Perpetual Investment Funds

PERPETUAL INDUSTRIAL SHARE FUND

June 2026

FUND FACTS

Investment objective: Aims to provide long-term capital growth and regular income through investment predominantly in quality Australian industrial shares.

FUND BENEFITS

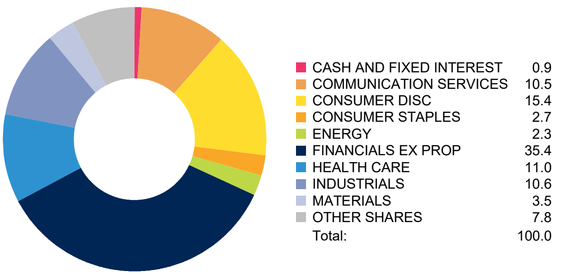
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares. Investors have been benefitting from this strategy since 1966.

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 300 Industrial Accum. Index
Inception Date:	December 1996
Size of Portfolio:	$880.88 million as at 31 Mar 2026
APIR:	PER0046AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	11.8%
Goodman Group	6.1%
Washington H. Soul Patt.	5.4%
ANZ Group Holdings Limited	5.3%
National Australia Bank Limited	3.7%
Suncorp Group Limited	3.6%
Westpac Banking Corporation	3.6%
News Corporation	3.5%
James Hardie Industries	3.5%
EVT Limited	3.1%

NET PERFORMANCE - periods ending 30 June 2026

	Fund	Benchmark #	Excess
1 month	4.57	4.32	+0.25
3 months	5.98	4.83	+1.15
1 year	-6.51	-4.49	-2.02
2 year p.a.	5.27	6.57	-1.30
3 year p.a.	9.35	10.16	-0.81
4 year p.a.	11.00	10.53	+0.47
5 year p.a.	6.96	6.18	+0.78
7 year p.a.	7.39	6.88	+0.51
10 year p.a.	7.56	7.91	-0.36
Since incep. p.a.	9.44	8.83	+0.60

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

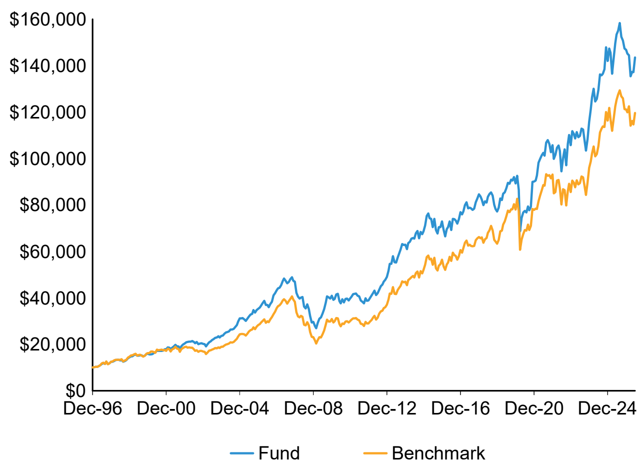
PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	18.1	19.4
Dividend Yield*	3.4%	3.7%
Price / Book	2.3	2.4
Debt / Equity	55.6%	59.2%
Return on Equity*	12.6%	12.7%

^ 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 300 returned 4.14% over the June quarter, a period defined by geopolitical whiplash and a domestic policy pivot. The Iran conflict drove oil volatility throughout, before the June ceasefire eased tensions and lifted risk sentiment into quarter-end. The May Federal Budget reshaped capital gains tax and negative gearing settings, unsettling property-linked exposures. The RBA hiked twice (April and May) before pausing in June as growth signals softened and unemployment rose. Consumer Discretionary (+ 18.02%) and Information Technology (+17.40%) led returns, aided by rate-cut optimism and a Megaport-driven tech surge. Real Estate (+ 12.72%) benefited from the data centre thematic via Goodman Group. Energy (-16.72%) and Utilities (-6.61%) lagged as oil eased and the dollar strengthened. Health Care (-6.08%) hit fresh multi-year lows on CSL and Cochlear downgrades. Financials were modestly positive despite banking sector caution following early post-Budget housing weakness.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Washington H. Soul Pattinson, EVT Ltd and Goodman Group. Conversely, the portfolio 's largest relative underweight positions include Macquarie Group and Telstra, both of which were not held, and Wesfarmers.

Soul Patts (SOL) was a significant contributor for the quarter, returning 15.5% as it continued to re-rate following its 1H26 result in late March, the first reporting period since completion of the Brickworks merger. It was another strong period for SOL: pre-tax NAV rose approximately 15% on the prior corresponding period (pcp), and the portfolio returned 9.7%, outperforming the ASX 200 by 6.6%. Notably, the Brickworks merger has reset SOL's tax position, boosting post-tax NAV per share by approximately 27% in the half. A 48cps fully franked dividend was also declared, extending its track record of growing distributions to 28 consecutive years. We continue to like the SOL story for its ability to deliver long-term growth and for its diversified portfolio with a history of uncorrelated returns. On growth, SOL's move into private assets continues to gain momentum: at the interim result, the private credit portfolio grew approximately 37% on pcp to A$1.65bn and private equity grew 32% on pcp to A$1.6bn. Importantly, management report no signs of stress in this space, having avoided riskier parts of the market in favour of a focus on downside protection and value preservation. On correlation, SOL proved resilient during recent volatility, with a maximum share price drawdown of 2.25% since the onset of the US-Iran conflict.

Following the onset of the US-Iran conflict, sentiment turned sharply negative for cyclical names such as JHX, with the share price falling 23.7% from $34.22 over March, as the conflict threatened to inflate and sustain affordability headwinds. As the share price fell, we saw the risk-reward becoming significantly skewed to the upside and steadily added to our position in the mid-to-high twenties. Fast forward through May and June, and the stock returned 9.69% and 19.64% respectively to finish the quarter up 46.3%. The driver was de-escalation in the Middle East, which saw energy prices revert and inflationary expectations decline. This provides hope that key mortgage interest rates can compress to levels that stimulate demand. Alongside the ongoing undersupply in the US housing market, this leaves the longer-term outlook for JHX looking increasingly positive. As a manufacturing business with a largely fixed cost base, JHX carries significant operating leverage, meaning earnings can grow disproportionately as volumes improve. Combined with the potential for the multiple to re-rate toward mid-cycle levels, this provides mechanisms for further upside to the share price.

The large underweight in Wesfarmers was a significant detractor for the quarter, especially in June where it returned 13.3%. During the month there were positive EPS revisions from sell side brokers, driven largely by the mark to market of higher Spodumene prices in Wesfarmers WesCEF division. These positive revisions, at a time of negative revisions in other key constituents of the top 20 (banks, resources, healthcare), was likely the key driver of share price outperformance. Wesfarmers is an attractive conglomerate, underpinned by two high quality businesses in Bunnings and Kmart. Despite these features, Wesfarmers is not currently held due primarily to its unattractive valuation relative to earnings growth potential. Wesfarmers is currently trading on 36x FY26 PE and a 2.4% dividend yield. Despite the attractiveness of Bunnings in particular, the implied valuation of the business when you consider the lower quality of Officeworks and WESCEF implies investors are being asked to pay a >40x PE multiple for a business delivering ~5% EBIT growth. On a fundamental basis, we see materially more attractive value elsewhere in the market.

The a2 Milk Company had a mixed quarter but overall finished down 21.8%. In mid-April A2M cut FY26 revenue and EBITDA margin guidance due to supply shortages stemming from Synlait's capacity constraints, new testing standards lengthening product release times, and additional customs sampling requirements in the wake of the arachidonic acid recall. A further voluntary US infant formula recall on 1 May, citing cereulide contamination, triggered additional declines. Negative sentiment prevailed, with some analysts cutting price targets as low as $3.80 in early June, implying a further 30% downside from the share price at the time. The stock rebounded strongly in June, returning 39.3%. This was driven by the announcement that it had received final approval from the State Administration for Market Regulation (SAMR) to transition two China label infant milk formula (IMF) product registrations, acquired with the A2 Pokeno facility, to A2 branded products. This cleared the way for a NZ $300 million special dividend, which had been contingent on the regulatory approval, delivering a double positive catalyst for the stock.

OUTLOOK

The federal budget was a clear negative for property markets which have now seen low auction clearance rates for several weeks in a row. Sydney and Melbourne in particular have seen clearance rates often slipping below 45 %, consistent with a declining market. The risk for the broader economy is that these declines become more entrenched and have knock-on effects to the broader economy, including consumer confidence and even the banking system. Equity markets have been fairly subdued in recent months. This followed a broader rotation which saw Materials and Energy up strongly for the financial year and Healthcare hit hard, highlighting opportunities. Our portfolios remain overweight companies with real businesses and assets across various sectors of the economy that we think continue to trade at attractive multiples. We are most underweight financial leverage and expensive energy, telcos, infrastructure and other names that we believe will come under more pressure.

MORE INFORMATION

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