

Perpetual Investment Funds

PERPETUAL CONSERVATIVE GROWTH FUND

May 2026

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

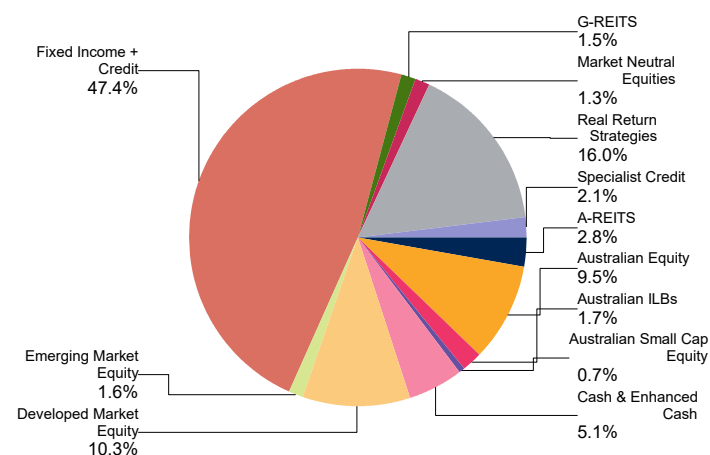
Management Fee: 0.90% p.a.

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



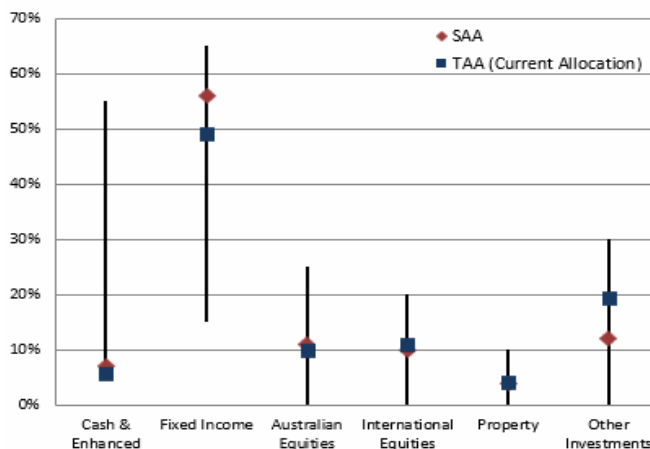
NET PERFORMANCE- periods ending 31 May 2026

	Fund	Benchmark	Excess
1 month	1.8	1.8	0.0
3 months	0.3	0.6	-0.3
1 year	4.6	5.1	-0.5
2 year p.a.	5.6	6.8	-1.2
3 year p.a.	5.2	6.6	-1.4
5 year p.a.	3.6	3.7	-0.1
10 year p.a.	4.3	4.6	-0.3
Since incep. p.a.	5.6	5.6	0.0

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

ASSET ALLOCATIONS AND INVESTIBLE RANGES

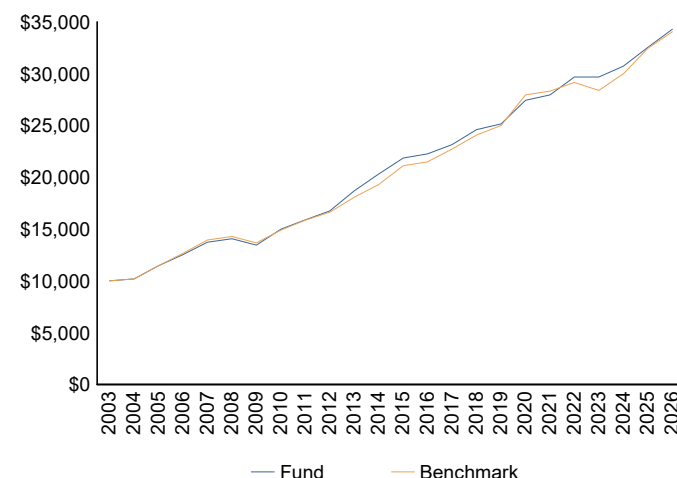
FUND TACTICAL AND STRATEGIC ALLOCATIONS INCLUDING ALLOWABLE MAXIMUM AND MINIMUM RANGES



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 equity markets extended their gains in May. The AI-driven rally continued, while bond markets remained volatile as investors weighed the inflationary consequences of the Middle East conflict. Sentiment was negative in the first half of the month, as investors focused on the inflationary impact of higher oil prices, but the pessimism gave way to a strong risk-on tone in the second half reflecting positive geopolitical headlines and hopes that a ceasefire could be agreed to. Government bond yields, which have become closely tied to the oil price, fell as crude retreated, and global equities proved remarkably resilient to the macro backdrop.

- Global developed-market shares rose (+4.7%), led once again by the US, where the S&P 500 (+5.3%) and the Nasdaq (+8.4%) rallied strongly, underpinned by continued strength in AI and the broader technology supply chain. Notably, equity-market volatility remained low despite the uncertain geopolitical context.

- Japanese equities were among the strongest of the developed markets (+11.9%), supported by a weaker yen, robust AI-related demand and growing expectations of fiscal easing. Japan's market has now risen 32.7% since the start of the year which is double the performance of the US tech sector.

- European equities advanced (+3.7%) as easing trade tensions, improving economic sentiment and resilient corporate earnings boosted investor confidence and encouraged a rotation into cyclical sectors. These tailwinds outweighed the conformation from the European Central Bank that rates would likely be hiked at its June meeting given the sharp rise in European inflation over recent months.

- UK equities were again the clear laggard among major markets (+0.7%), as their high weighting of traditional defensive sectors such as energy, consumer staples and healthcare provided few avenues to benefit from the global rally in technology and other growth-oriented sectors.

- Australian shares (+1.3%) also underperformed their developed market peers. Resources led the market on the back of higher iron ore and copper prices, while the banks weighed on the index amid concerns that proposed changes to capital gains tax and negative gearing could pressure an already-softening housing market.

- Emerging markets again outperformed (+9.7%) powered by extraordinary gains in Taiwan and South Korea, where the global semiconductor and AI capital-expenditure boom continued to drive earnings upgrades and capital inflows. Chinese equities were a notable exception, with Hong Kong and mainland indices declining.

- Commodities ended lower overall, dragged down by oil (-16.9%) and gold (-2.1%), even as industrial metals such as copper (+7.8%) rallied.

- Global bond yields saw elevated volatility over the month with 10-year Australian (-23bps), UK (-20bps) & German (-10bps) yields falling. US 10-year yields (+5bps) rose marginally while the curve flattened, and the policy sensitive 2-year tenor (+13bps) increased a bit more as markets priced out rate cut and partially priced in rate hikes by end-2026.

Geopolitics remained a key focus during May, with the Iran war driving sentiment. By month-end, optimism that a deal was close saw Brent crude fall around 19% to approximately US\$92 per barrel, its lowest level since mid-April. Even so, crude remains roughly 50% higher than where it started the year, and the risk premium embedded in the oil price has reset higher. With global oil inventories being drawn down each day and demand expected to rise over the Northern Hemisphere summer, there remains upside risk to the oil price should the Strait of Hormuz remain closed. Importantly, even if a deal is reached, restoring oil flows is expected to take several months to reach 80% of pre-war levels and

around a year to fully normalise given the damage to infrastructure, meaning the inflationary impulse from energy is likely to linger. It is important to note, however, that the bar for an oil spike threatening the business cycle is high, given the development of large services industries, the world's reduced energy intensity, the strong state of global corporate balance sheets, and more diversified energy supply across regions and energy types.

The prospect of higher oil prices for longer has made central banks more wary of persistent inflation. The US Federal Reserve remained on hold, with the minutes of its May meeting read as hawkish; markets finally contemplated the possibility of a rate increase in late 2026 or early 2027 under Chair Kevin Warsh. Meanwhile, the European Central Bank is expected to raise rates at its June meeting, with some members arguing that policymakers can no longer "look through" the energy shock. Elsewhere, the Bank of Japan maintained a hawkish tone, and Japanese bond yields continued to rise, reflecting the combination of imported energy inflation and a reassessment of fiscal sustainability given Japan's large stockpile of debt and the government's desire to increase spending and lower taxes.

In Australia, the Reserve Bank raised the cash rate by 25 basis points to 4.35% in an 8-to-1 vote — a notably firmer split than the 5-to-4 decision in March — fully unwinding the prior year's easing cycle. The Governor signalled that the Board may now pause to assess how the conflict develops, and markets expect rates to be held in June with perhaps one further hike late in the year. The April monthly CPI indicator provided some relief, rising +4.2% year-on-year (softer than feared), though trimmed-mean inflation at +3.4% remains too high for the RBA, which projects a peak of 3.8% in the June quarter. Activity data was softer: the unemployment rate rose to 4.5% as employment fell, household spending declined 1.1% over the month, and the housing market weakened further, with prices falling in Sydney (-0.9%M) and Melbourne (-0.8%M) as proposed budget changes to capital gains tax and negative gearing adding to the uncertainty. Against a backdrop of weakening consumer and business confidence, the RBA will be balancing the risk of higher inflation against downside risks to growth and the labour market. While the economy has shown improved growth momentum in recent quarters, the medium-term outlook remains tepid, with zero real wages growth expected over the next few years and an increasingly cautious corporate sector as the impact of previous (and upcoming) rate hikes slowly filters through the economy.

Even as equity markets rallied strongly, market leadership remained narrow and growth-oriented, with the Russell 1000 Growth (+7.6%) again outpacing the value index (+3.3%) as investor appetite for companies leveraged to the AI investment cycle persisted, whether they made profits or not. Index concentration continued to build, with a small number of mega-cap names driving the bulk of returns. We continue to look for opportunities in companies and sectors with more reasonable valuations, strong balance sheets, and earnings that are beatable against modest consensus expectations, particularly where the AI-driven capital expenditure cycle may benefit industries beyond the technology sector itself.

May saw mixed fortunes for the Fund's equity allocations with Australian equity alpha contributing strongly while global equity stock selection detracted. 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.

Allocation to the Perpetual Australian Share fund was rewarded in May with the Fund outperforming the domestic market. The Fund's underweight allocation to energy stocks was constructive as oil prices moderated. Stock selection within the financials sector also contributed led by underweight exposure to the major

banks.

Global equity stock selection detracted from performance over the month led by Barrow Hanley Global Share Fund and the Dividend Weighted Global Equity strategy which reflected the underperformance of value securities and sectors relative to growth. The Fund continues to target less expensive parts of the global sharemarket in addition to providing greater sector and regional diversification relative to increasingly concentrated market weighted indices.

Markets are facing challenges in both the near term (geopolitical concerns, inflation risks, central banks potentially having to hike further, rich expectations for corporate EPS growth, and most regional sharemarkets trading above 80th-percentile 12MF PEs) and the long term (investors living in a '4% world', given high valuations and markets likely having already priced in years of productivity improvement). On a cyclically adjusted basis, US equities sit among the most expensive readings in market history, and roughly 30% of the S&P 500 is now tied to the AI theme — a record concentration in a single theme. Elevated P/E ratios and market concentration, alongside the preponderance of valuation-agnostic passive funds, have made regional equity markets increasingly vulnerable to unforeseen events.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of the global equity and credit markets, and we have zero exposure to private markets given their liquidity and valuation risks, where a left-tail event could spark vulnerabilities and contagion. The Fund complements this with option protection where it has been attractively priced to implement. This includes cost-effective, layered S&P 500 put structures that risk only a low single-digit basis-point premium while delivering asymmetric protection across shallow, moderate and deep drawdown scenarios without requiring precise market timing.

The Fund remains slightly below benchmark weight in fixed income, positioning that was constructive as equities outperformed bonds even as yields fell. The Fund's fixed income exposure is primarily focused on 10-year Australian government bonds alongside domestic credit and a small allocation to inflation linked bonds.

The Fund's position in the Perpetual Diversified Real Return Fund continues to deliver low volatility absolute returns while retaining a relatively low correlation to equity markets. In a month where equity markets rallied, allocation to alternative investment including the Diversified Real Return Fund alongside absolute return credit and market neutral equity strategies detracted from relative performance.

OUTLOOK

With the Middle East conflict unresolved, rising inflation and waning growth present risks to regional sharemarkets, which have elevated forward looking valuation and EPS growth expectations. Meanwhile, with government bonds offering less reliable diversification, risk management remains paramount. The Fund retains multiple embedded risk protections and sources of portfolio convexity. 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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