Perpetual Private

Perpetual

## Performance report – June 2026 quarter

# Perpetual Direct Australian Equities Responsible Investment Portfolio

| Returns including dividends[§] | 1 months | 3 months | 6 months | 1 year |
|---|---|---|---|---|
| **Responsible Investment model portfolio** | 0.4% | -0.3% | -4.7% | -1.7% |
| **S&P/ASX 300 Index** | 0.6% | 4.1% | 2.0% | 6.2% |
| **Excess return (model return above benchmark)** | -0.2% | -4.4% | -6.7% | -7.9% |

[§] Performance figures shown represent the performance of the Portfolio run on HUB24. All performance figures shown are net of investment management fees, but before administration fees, performance-based fees and taxes. Past performance is not indicative of future performance.

| Returns including dividends^ | 3 years[†] | 5 years[†] |
|---|---|---|
| **Responsible Investment model portfolio** | 6.9% | 4.8% |
| **S&P/ASX 300 Index** | 10.6% | 7.6% |
| **Excess return (model return above benchmark)** | -3.6% | -2.7% |

^Performance figures shown represent the performance of the Portfolio run on Perpetual Wrap. All performance figures shown are gross of ongoing advice, administration, and transaction fees unless otherwise stated. Past performance is not indicative of future performance.

[†]Per annum, compounded.

The data presented in these tables represents the performance of two separate instances of the same Portfolio; on different platforms, under differing fee structures. This performance data is not intended to be used as a comparison but is simply indicative of the performance of each distinct deployment of the Portfolio.

## The June quarter

Australian equities navigated a volatile June quarter, as markets were unsettled by renewed geopolitical tensions in the Middle East, which lifted oil prices and raised concerns about a fresh inflation impulse. In Australia, the Reserve Bank of Australia paused interest rate settings in June, but retained a restrictive bias, reflecting the need to balance still-elevated inflation against clearer signs of a slowing domestic economy.

The ASX300 index posted a quarterly total return of 4.1%, up from March lows, thus returning the fiscal year to growth of 6.2%. The Perpetual Private Responsible Investment portfolio delivered a quarterly total return of 0.0% underperforming by 4.2% against the benchmark, and a fiscal year return of -0.5% underperforming by 6.6% against the benchmark. In large part, this is attributable to not owning BHP which fails our responsible filter due to its production of coal. Our portfolio remains deliberately balanced, we continue to favour quality companies with durable earnings, pricing power and resilient balance sheets and remain cautious on rate-sensitive cyclicals and banks where valuations and earnings risk remain demanding.

## Portfolio Manager

**Daniel Nelson, CFA**
Daniel holds the CFA Institute Certificate in ESG Investing.

CERTIFIED BY RIAA

The Perpetual Direct Australian Equities Responsible Investment Portfolio has been certified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program. See responsiblereturns.com.au for details[1].

Superior SQM Research *

Available on HUB24

The June quarter was characterised by a sharp shift in market narrative. Early in the period, investor sentiment was dominated by inflation, rates and geopolitical risk, with the Middle East conflict and disruption risk around the Strait of Hormuz pushing energy-price uncertainty to the forefront. This initially reinforced a defensive market tone and supported later-cycle exposures, particularly Materials and Energy, which benefited from the combination of higher commodity prices and stronger earnings momentum.

As the quarter progressed, markets became more comfortable that the worst-case energy shock would be avoided. The announcement of a framework to reopen the Strait helped oil prices ease and reduced near-term inflation anxiety, allowing investors to look through some of the earlier disruption. By quarter-end, Australian equities had stabilised, with ASX100 stocks rising 3.5% in the June quarter and delivering a 6.1% total return for FY26.

Artificial Intelligence remains a key structural theme, globally. While the Australian market does not have the same direct exposure to semiconductors and mega-cap technology as the U.S., AI-related capital expenditure has supported demand for power, data centres, copper and broader resources exposures. This helped Materials become the strongest-performing sector in FY26 increasing 48% while the Information Technology (SaaS) sector, which has been viewed as exposed to AI-disruption, declined 37%.

Following three consecutive rate hikes, the RBA decided to pause in June however, we do not believe this is a signal that easing is on the horizon any time soon. Inflation has remained above target, financial conditions were assessed as restrictive, and the Board continued to weigh inflation risks against softer household demand, housing activity and uneven policy transmission.

For our portfolios, the major sector calls have remained important. The overweight to Diversified Financials has continued to add value. Conversely, we retained an underweight to the Banks, reflecting elevated valuations, pressure from higher rates, budget-related housing uncertainty and the risk that earnings downgrades emerge as tighter financial conditions flow through to the economy.

## Investment outlook

Looking ahead, the investment outlook remains finely balanced. The immediate geopolitical risk premium has eased (depending on the day), but these episodic issues reinforce how quickly market disruption can alter the path for inflation, rates and risk appetite. If the Strait of Hormuz remains ‘open’ and oil prices stay contained, the pressure on headline inflation should moderate and central banks may have more flexibility. However, this will take time to flow through to the real economy, and we expect to see some further pressure to persist in the short term particularly while a wholesale solution to the issues in the Strait remains out of reach.

The domestic economy is sending mixed signals. Household demand and housing activity have softened, yet business investment has remained stronger than expected, keeping capacity and inflation pressures alive. This creates a challenging backdrop for the RBA as further tightening would risk amplifying the slowdown, while easing too early could re-ignite inflation pressures. For equities, this means valuation support from falling discount rates is unlikely to be broad or immediate. This puts a greater emphasis on earnings delivery and balance sheet resilience which we expect to be central issues for the forthcoming August reporting season.

At a portfolio level, we continue to favour companies with resilient demand, pricing power, strong cash generation and balance-sheet flexibility. We remain selective in Resources, favouring higher-quality exposures where the earnings outlook is supported by structural demand rather than purely spot-price momentum, and where a genuine all-in sustaining cost advantage exists. We remain cautious on Banks and interest-rate-sensitive cyclicals where valuations leave limited room for disappointment, and we continue to review underperforming holdings where the investment thesis or earnings visibility has deteriorated.

From a bottom-up level, corporate Australia appears well positioned overall, supported by generally healthy balance sheets and, in many.

cases, conservative capital structures. This provides a buffer in a more volatile macro environment and supports continued investment, working-capital management and selective strategic opportunities should dislocations persist

## Portfolio strategy

Our strategy remains centred on maintaining a balanced, high-conviction portfolio capable of participating in earnings-led market upside while protecting capital if macro volatility returns. Over the past year, the portfolio has benefited from positioning around the two largest sectors in the Australian market: an overweight to Materials and an underweight to Banks. This positioning has been deliberate. Resources have been supported by late-cycle dynamics, higher inflation, commodity demand and, increasingly, the AI infrastructure theme. While Banks have faced pressure from elevated valuations, a slowing housing-market backdrop and the risk that higher rates translate into earnings downgrades.

Within Materials, **BHP** appreciated sharply off a strong demand for commodities. As we do not hold BHP in this portfolio due to its exposure to coal, this created a significant drag. **IGO** has performed strongly as lithium spodumene prices have recovered from a ‘winter’ spell. **South32** and **Rio Tinto**, also benefited from improved commodities prices and contributed well to the portfolio.

The Bank underweight remains in place reflecting our view that the sector still faces a difficult mix of high starting valuations, tight monetary policy, pressure on housing and the possibility of slower credit growth as policy and budget changes flow through. Albeit a late disappointing update from **Judo Bank** saw a sharp underperformance of this company in the period. This rate outlook also informed our decision to take profits and exit **Nick Scali**.

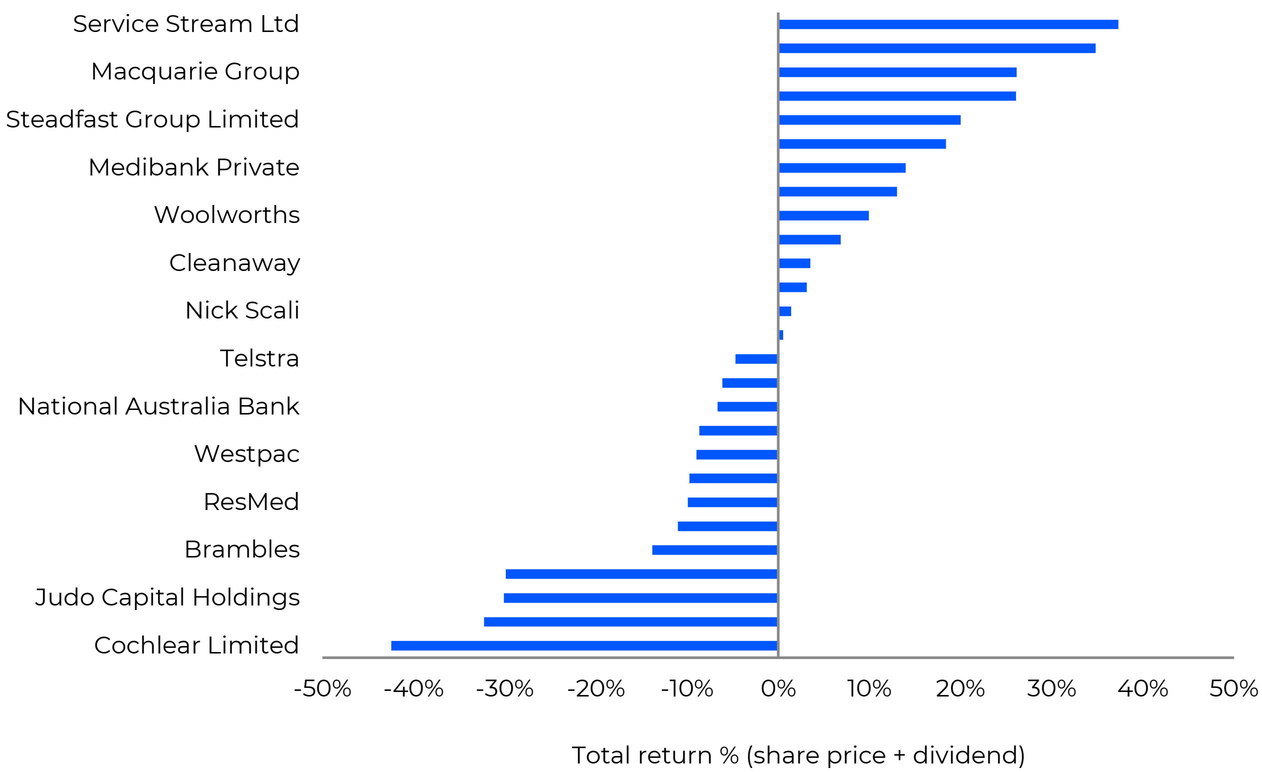
Within Diversified Financials, **Computershare**, **Cuscal** and **Macquarie** all contributed well.

We also made changes where company-specific conviction shifted. **CSL** was exited after the May update reduced transparency around revenue and profit drivers and our confidence in the outlook for the company in the short to medium term. **Cochlear** was also exited as we lost confidence in the outlook given a softening of demand in core markets.

**Steadfast** illustrates why patience can be valuable when our original investment thesis remains sound. Despite a period of underperformance, we retained a high level of portfolio conviction and continued to add to the position at depressed prices. Mid-June, Steadfast received a takeover approach from Amwins and Dragoneer at $6 per share, a 52% premium to prior trading. While due diligence is yet to be finalised, the approach has indicated in our view a market valuation below our assessment of intrinsic value.

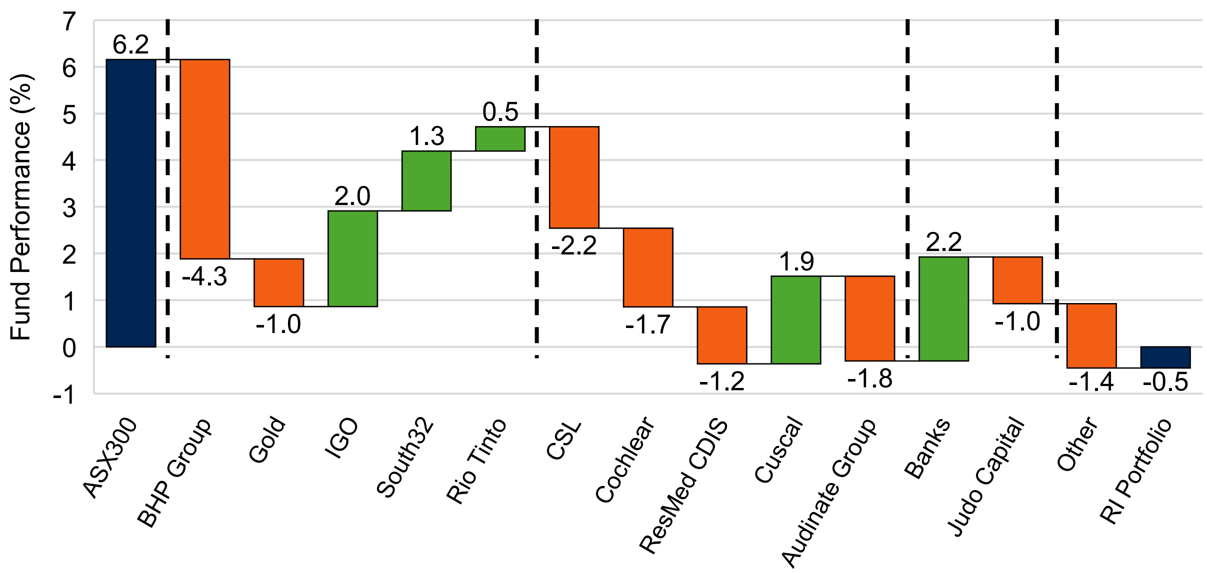
Overall, the portfolio has held up well in a challenging environment for active managers particularly given the headwinds facing quality exposures. We will continue to adapt portfolio settings to the market environment, but not at the expense of our investment philosophy: owning a concentrated portfolio of quality businesses where we have conviction of long-term earnings power (sustainable profitability), strong market positions, a robust balance sheet, and an experienced management team.

## Figure 1: Responsible Investment model portfolio total return for the June 2026 quarter




Source: FactSet, June 2026. Past performance is not indicative of future performance. Holdings based on the Perpetual Wrap portfolio.

## Figure 2: 1 July 25 to 30 June 26 Responsible Investment Portfolio performance decomposition




Source: FactSet, June 2026. Past performance is not indicative of future performance. Holdings based on the Perpetual Wrap portfolio.

## Macquarie Group: Back in gear

Macquarie Group has long been one of the more unique companies in the Australian market. It is part investment bank, part asset manager, part commodities trading house and part specialist financier. That mix can make earnings harder to forecast from year to year, but it also gives Macquarie several ways to create value when market conditions allow. After two years of softer outcomes following its FY23 profit peak, the FY26 result (to 31 March 2026 which was delivered in May) was a timely reminder of this flexibility, with the group delivering a full-year profit of $4.9 billion, up approximately 31% on the prior year.

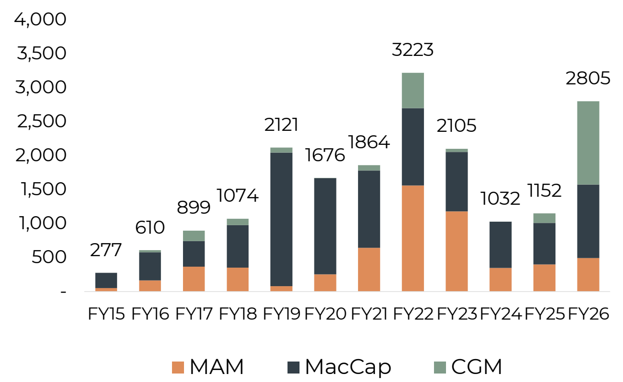
The shift was meaningful because the result did not come from a single narrow source. Stronger capital markets activity, improved asset realisation conditions, and better performance fees all contributed. Principal investment fees rose 48% to $2.8 billion, and performance fees rose 65% to $1.4 billion. On the back of global geopolitical events, the standout divisions were Commodities and Global Markets alongside Macquarie Capital, where net profit rose 49% and 43% respectively on FY25.

This represented a sharp change from the picture only six months earlier. At the half-year result, stable commodity markets and a slower private-market transaction environment had weighed on earnings expectations. Since then, the operating environment improved materially. Macquarie benefited from marquee asset realisations while renewed energy market volatility created a more supportive backdrop for its commodities platform.

Importantly, Macquarie enters this stronger earnings period with balance sheet flexibility. Management was conservative with the dividend, retaining capital rather than stretching the payout with the group finishing the period with $9.3 billion of excess capital, up from $7.6 billion at the first-half result. In our view, this matters because Macquarie's best long-term outcomes often come when it has the balance sheet capacity to invest when prices are more favourable and acquire assets when others are constrained. Essentially to position the business for the next cycle.

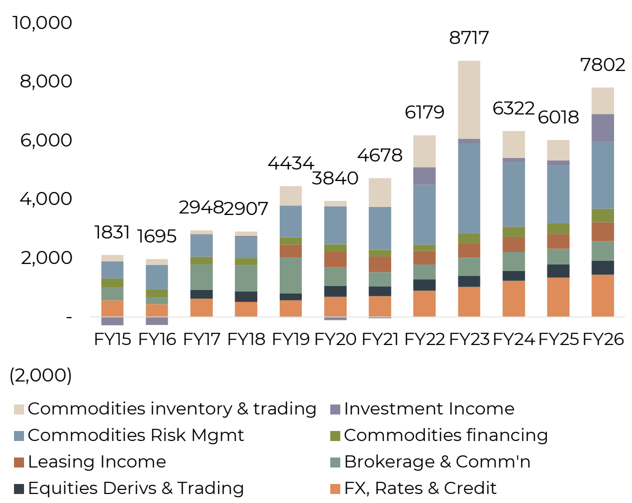
We continue to view Macquarie as a high-quality, globally diversified financial services business with multiple sources of optionality. The FY26 result ended a two-year lull and demonstrated that the group still has the capacity to convert volatile market conditions into shareholder value. With good momentum, a clean book and significant excess capital available for disciplined deployment, we remain confident with Macquarie as a high-conviction portfolio holding.

### Figure 3: Asset Realisations by Division




Source: Perpetual Private Wealth

### Figure 4: Commodities & Global Markets Total Income by Product




Source: Perpetual Private Wealth

## Top 5 high-conviction holdings – as at 03/07/2026

| Model portfolio stock | Relative weight‡ % | Holding weight % | Sector |
|---|---|---|---|
| **Steadfast Group Limited (SDF)** | +5.1 | 5.3 | Non-bank Financials |
| **Computershare Limited (CPU)** | +4.4 | 5.2 | Non-bank Financials |
| **Macquarie Group (MQG)** | +4.4 | 7.6 | Non-bank Financials |
| **Woolworths Group Ltd (WOW)** | +4.1 | 5.9 | Consumer Staples |
| **Resmed Inc. (RMD)** | +4 | 4.7 | Health Care |

‡Reflects portfolio manager conviction. Represents the percentage held above the stock's weight in the ASX 300 index.
Weights based on Perpetual Wrap portfolio.

[1]The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and needs and also consider the terms of any product disclosure document before making an investment decision. Certifications are current for 24 months and subject to change at any time.

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