

Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

May 2026

FUND FACTS

Investment objective: Aims to generate positive returns over a market cycle irrespective of market conditions by investing in both long and short positions of predominantly Australian shares.

FUND BENEFITS

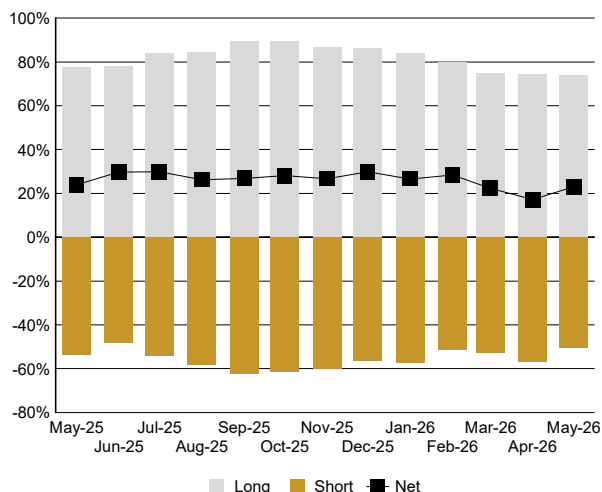
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification of special opportunities.

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.

Inception Date:	March 2012
Size of fund:	\$339.93 million as at 31 Mar 2026
APIR:	PERo668AU
Fund Managers:	Sean Roger & Anthony About
Management Fee:	1.28%*
Performance Fee:	20.5% of outperformance*
Performance Hurdle:	RBA Cash Rate Index
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

HISTORICAL MARKET EXPOSURE



TOP 5 STOCK HOLDINGS (LONG)

	% of Portfolio
Washington H. Soul Patt.	6.2%
Cobram Estate Olives Ltd.	4.6%
News Corporation	3.9%
Servcorp Limited	3.6%
Goodman Group	3.0%

* Information on Management Costs (including estimated indirect costs) and a full description of the Fund's performance fee is set out in the Fund's PDS.

GEOGRAPHIC LOCATION OF MATERIAL ASSETS

The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

NET PERFORMANCE- periods ending 31 May 2026

	Fund	RBA Cash Rate Index*
1 month	0.28	0.37
3 months	1.13	1.04
1 year	6.84	3.87
2 year p.a.	5.97	4.12
3 year p.a.	6.03	4.19
4 year p.a.	5.46	3.81
5 year p.a.	6.34	3.06
7 year p.a.	6.98	2.31
10 year p.a.	6.31	2.08
Since incep. p.a.	6.94	2.24

*RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	8.1	-3.1	5.0
Consumer Discretionary	9.3	-9.9	-0.6
Consumer Staples	4.9	-5.4	-0.5
Energy	4.6	-0.8	3.8
Financials ex Property Trusts	11.4	-11.3	0.1
Health Care	4.8	-2.1	2.7
Industrials	9.1	-7.3	1.8
Information Technology	0.0	-2.2	-2.2
Materials	9.6	-3.5	6.1
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	9.8	-3.7	6.1
Utilities	1.7	-1.0	0.7
Total	73.2	-50.2	23.0

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	16.1
Dividend Yield*	3.1%
Price / Book	1.9
Debt / Equity	41.6%
Return on Equity*	11.9%

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

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, Cobram Estate Olives and Servcorp Limited. Conversely, the portfolio's largest short positions are across the Financials, Industrials and Communication Services.

Macroeconomic and geopolitical uncertainty weighed on Mainfreight through much of May, with the stock declining more than 9% from the start of the month to its mid month trough before recovering to finish the period up 11.5%. The recovery was driven in part by a well received FY26 full year result. The standout was Australia, where PBT margins reached 10%, surpassing COVID era highs, supported by strong market share gains. With Australia and New Zealand accounting for over 80% of group PBT, the strength of the ANZ result more than offset underperformance in the smaller Americas and European segments. Management also noted conditions in April and May had improved on the prior corresponding period. We believe MFT is a high quality cyclical with a strong balance sheet, and as conditions normalise, improved network density and recent investment in warehouse and transport facilities should drive material operating leverage, translating even modest revenue growth into an outsized PBT and free cash flow uplift.

McMillan Shakespeare was a strong contributor in May, returning 15.8%. The federal budget provided regulatory clarity on the EV FBT exemption, with current legislation remaining largely unchanged for three years before being wound back from 1 April 2029 – giving industry participants a clear and stable operating runway. Separately, the spike in oil prices arising from the Middle East conflict appears to have catalysed a step change in EV purchases, now beginning to show in new vehicle delivery data. EVs have historically attracted novated leasing penetration rates of around 50%, compared to just 5-10% for ICE vehicles – a structural dynamic that positions novated lease providers to benefit disproportionately from the ongoing transition. We believe the industry is entering a period of strong structural growth and McMillan Shakespeare is well placed to capture it. The stock remains attractively priced at 11-12x earnings, the balance sheet is in good shape and management continues to demonstrate a high standard of execution.

After ranking among the portfolio's top contributors in the three months prior to April, Tabcorp returned -31.6% in May. The decline was triggered by AUSTRAC launching an enforcement investigation into alleged anti money laundering and counter terrorism financing compliance concerns. With the investigation at an early stage, outcomes range from financial penalties to no further action. However, the market showed little tolerance for uncertainty and the stock sold off heavily. Historical investigations suggest increased compliance costs are likely, which we have factored into our fair value assessment. Key to the ongoing impact will be the board and management's willingness to implement required changes – public commentary from the CEO and Chair suggests they are. We also note the appointment of the former AUSTRAC CEO as TAH's new head of financial crime. While risk remains, we view the share price fall as pricing in a very material fine, which we see as a low probability outcome. The stock recovered partially, climbing 13.5% over the final four sessions. Beyond AUSTRAC, we maintain a positive view on Tabcorp into FY27, with strategic initiatives under the refreshed management team set to drive improved market share, and near term volumes supported by the Football World Cup.

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 returning -24.15% for the month. While the direct financial impact was modest (approximately 0.2% of FY26 infant formula sales), markets were spooked by brand damage risk in China. The recall compounded a pre existing supply issue, with A2M having already cut FY26 revenue and EBITDA margin guidance in mid April following customs clearance delays and low Synlait safety stock. Looking ahead, we believe the long term China IMF share gain story remains intact and expect supply headwinds to ease as the Pokeno facility ramps up in 1H27. Ownership of the facility brings manufacturing and regulatory control inhouse, reducing Synlait dependency. Further downside risk is cushioned by a robust balance sheet (NZ\$896.9m net cash). Although A2M detracted, the portfolio impact was limited to -0.19% relative to the benchmark, as we had meaningfully reduced exposure since end of April.

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 performance fee is equal to 20.50% of daily outperformance over the hurdle rate of return. The current hurdle rate is the Reserve Bank of Australia cash rate. Performance fees are accrued daily and payable six monthly, however will only be paid in the event that the Fund's return over the performance fee calculation period is positive and the performance fee accrual is positive. For further information on the calculation of the performance fee please consult the Fund's PDS.

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