Perpetual Investment Funds

PERPETUAL INCOME SHARE FUND

February 2024

FUND FACTS

Investment objective: To provide investors with exposure to a diversified portfolio of tax-effective, high income yielding Australian securities that are also expected to produce some long-term capital growth. To provide above market dividend yield as measured by the S&P/ASX 200 Accumulation Index.

FUND BENEFITS

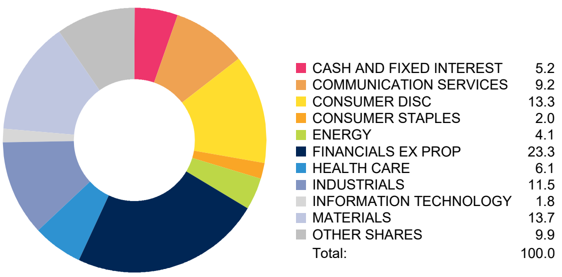
To provide investors with regular income through investment in quality securities.

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:	S&P/ASX 200 Accum. Index
Inception Date:	December 1995
Size of Portfolio:	$160.99 million as at 31 Dec 2023
APIR:	PTC0002AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	6.7%
Insurance Australia Group Ltd	5.7%
Origin Energy Limited	5.1%
GWA Group Limited	5.1%
National Australia Bank Limited	4.9%
Telstra Group Limited	4.2%
EVT Limited	3.5%
Premier Investments Limited	3.3%
Bapcor Ltd	3.3%
ANZ Group Holdings Limited	3.1%

NET PERFORMANCE - periods ending 29 February 2024

	Fund	Benchmark	Excess
1 month	2.47	0.79	+1.67
3 months	10.68	9.39	+1.29
FYTD	10.74	9.70	+1.04
1 year	13.40	10.64	+2.76
2 year p.a.	9.12	8.89	+0.24
3 year p.a.	11.47	9.32	+2.15
4 year p.a.	9.84	8.60	+1.23
5 year p.a.	8.86	8.61	+0.25
7 year p.a.	7.36	8.60	-1.24
10 year p.a.	8.63	7.95	+0.67
Since incep.	8.92	9.00	-0.08

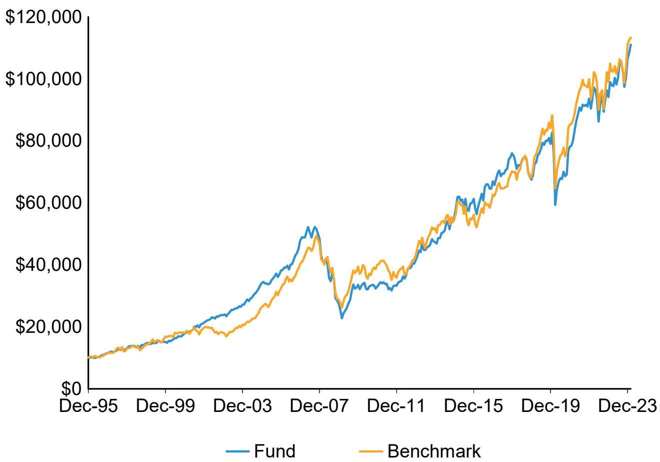
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	15.5	16.6
Dividend Yield*	4.3%	4.0%
Price / Book	1.8	2.1
Debt / Equity	34.2%	36.0%
Return on Equity*	11.8%	12.8%

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating the Fund'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.

GROWTH OF $10,000 SINCE INCEPTION



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

MARKET COMMENTARY

In February, the S&P/ASX 300 experienced a 0.98% increase. The dominating theme throughout the month was the reporting season, where key focus areas included the challenges of rising costs and the resilience of the consumer. Amidst this, traditional value sectors such as Energy (-5.9%) and Materials (-4.8%) faced difficulties, grappling with uncertainties surrounding China's economic growth. In contrast, the relatively modest but lively IT sector recorded a remarkable surge of +19.7%, mirroring the tech boom observed internationally. The performance of significant resource players like Fortescue (-9.6%), Woodside (-6.3%), and Rio (-8.1%) exerted downward pressure on the index. Conversely, sectors such as Consumer, Real Estate, and Financials emerged as strong performers during this period.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Insurance Australia Group Ltd, GWA Group Limited and Origin Energy Limited. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, CSL Limited (not held) and Macquarie Group Ltd (not held).

The overweight position in GWA Group contributed to performance over the month (20.66%). The result for the first half of FY24 saw volume growth in the core Australian business for the first time in many years thanks to investment in re-engaging with the plumber. The company also benefitted from deflationary tailwinds from manufacturers in China. This, combined with the ability to further push prices saw gross margins expand almost 300bps. GWA Group's diverse product portfolio, encompassing bathroom and kitchen fixtures, along with its robust relationship with distributors, positions the company for sustained growth. The prevailing trend of mergers and acquisitions in the building suppliers sector is also a further potential source of upside.

During reporting season, Reliance Worldwide Corporation significantly bolstered performance, achieving a notable increase of 29.25%. The company demonstrated an improvement in its margin by 2.5% through the implementation of various strategic initiatives. Notably, the relocation of production for its flagship product, "SharkBite," from Australia to its largest end of the United States played a pivotal role. Management's adept execution of a comprehensive cost-out program further contributed to the earnings growth, as did the gradual introduction of new products. Reliance Worldwide Corporation's robust brand presence on a global scale, coupled with its world-leading push-to-connect technology, positions the company as a high-quality player in the bathroom and kitchen fixtures industry. Overall, the company's performance reflects a combination of effective market strategies, prudent cost management, and a commitment to maintaining a leading position in the industry.

The overweight to Healius detracted from performance over the month (-19.86%) but has since recovered +15% since end of February following the appointment of a new CEO. The market was not impressed with the result although the company has pre-released a profit downgrade and market has lost faith in the management team. We are encouraged with the recent change in CEO and CFO. We believe the incoming CEO is more likely to sell assets to crystallise the value of its radiology assets or its clinical trial business Agilex, which is not currently being valued by the market. The Pathology segment continues to track below what the business could and is pressured by inflationary pressures on wages and rent. We are also encouraged by signs of more rationale behaviour by competitors in the consolidation of the pathology collection centre as there has been leakage of value in terms of high rents paid on the collection centre.

In February, EVT experienced a decline of 7.14%, primarily attributed to disappointing results in the cinema business. This is a business with substantial operating leverage and a lack of content late in 2023 meant a weak result relative to expectations. Despite cinema's underperformance, the hotels segment exhibited strong results and earnings growth. This division will be boosted further by the recent redevelopment of Rydges Melbourne, as this property matures toward targeted earnings levels over coming years. This site is among the largest contributors to the hotels division. The company's diversified property portfolio adds resilience to the company and supports valuations in excess of the current share price.

OUTLOOK

Considerable uncertainty looms on the horizon. Despite appearing subdued in the US, inflation is displaying renewed vigour, potentially serving as a precursor to further inflationary pressures in Australia. Consequently, inquiries about the Federal Reserve (Fed) and Reserve Bank of Australia (RBA) contemplating rate cuts are gaining prominence, introducing elements of uncertainty regarding their timing and pace. Australia finds itself more vulnerable to the unpredictable growth trajectory in China, where policymakers grapple with subdued consumer sentiment and an enduring property downturn. Additionally, geopolitical and policy risks add complexity to the landscape. In navigating these turbulent waters, our strategy remains centred on identifying high-quality businesses with reasonable valuations.

The Perpetual Wholesale Income Fund was known as the Trust Company Income Fund until 21 August 2016. Perpetual was appointed as Fund Manager effective 28 July 2014. The previous Fund Manager invested under a different investment strategy using a different investment approach. Therefore performance information before 28 July 2014 is not directly comparable.
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The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

MORE INFORMATION

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