

PERPETUAL SMALLER COMPANIES FUND

November 2025

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource shares which, when first acquired, do not rank in the S&P/ASX 50 Index.

FUND BENEFITS

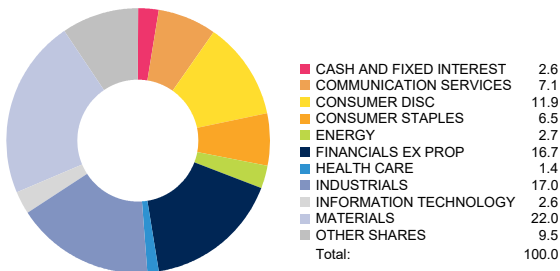
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

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 Small Ordinaries Accum. Index
Inception Date: October 1996
Size of Portfolio: \$687.76 million as at 30 Sep 2025
APIR: PER0048AU
Management Fee: 1.25%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Capricorn Metals Ltd	3.8%
Centuria Capital Group	3.6%
Vault Minerals Limited	3.5%
FleetPartners Group Limited	2.7%
Genesis Minerals Limited	2.6%

NET PERFORMANCE - periods ending 30 November 2025

	Fund	Benchmark #	Excess
1 month	1.61	-1.48	+3.09
3 months	4.41	3.84	+0.57
1 year	24.33	19.43	+4.90
2 year p.a.	17.95	19.65	-1.71
3 year p.a.	9.02	11.49	-2.47
4 year p.a.	8.21	4.48	+3.73
5 year p.a.	11.68	7.13	+4.55
7 year p.a.	12.51	8.27	+4.24
10 year p.a.	10.67	8.90	+1.77
Since incep. p.a.	12.13	6.00	+6.13

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

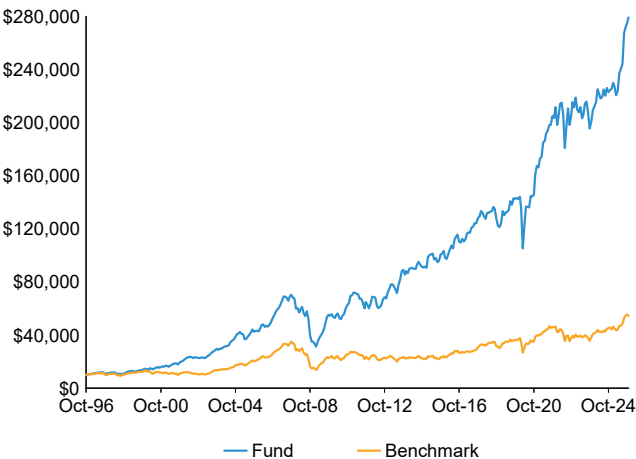
PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	15.3	17.1
Dividend Yield*	3.7%	3.7%
Price / Book	1.9	1.9
Debt / Equity	22.4%	32.8%
Return on Equity*	13.1%	12.3%

^ 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

The S&P/ASX Small Ordinaries its first negative month since March, declining - 1.48% in November as investors grappled with a disappointing AGM season and weak bank earnings amid rising macro uncertainty. Defensive sectors offered rare relief: Health Care (+ 1.72%) and Consumer Staples (+1.42%), while Materials (+1.66%) benefited from lithium's rebound after Ganfeng flagged 30–40% demand growth for 2026. Conversely, Information Technology plunged 10.79% on global AI valuation concerns and earnings weakness. Financials (- 6.48%) weighed heavily after major banks delivered underwhelming results, while Real Estate, Communication Services, Consumer Discretionary and Energy all declined. The RBA held rates but upgraded inflation forecasts, with a stronger labour market (unemployment down to 4.3%) and higher-than-expected October CPI data (3.8% YoY) pushing rate-cut expectations into mid-2026. Overall, November reflected rising macro tension, mixed corporate performance and renewed valuation pressure across growth sectors.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Centuria Capital Group, Genesis Minerals Limited and FleetPartners Group Limited. Conversely, the portfolio's largest underweight positions include Westgold Resources Ltd, Regis Resources Ltd and Zip Co Ltd, all of which are not held in the portfolio.

The portfolio's overweight position in Light & Wonder contributed strongly to November performance, with the stock rebounding 39.8% after a weak performance in October. During the month the company released its 3Q earnings update which was ahead of market expectations. Of note was the outperformance in the US gaming operations division, with strong fee per day and unit growth outcomes well received. As evidenced in the performance of key peer Aristocrat over many years, a strong and growing gaming operations business is a powerful driver of margins, free cash flow and ultimately shareholder value. The outlook for Light and Wonders gaming operations division is positive with ongoing strong new game performance underpinning confidence in growth looking forward. With these developments, the company's fundamentals remain strong, supported by disciplined capital management, solid balance sheet strength, and continued growth in its high-margin iGaming division and its integrated Grover Gaming platform. The company also completed its transition to sole ASX listing during the month. Whilst the move was a driver of share price volatility in the lead up, with index and transition related selling now complete, we expect LNW to benefit from increased passive flows and local investor attention moving forward. Whilst some uncertainty remains regarding the court case with Aristocrat, valuation relative to the earnings growth potential continues to screen attractively.

Wagners Holdings significantly contributed to portfolio performance in November, finishing up + 31.1% following a positive trading update at the company's Annual General Meeting. The company delivered a strong start to FY 26, with growing demand across Construction Materials (increased cement, concrete and quarry volumes) and Composite Fibre Technologies, where power pole sales are expected to double FY25 levels alongside improved margins from operational efficiencies. Management upgraded its full year FY26 EBIT guidance by over 30% to \$52-56 million, indicating strong earnings momentum. Wagners offers compelling exposure to Australia's infrastructure growth cycle, with the Brisbane 2032 Olympics providing a multi-year demand tailwind. The opening of Slacks Creek concrete plant and Wulkuraka concrete plant, volumes are expected to continue to improve. The company's capacity expansions and proven execution capability position it well to deliver sustained earnings growth as elevated infrastructure spending continues through the medium term.

Eagers Automotive detracted from performance in November, finishing the month down - 16.35% driven by profit-taking after an exceptional YTD performance run. Market sentiment tightened from softer industry volumes in the month and rising borrowing costs compressing margins from its recent CanadaOne acquisition, adding near-term pressure. However, the selloff appears sentiment driven rather than reflective of operational weakness as the company continues to demonstrate strong cash generation, solid revenue growth and overall operational resilience. With its commanding market position in Australian automotive retail, recent expansion into North America through CanadaOne, and diversified earnings base across new vehicles, aftersales, and finance & insurance, Eagers remains well-positioned to navigate near-term headwinds and deliver long-term value as margin pressures normalise.

Cobram Estate Olives detracted from performance in November as the stock declined -7.6% driven by a phase of profit-taking following an exceptional performance run. The pullback largely reflects rising macro tension and broader valuation pressure rather than underlying operational weakness or concerns. The business has demonstrated remarkable resilience despite the natural variability inherent in agricultural production and the biennial cyclical nature of olive crop yields, as evidenced by impressive FY25 EBITDA growth of 74.8% and management's significant upgraded earnings forecast that exceeded market expectations. Reinforcing confidence in its financial strength and operational momentum, Cobram announced its highest ever dividend payout during the month, signalling strong operational cash flow. The company's dual-brand strategy combining the leading Cobram Estate and Red Island labels, combined with substantial immature orchard assets providing multi-year production growth visibility and strategic expansion into the undersupplied US premium market, positions it well to benefit from increasing consumer preference for locally produced, premium olive oil products while generating strong cash flows and economies of scale.

OUTLOOK

Equity markets enter the coming months on increasingly fragile footing as the global economy faces a heady combination of trade uncertainty, slowing growth, rising debt, geopolitical tensions and low consumer confidence. Global equity indices, including Australian equities, continue to trade at elevated multiples relative to long-term averages, leaving risk premiums compressed and markets sensitive to negative surprises. Several global fault lines are widening. Bond yield spikes in Japan and the UK highlight fiscal fragility and inflationary concerns. Europe grapples with the Ukraine war and political instability whilst China faces an ongoing property market decline. Whilst US growth appears strong on AI investment headlines, underlying consumer sentiment has weakened amid rising living costs. Against this backdrop, we expect markets to remain range-bound with asymmetric downside risk as investors reassess growth durability, earnings outlook and policy trajectories. Australian equities face additional headwinds from anaemic domestic growth, sticky inflation delaying rate cuts, and acute exposure to weakening Chinese commodity demand. Trading at 18x forward earnings, the broader Australian market offers limited downside protection should conditions deteriorate further.

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

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