

Perpetual Investment Funds

PERPETUAL CONCENTRATED EQUITY FUND

May 2026

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment predominantly in quality Australian industrial and resource shares.

FUND BENEFITS

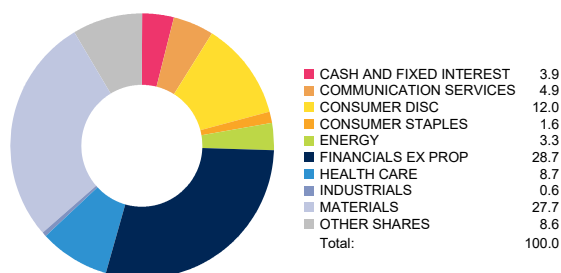
Provides investors with higher potential returns, through the active management of a portfolio of fewer stocks but with higher conviction, than our core Australian equity funds. This concentration may lead to increased short term volatility.

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 300 Accum. Index
Inception Date:	August 1999
Size of Portfolio:	\$239.57 million as at 31 Mar 2026
APIR:	PER0102AU
Management Fee:	1.10%*
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	13.2%
Commonwealth Bank of Australia	7.9%
Rio Tinto Limited	5.1%
Washington H. Soul Patt.	4.5%
Ramsay Health Care Limited	4.1%
Goodman Group	3.8%
ANZ Group Holdings Limited	3.3%
Lottery Corporation Limited	3.0%
EVT Limited	2.9%
National Australia Bank Limited	2.7%

NET PERFORMANCE - periods ending 31 May 2026

	Fund	Benchmark #	Excess
1 month	1.75	1.25	+0.50
3 months	-4.49	-4.03	-0.46
1 year	3.02	7.02	-4.01
2 year p.a.	4.86	10.05	-5.20
3 year p.a.	5.90	10.97	-5.07
4 year p.a.	5.40	8.75	-3.35
5 year p.a.	6.42	7.93	-1.52
7 year p.a.	6.89	8.43	-1.54
10 year p.a.	7.13	9.07	-1.94
Since incep. p.a.	9.81	8.36	+1.45

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

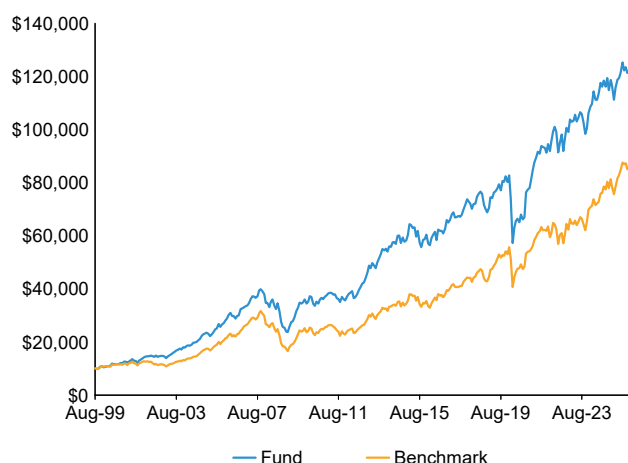
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	17.4	16.7
Dividend Yield*	3.2%	3.7%
Price / Book	2.2	2.3
Debt / Equity	36.7%	37.8%
Return on Equity*	12.7%	14.4%

[^] 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

Australian equities edged higher in May, with the S&P/ASX300 advancing +1.25% against a backdrop of geopolitical uncertainty and a pivotal domestic policy shift. The federal budget introduced significant changes to capital gains tax and negative gearing arrangements from July 2027, generating sector rotation and weighing on bank sentiment. Global markets continued to track developments in the Middle East, with oil price volatility an uncertain outlook a dominant driver of equity moves. On the macro side, the RBA raised the cash rate 25 basis points to 4.35 %, citing persistent inflation pressures amplified by elevated oil prices. April employment data disappointed, with the unemployment rate rising to 4.5 %, while headline CPI eased to 4.2% – aided by the government's fuel excise cut – though trimmed mean inflation ticked higher to 3.4%, keeping rate expectations unsettled through month end.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Washington H Soul Pattinson, Ramsay Health Care and EVT Limited. Conversely, the portfolio's largest relative underweight positions include Commonwealth Bank, Westpac, and Telstra Group, which was not held.

AMP backed up its 11.45% return in April with another strong month, climbing a further 9.25% in May. There were no stock specific catalysts during the period; rather, the market continued to recognise the value we had identified in AMP. We steadily added to our position in the weeks following the market's negative reaction to the FY25 results announcement, building exposure at a weighted average price of approximately \$1.30. By the end of May the stock was trading at \$1.60. Our thesis centres on AMP's wealth platform business, AMP North, where peers HUB24 and Netwealth Group trade at a substantial premium. We believe the market underestimates AMP North's competitive position in a space that benefits from significant structural tailwinds – retiring Australians seeking advice and advisers shifting away from industry funds towards wealth platforms. Platform economics are highly attractive, with a largely fixed cost base and strong operating leverage as funds under management and market performance drive revenue growth, supporting the premium multiples seen across the sector. Management continues to execute well on their strategy of becoming a leader in the retirement space, with their retail super fund improving from significant net outflows to near breakeven. We believe continued execution will drive further market recognition of the business's improving quality.

Following the onset of the US Iran conflict, sentiment turned sharply negative for cyclical names such as JHX, with the share price declining 23.7% over March as the conflict threatened to inflate and sustain affordability headwinds. When the share price reached the mid to high twenties we believed the risk reward was significantly skewed to the upside and added to our position, making it one of our largest active weights. By the end of May, a combination of JHX's FY26 full year results and easing geopolitical tensions saw the stock return 9.7% for the month and contribute strongly to the portfolio. We continue to believe JHX remains undervalued relative to a mid cycle environment – a mispricing we attribute to near term sentiment weighing heavily on the multiple rather than any structural deterioration in the business. The fundamental backdrop supports a re rating: the US housing market remains undersupplied, and a decade of productivity outperformance relative to developed economy peers has supported real wage growth and household purchasing power, providing a constructive medium term outlook for housing demand. As a manufacturing business with a largely fixed cost base, JHX carries significant operating leverage offering meaningful upside as sentiment normalises and the multiple re rates toward mid cycle.

May proved a difficult month for A2 Milk Company. A voluntary US infant formula recall on 1 May, citing cereulide contamination, triggered a 9.9% single day share price fall, with the stock declining steadily thereafter to return -24.15% for the month. The direct financial impact was modest (approximately 0.2% of FY26 infant formula sales), however markets were spooked by the risk of brand damage in China. The recall also compounded a pre existing supply issue: in mid April, A2M had already cut FY26 revenue and EBITDA margin guidance following customs clearance delays and low Synlait safety stock. Subsequent analyst downgrades added further pressure. Looking ahead, we believe the long term China IMF share gain story remains intact and expect supply related headwinds to ease as the Pokeno facility ramps up in 1H27. Ownership of the facility and its China label registrations brings manufacturing and regulatory control in house, reducing Synlait dependency and strengthening supply chain resilience into China.

Further downside risk is cushioned by a robust balance sheet (NZ\$896.9m in net cash and 91% cash conversion). Although A2M was the top portfolio detractor, the impact of its underperformance was mitigated, as we have reduced our exposure significantly since the end of April after recognising the market would continue to react negatively to the near term headwinds. Eagers Automotive was a top portfolio detractor, returning -12.96% for the month. At its AGM trading update on 27 May, APE issued H1 CY26 guidance that came in well below expectations, prompting full year consensus PBT downgrades of approximately 5%. The stock fell 9.71% the following session. More broadly, APE has faced headwinds from softening new vehicle sales sentiment, driven by a deteriorating macroeconomic outlook in the wake of the US Iran conflict. Despite near term pressures, we remain constructive on the longer term thesis. APE's scale provides a structural competitive advantage, and its exposure to key new energy vehicle brands – where it holds greater than 33% market share – positions it well to benefit from continued strong electric vehicle demand. Looking further ahead, APE has recently completed the acquisition of a high performing dealership group in Canada, where management is well placed to replicate the operational model that has driven its success in Australia.

OUTLOOK

Markets may be traversing the most acute period of uncertainty in recent memory. Investor sentiment lurches almost daily on Middle East negotiation headlines, while supply anxiety around energy markets has reignited fears not seen in years. Closer to home, Australian consumers are navigating a tough budget and auction clearance rates have fallen sharply – all this coming after years of steadily rising cost of living pressures. Signs of shaky confidence are also emerging in private markets, with some funds moving to limit redemptions. Yet set against these headwinds, the global technology boom rolls on and US equities continue to trade at record levels. How these competing realities resolve is the central question. As always we own a balance of quality as well as value to mitigate risk of either scenario. Active managers who hold discipline on valuation are positioned to benefit as clarity emerges – and periods of peak uncertainty have historically marked the most consequential entry points for long term investors.

The Ordinaries benchmark prior to 1/4/2000 was the ASX All Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index.

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