Perpetual Asset Management Australia

INSTITUTIONAL UPDATE

June 2026

AUSTRALIAN EQUITIES STRATEGIES

The S&P/ASX 300 finished modestly higher for a third straight month, with a +0.60% gain, though it remained below February's record high. Early weakness reversed mid month as the US–Iran peace agreement eased geopolitical tensions and lowered oil prices, lifting global risk sentiment. A more hawkish Fed drove the AUD to a three month low against the greenback, its worst monthly performance since December 2024, as markets priced in the RBA's hiking cycle nearing its end. Sector leadership favoured defensives and consumer facing names: Consumer Staples (+12.5%) and Health Care (+12.5%) topped returns, followed by Consumer Discretionary (+11.7%), supported by a softer rate outlook. Materials (down 6.8%) and Energy (down 9.0%) lagged as the stronger dollar weighed on commodities, with gold down ~12.1% and iron ore pressured by CMRG pricing disputes and rising Simandou supply. Domestically, the RBA held rates at 4.35%, citing tightening financial conditions, weakening property markets and a slowing economy consistent with expectations.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual Australian Share Fund	1.5	6.0	2.6	4.4	6.0	6.4	6.2	8.1	8.5
S&P/ASX 300 Accumulation Index	0.6	4.1	2.0	6.2	9.9	10.6	7.6	8.0	9.4
Excess	+0.9	+1.9	+0.6	-1.7	-3.9	-4.2	-1.4	+0.1	-0.9
Perpetual Concentrated Equity Fund	2.4	6.2	2.9	5.9	6.1	7.4	7.6	8.1	9.1
S&P/ASX 300 Accumulation Index	0.6	4.1	2.0	6.2	9.9	10.6	7.6	8.0	9.4
Excess	+1.8	+2.1	+0.9	-0.3	-3.8	-3.2	0.0	+0.2	-0.3
Perpetual ESG Australian Share Fund - Class A	6.7	8.6	0.9	1.0	7.0	9.2	7.6	9.8	9.1
S&P/ASX 300 Accumulation Index	0.6	4.1	2.0	6.2	9.9	10.6	7.6	8.0	9.4
Excess	+6.1	+4.4	-1.1	-5.2	-2.9	-1.3	0.0	+1.8	-0.3
Perpetual Pure Equity Alpha Fund – Class A	0.6	1.5	0.8	9.0	8.1	7.8	8.7	9.9	9.2
RBA Cash Rate Index	0.4	1.1	2.0	3.9	4.1	4.2	3.1	2.4	2.1
Excess	+0.2	+0.5	-1.2	+5.1	+4.0	+3.6	+5.6	+7.5	+7.1
Perpetual Share-Plus Long-Short Fund	0.8	4.4	1.2	9.0	8.1	9.5	9.9	10.6	10.9
S&P/ASX 300 Accumulation Index	0.6	4.1	2.0	6.2	9.9	10.6	7.6	8.0	9.4
Excess	+0.2	+0.2	-0.8	+2.9	-1.8	-1.1	+2.4	+2.6	+1.5
Perpetual Smaller Companies Fund	0.8	6.8	-3.7	13.1	12.1	10.7	8.3	11.8	11.2
S&P/ASX Small Ordinaries Accumulation Index	-2.0	3.3	-7.9	8.1	10.2	9.9	3.0	5.5	7.0
Excess	+2.8	+3.5	+4.2	+4.9	+1.9	+0.8	+5.4	+6.3	+4.2
Perpetual Strategic Capital Fund - Class S	1.7	5.6	3.6	2.8	6.3	-	-	-	-
S&P/ASX 300 Accumulation Index	0.6	4.1	2.0	6.2	9.9	-	-	-	-
Excess	+1.1	+1.4	+1.5	-3.4	-3.5	-	-	-	-

GLOBAL EQUITIES STRATEGIES

June was a more complicated month for global equities than the headline year–to–date gains might suggest. Risk assets entered the month with strong second–quarter momentum, but leadership narrowed again around technology, semiconductors, memory, and AI infrastructure while several large–cap market leaders weakened. The MSCI All Country World Index declined (–0.80% | 11.25%), the MSCI World Index fell (–0.72% | 9.69%), and the S&P 500 Total Return Index was down (–0.95% | 10.21%). Beneath the surface, however, small caps and select value–oriented areas held up better: the Russell 2000 Index advanced (3.74% | 22.57%) and the Russell 1000 Value Index gained (2.27% | 16.26%) while Russell 1000 Growth declined (–2.68% | 5.33%). The month's most important message was not simply that returns softened, but that investor enthusiasm became increasingly concentrated in a narrow set of companies and industries tied to AI infrastructure. S&P 500 Technology plus Alphabet, Meta, Amazon, and Tesla represented more than 50% of the S&P 500, highlighting how much index performance remains tied to a relatively small cluster of technology–linked businesses.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Barrow Hanley Emerging Markets Fund	-0.6	36.3	37.3	64.5	41.4	26.8	-	-	-
MSCI Emerging Markets Net Total Return (AUD)	2.4	22.6	19.2	35.7	26.3	21.4	-	-	-
Excess	-3.0	+13.7	+18.1	+28.8	+15.1	+5.4	-	-	-
Barrow Hanley Global Share Fund - Class A	3.4	8.4	7.6	14.8	18.7	15.1	12.6	13.5	14.2
MSCI World Net Total Return Index ($A)	3.1	12.5	5.6	14.8	16.6	17.7	13.3	13.9	14.0
Excess	+0.3	-4.0	+2.0	0.0	+2.1	-2.6	-0.7	-0.5	+0.3

CASH & FIXED INCOME STRATEGIES

June saw credit markets strengthen marginally despite elevated volatility and persistent geopolitical uncertainty. Risk sentiment deteriorated in the first weeks of the month before a reversal as the US and Iran signed a memorandum of understanding. Oil prices fell sharply as traffic resumed in the strait Hormuz – however at a materially reduced rate. Despite the easing of inflation pressure as energy prices fell, a number of central banks including the ECB and BOJ increased their policy rates while markets increasingly anticipate a US Fed rate hike in October and a possible further rises in 2027.

The RBA held the cash rate at 4.35% at its June meeting, a decision unanimously expected following three consecutive increases to begin 2026. The May monthly CPI indicator showed headline inflation falling 0.7%, driven by a 12% decline in automotive fuel and domestic travel prices following government excise relief and the retreat in oil. The RBA's preferred measure Trimmed Mean Inflation increased however, from 3.4% to 3.6% on higher new dwelling costs. Q1 GDP grew 0.3% in the quarter and 2.5% annually — slightly below expectations — with household consumption rising 0.5% and business investment supported by data centre expansion. The unemployment rate fell from 4.5% to 4.4%, though downward revisions to prior months kept the overall picture on the softer side. Moderating inflation print combined with softer economic data saw expectations of further near-term rate hikes ease and bond yields rallied.

Domestic credit markets were mixed through June, moving marginally tighter while trading in a relatively tight range. Sector performance was mixed with higher beta sectors benefitting from supply dynamics as no AUD denominated Tier 2 or AT1 issuance saw spreads rally. Over recent months, domestic banks have preferred to issue tier 2 paper in foreign currencies, as tight non-AUD spreads present more attractive funding options. Securitised sectors performed well in secondary, rallying as investors moved to take advantage of the elevated disparity between RMBS and comparable senior unsecured spreads.

Primary issuance was elevated over the month led by kangaroo issuers and domestic corporates. French multinational energy utility company Engie entered the AUD market with its inaugural deal which priced $1.25B across senior and subordinated paper. Spanish multinational telco Telefonica Emisiones raised $700m of senior unsecured paper across 6 and 10-year tranches. Bank issuance was relatively subdued with only a small number of very short dated senior bonds pricing early in the month from the major banks. Securitisation activity was elevated, accelerating in the second half of the month.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual High Grade Floating Rate Fund	0.5	1.5	2.5	5.4	5.6	6.0	4.4	3.8	3.7
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.0	3.9	4.1	4.2	3.1	2.3	2.2
Excess	+0.1	+0.4	+0.5	+1.5	+1.4	+1.8	+1.3	+1.5	+1.5
Perpetual Credit Income Fund	0.6	2.5	3.4	7.0	6.7	7.7	5.5	5.1	4.9
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.0	3.9	4.1	4.2	3.1	2.3	2.2
Excess	+0.2	+1.4	+1.4	+3.2	+2.6	+3.5	+2.4	+2.7	+2.7
Perpetual Active Fixed Interest Fund	1.1	3.0	2.6	2.5	5.3	5.5	1.4	1.7	2.8
Bloomberg AusBond Composite Index	1.0	2.6	2.3	1.5	4.1	4.0	0.4	0.7	1.8
Excess	+0.1	+0.3	+0.3	+0.9	+1.2	+1.5	+1.0	+1.0	+1.0
Perpetual ESG Credit Income Fund- Class A	0.6	2.4	3.2	7.0	7.1	7.9	5.8	5.2	-
Bloomberg AusBond Bank Bill Index	0.4	1.1	2.0	3.9	4.1	4.2	3.1	2.3	-
Excess	+0.2	+1.3	+1.3	+3.1	+3.0	+3.7	+2.7	+2.8	-
Perpetual Pure Credit Alpha Fund - Class W	0.7	2.0	3.4	7.6	7.3	8.4	6.6	6.1	6.1
RBA Cash Rate Index	0.4	1.1	2.0	3.9	4.1	4.2	3.1	2.4	2.1
Excess	+0.3	+0.9	+1.4	+3.7	+3.2	+4.2	+3.5	+3.7	+4.0

MULTI-ASSET STRATEGIES

Markets staged a powerful recovery over the June quarter, more than reversing the March selloff that followed the outbreak of the US-Iran conflict. Early in the period, the ongoing disruption to global energy supply kept investor's focus firmly on inflation, growth and monetary policy risks. As the quarter progressed, a combination of de-escalation in the Middle East, resilient US corporate earnings and renewed enthusiasm for artificial intelligence (AI) drove a broad risk-on rally. In mid-June, when the United States and Iran signed a framework agreement to end the war, allowing the Strait of Hormuz to reopen without tolls and lifting the US naval blockade. Oil prices declined sharply and returned almost to their eb'26 close, safe-haven trades unwound, and equities rallied led by Asian markets with several indices reaching all-time highs.

- Global shares (+14.0%) rallied strongly over the quarter, more than recovering the March decline. The US market rallied (+15.2%) as the AI investment theme reasserted itself and corporate earnings beat expectations by a wide margin, led by US tech stocks.
- Growth (+19.2%) outpaced value (+9.6%) over the quarter as AI leadership resumed, although June saw a sharp reversal (Magnificent 7 Index was -8.0% lower) as investors began to question the returns on the enormous capital being committed to AI infrastructure.
- Japanese equities (+37.4%) were the standout of the developed markets, supported by a weaker Yen, expectations of fiscal easing, and strong AI-related demand.
- Emerging markets (+24.1%) led global markets, powered by semiconductor manufacturers in Taiwan (+46.0%) and Korea (+84.3%), while Chinese equities (+12.8%) rose by smaller amount and Hong Kong (Hang Seng –6.4%) fell on soft growth.
- European equities (+15.2%) were strong as energy-price relief and resilient earnings supported cyclicals and exporters, even as the ECB signalled further tightening. UK equities (+4.7%) lagged, with the FTSE 100 held back by the index's defensive composition in a quarter that rewarded growth and technology.
- Australian shares (+4.1%) rose more modestly, with resources supported while the banks lagged.
- Global bond markets diverged: US yields rose, led by the policy-sensitive 2-year tenor (+38bps), as markets increasingly priced the possibility of further monetary tightening. In contrast, Australian bond yields declined as the easing oil price softened the near-term inflation outlook, and market progressively priced in the peak of RBA rate hikes.
- Commodities fell sharply, led by Brent crude (–38.4%), as hostilities de-escalated in Iran, while gold (–11.4%) reversed its safe-haven rally; copper (+10.3%) rallied on the raw material intensity of AI infrastructure development.

Geopolitics remained the central driver early in the quarter, after the closure of the Strait of Hormuz removed an estimated 14 million barrels a day from the global oil market and kept energy prices elevated. The decisive shift came in mid-June, when the United States and Iran signed a memorandum of understanding to end the war, providing for the reopening of the Strait without transit fees and the immediate lifting of the US naval blockade. Brent crude, which had traded close to US$120 per barrel at the peak of the conflict, dropped sharply to around US$73 a barrel by quarter-end. A full normalisation of shipping is expected to take months given the backlog of vessels and the need to clear naval mines and rebuild energy infrastructure.

Central banks continued to converge towards patience, though policy divergence remained. The US Federal Reserve held rates steady and, with inflation appearing close to its cyclical peak, markets priced in around one further 25bp increase by the end of 2026, although several officials including the senior members of the committee signalled a willingness to pause and see how the US economy adjusts to the shock before deciding on any policy action. In Japan, political pressure from Prime Minister Takaichi for further fiscal expansion and continued monetary accommodation has raised concerns over Bank of Japan independence. The Yen fell to a 40-year low even as 10-year JGB yields reached 30-year highs of 2.83% as investors fretted about the size of the Japanese government's interest payments. In Australia, the RBA raised the cash rate by 25bps to 4.35% in May — its third increase of the year — before holding steady in June for the first time in 2026, as it sort to assess the impact of prior hikes and the oil-supply shock on the local economy desiring for inflation to not become embedded once the energy impulse has passed.

The broader macro backdrop remains constructive. The US expansion continues to be supported by strong corporate profitability, resilient labour demand and accommodative financial conditions. European disinflation continues only gradually, with core inflation around 2.4% and a resilient labour market, while global PMIs point to improving growth in the second half of 2026, albeit at a more measured pace than consensus currently expects.
The AI investment theme performed very strongly throughout April and May before retracing in June. For the past two years investors rewarded the rapid expansion of AI infrastructure, but the debate has shifted from the capacity build-out to utilisation, monetisation and returns on capital. The question is no longer whether AI will transform the economy, but which participants will capture the economic value. As infrastructure becomes more abundant, we expect market leadership to broaden and valuations to compress; the 12MF PE compression among AI builders and hyperscalers, has so far been masked by exceptional 12MF EPS growth upgrades, which may have further to run. We continue to have concerns around the quality and expected returns from the trillions of dollars being committed to AI capital expenditure, and we look for opportunities outside this cohort.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual Balanced Growth Fund	1.1	6.5	4.4	8.7	9.1	8.7	7.2	8.0	8.3
Balanced Growth Index	1.2	7.1	4.2	9.0	10.7	11.1	6.9	7.6	8.3
Excess	-0.1	-0.6	+0.2	-0.3	-1.6	-2.4	+0.2	+0.4	0.0
Perpetual Diversified Growth Fund	1.0	5.4	3.9	7.1	8.0	7.7	5.8	6.4	6.8
Moderate Growth Index	1.1	5.8	3.7	7.0	8.8	9.1	5.2	5.7	6.5
Excess	-0.1	-0.4	+0.2	+0.1	-0.8	-1.4	+0.6	+0.7	+0.3
Perpetual Diversified Real Return Fund - Class W	1.2	3.6	3.7	8.0	8.1	7.0	5.0	5.5	5.7
Australian CPI +5% (Target Objective) *							9.5	8.7	
Perpetual ESG Real Return Fund	2.3	5.5	2.7	5.2	7.0	5.7	3.1		
Australian CPI +5% (Target Objective) *							9.5	-	

Total returns shown have been calculated using gross performance and assuming reinvestment of distributions. No allowance has been made for fees or taxation. Past performance is not indicative of future performance.

* Due to CPI data being released by the Australian Bureau of Statistics later in the month after quarter end, CPI figures reported are lagged by one month.