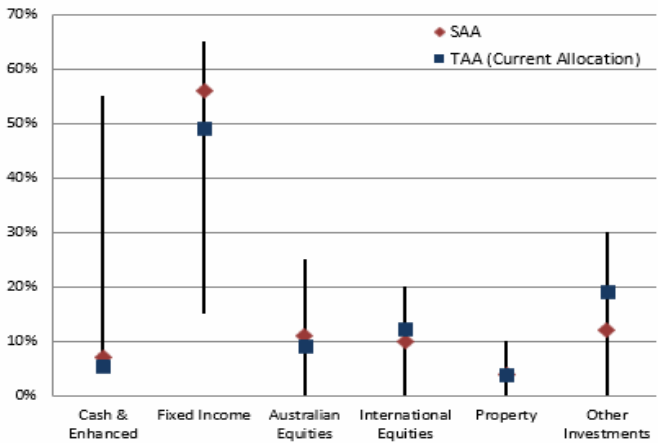
NET PERFORMANCE- periods ending 31 October 2025

	Fund	Benchmark	Excess
1 month	0.7	0.7	0.0
3 months	1.8	2.0	-0.3
1 year	7.5	9.0	-1.5
2 year p.a.	8.1	10.9	-2.8
3 year p.a.	5.5	7.7	-2.2
5 year p.a.	4.9	4.5	0.4
10 year p.a.	4.4	4.7	-0.3
Since incep. p.a.	5.7	5.7	0.0

Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

ASSET ALLOCATIONS AND INVESTIBLE RANGES

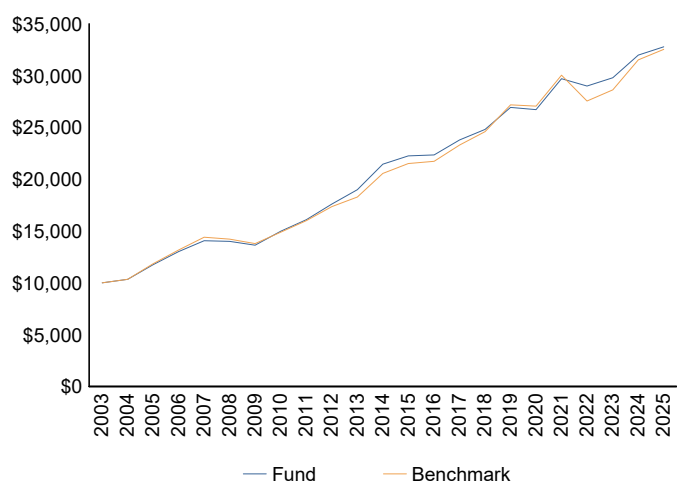
FUND TACTICAL AND STRATEGIC ALLOCATIONS INCLUDING ALLOWABLE MAXIMUM AND MINIMUM RANGES



STRATEGIC AND TACTICAL ASSET ALLOCATIONS

The Strategic Asset Allocation (SAA) is the neutral allocation acting as an anchor for active positioning, while the Tactical Asset Allocation (TAA) process adjusts the asset allocation according to market opportunities and risks.

GROWTH OF \$10,000 SINCE INCEPTION



MARKET COMMENTARY

Global equities extended their rally in October, reflecting positive US corporate earnings growth and easing US inflation. The month saw elevated volatility as markets navigated rising – and later easing – US China trade tensions, a US government shutdown and increasingly hawkish rhetoric from the Fed.

- Developed market equities (+2.6%) rose, marginally outpacing the S&P 500 (+2.3%). Growth stocks sectors extended their outperformance over value fuelled by investor enthusiasm for AI, rising AI related capex guidance and robust revenue growth for cloud providers including Microsoft, Alphabet and Amazon.
- The ASX 300 (+0.4%) trailed the broader developed market, as above expectation inflation dimmed expectations of further RBA rate cuts.
- Japanese stocks (+16.7%) surged in yen terms reflecting optimism surrounding new prime minister Sanae Takaichi's pro-growth platform including targeted infrastructure investment, elevated defence spending and tax cuts.
- UK shares (+4.1%) rallied alongside gilt yields, in response to a dovish shift from Bank of England and anticipation of 2026 rate cuts, reflecting softer inflation data and growth expectations.
- European stocks (+2.5%) saw a modest gain led by value sectors and stocks. Turmoil in the French government persisted in October and the region continues to grapple with soft growth even as inflation has moderated.
- Emerging Market equities (+4.6%) rallied, led by Korea and Taiwan. China (-3.9%) declined, giving back a portion of recent gains. The negative sentiment surrounding US China trade relations over the majority of the month weighed on market performance before Trump and Xi reached a deal in the last week of October.
- Bond markets were mixed, led by UK 10-year bond yields (-27bps) which rallied strongly. US private and high yield credit markets saw elevated volatility following the bankruptcies of automotive parts company First Brands group and auto loan specialist Tricolor Holdings.

US tariff policy remained in focus during October with President Trump announcing additional levies of 100% on imports from China and new export controls on software early in the month. This precipitated the largest single day selloff in US equities since April. By the end of month, sentiment had improved with Presidents Trump and Xi meeting in Korea and agreeing to a one-year trade truce including a slight rollback of US tariffs on Chinese goods as well as China resuming purchase of US soybeans and suspending export controls on rare earth minerals. While the US equity market seems complacent about risk arising from US trade policy, we remain cautious about the outlook. The Impact of tariffs on inflation has thus far been muted with US CPI continuing to print below expectations. September CPI (+3.0% y/y) eased, with moderating rents and easing services inflation offsetting a sharp increase in gasoline prices. The Fed delivered its second consecutive rate 25bps rate cut in late October. Commentary from Fed Chair Powell took a more hawkish tone however, emphasizing that a December rate cut was “not a foregone conclusion”. Futures markets moved to remove almost 50bps of anticipated 2026 cuts in reaction. The Fed also announced plans to halt quantitative tightening by December, reflecting credit market liquidity concerns.

In the UK, inflation surprised to the downside (+3.8% y/y versus expectations of 4.0% y/y), easing pressure on the Bank of England (BoE) and precipitating a rally in bond yields as investors brought forward expectations for 2026 rate cuts. Fiscal risks remain a key concern however with the upcoming November budget anticipated to include tax increases to address the deficit and appease bond market vigilantes. The European Central Bank (ECB) maintained its policy rate at 2.0% for a third consecutive meeting, signalling continued caution as inflation trends downward. Economic growth remains weak with GDP expanding just 0.2% in the third quarter and the 2026 outlook growth remains modest with most growth backloaded. Equity markets in Europe continue to trade below US and Australian valuations but remain

expensive relative to long-term averages.

Domestically, labour market data pointed to cooling momentum. The unemployment rate rose unexpectedly to 4.5%, up from 4.3%, as workforce participation increased. Trimmed mean inflation, meanwhile, surprised on the upside (+3.0% y/y), largely driven by housing construction costs and reduced energy subsidies. Bond yields and equities initially rallied on expectations of additional easing, but sentiment turned cautious following softer late-month inflation data. By month-end, futures markets had priced in one final rate cut by mid-2026. 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 10 quarters.

Tactical asset allocation positioning contributed to performance during October with overweight exposure to global equities and underweight allocation to Australian equities contributing to performance. This was offset however by stock selection within domestic and global equities. Growth sectors and securities outperformed over the month, led by strong performance among US tech reflecting robust corporate earnings and increasing AI related capex.

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, represents a bring forward of investment returns, rather than a new steady state of ongoing out-performance. The Fund is close to benchmark weight in equities, masking an overweight exposure to global and a marginal underweight in Australian stocks. All equity exposures remain focused on stock selection alpha opportunities and exposure to equity beta remains carefully managed.

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 S&P 500 put spreads, a call spread on the VIX, call options on the GBP against the US dollar, and a USD call option versus the Hong Kong Dollar.

The Fund remains slightly below benchmark weight in fixed income, with the exposure primarily focused on 10-year Australian government bonds alongside domestic credit and a small allocation to inflation linked bonds. In addition, the Fund's cautious asset allocation is supported by a notable cash allocation, which provides solid income and significant optionality as valuations become more attractive.

The Fund maintains its position in the Perpetual Diversified Real Return Fund to deliver low volatility absolute returns while retaining a relatively low correlation to equity markets. Allocation to alternatives detracted from relative performance during October as equity markets rallied.

OUTLOOK

Elevated valuations, a lacklustre longer term domestic economic outlook, average corporate performance, and heightened uncertainty about how much additional policy support the RBA can provide represents a challenging backdrop for local investors. Meanwhile, government bonds are offering less reliable diversification in the face of rising government debt and a likely to rise in US inflation in coming months. We continue to carefully manage the Fund's exposure to global equities and maintain diversity in regional and sector allocations.

The Conservative Growth Fund gains its exposure to Australian Shares by investing in an underlying Australian Share Fund/s which primarily invests in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. The investment guidelines showing the Fund's maximum investment in international shares do not include this potential additional exposure. Short positions may be part of the underlying Australian Share Fund's strategy. Currency hedges may be used from time to time.

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