Perpetual Investment Funds

PERPETUAL SMALLER COMPANIES FUND

June 2026

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

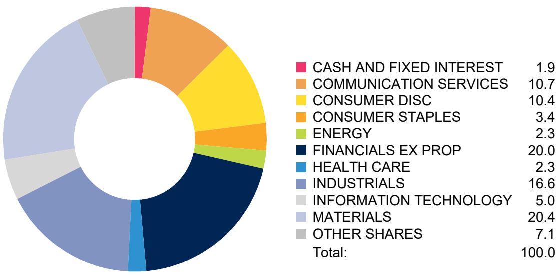
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

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: $568.60 million as at 31 Mar 2026
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
Qualitas Limited	3.0%
FleetPartners Group Limited	2.9%
Pinnacle Investment Management Group Limit	2.8%
News Corporation	2.7%
IRESS Limited	2.7%

NET PERFORMANCE - periods ending 30 June 2026

	Fund	Benchmark #	Excess
1 month	0.71	-2.00	+2.71
3 months	6.49	3.32	+3.17
1 year	11.71	8.11	+3.60
2 year p.a.	10.74	10.16	+0.58
3 year p.a.	9.35	9.89	-0.54
4 year p.a.	10.40	9.53	+0.88
5 year p.a.	6.98	2.98	+4.00
7 year p.a.	10.41	5.51	+4.90
10 year p.a.	9.82	7.03	+2.80
Since incep. p.a.	11.73	5.64	+6.10

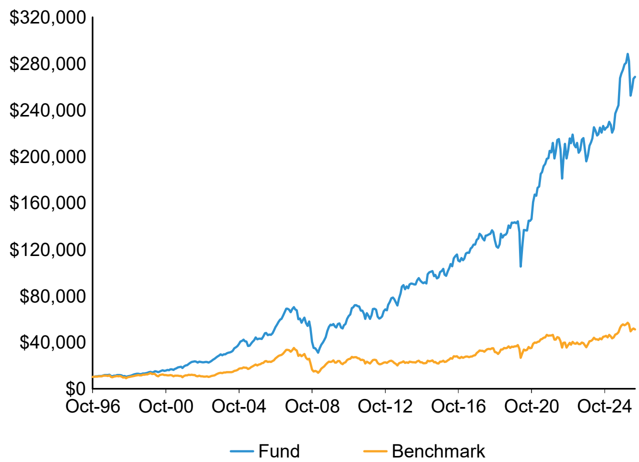
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	14.1	14.7
Dividend Yield*	3.9%	4.0%
Price / Book	1.8	1.6
Debt / Equity	27.9%	33.3%
Return on Equity*	14.6%	13.2%

^ 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 Qualitas, FleetPartners Group and Capricorn Metals. Conversely, the portfolio 's largest relative underweight positions include Codan, Megaport and Ventia Services Group, all of which were not held.

Qualitas (QAL) backed up its 18.67% return in May with an additional 7% in June to close the quarter up 28.6%. The stock's performance over the period was driven by a multiple re-rating, primarily as a result of the Federal budget announcements on 12th May, where negative gearing benefits were preserved for investors in new housing stock. This is expected to redirect capital toward new multi-dwelling developments and expand the addressable market for QAL 's residential construction lending. During June, QAL also announced its expansion into Europe with the acquisition of UK-based lender Starz Real Estate. The business was acquired at an attractive valuation, with the $36.5m consideration implying no goodwill was paid for the management business. Between the domestic policy tailwind and this offshore growth optionality, we remain constructive on QAL, which is our largest active weight position. The stock is differentiated from other private credit managers by aligned and well-tenured management, deep due diligence, a stable institutional capital base, and a focus on real estate. There is also significant runway for private credit penetration in Australia relative to other developed markets, which underpins expectations for sustained double-digit FUM and earnings growth.

SXE was a standout performer for the quarter (+75.71%), with the stock continuing a strong run through April and May before jumping another 19.4% June on the back of a major trading update. The company issued FY27 EBITDA guidance of at least $100m, implying roughly 33% year-on-year growth and coming in well ahead the ~$80m consensus. This was accompanied by more than $150m in new contract awards, including electrical and communications works at NEXTDC's S4 data centre and a Master Construction Agreement with Rio Tinto covering its Pilbara operations. SXE also raised a $150m institutional placement priced at an exceptionally tight discount of 0.5% to its previous traded close, indicating strong investor confidence. We continue to like SXE for its leverage to structural, multi-year tailwinds in data centre construction, battery energy storage and broader electrification and decarbonisation spend. Management noted active involvement across eight data centres for six providers in the past half, a tender pipeline exceeding $1bn, and FY27 data centre revenue expected to be around three times FY26 levels. The business has also diversified meaningfully beyond its resources-sector origins through acquisitions such as Heyday, Trivantage and Force Fire, giving it exposure across commercial, infrastructure and industrial end markets.

Enero Group's (EGG) share price was under steady pressure throughout the quarter, declining 33.3% over the period. Despite the quantum of the fall, prudent position sizing limited the negative attribution, with the stock sitting outside the top ten detractors. The underperformance was driven by expectations of a deteriorating macro-economic environment following conflict in the Middle East. This put pressure on the trading multiples of pro-cyclical businesses such as EGG, which as a media agency group generates its income from the marketing decisions of the brands it represents. For the patient investor, we believe there is a mid to long-term turnaround story in the operating performance of the Agency businesses, driven by a refreshed management team. In the short-term, Enero Group's current market cap (A$27m) is below consensus estimates of the business' ending net cash in FY26 at A $31m, implying the market is ascribing negative value to the underlying operating business, and supporting a plausible re-rating.

MaxiPARTS (MXI) fell 27.3% for the June quarter, though its small position sizing again limited the impact on the overall portfolio. The decline was driven in part by the 22 May trading update, which highlighted softer demand for aftermarket truck parts. This reflected cyclically depressed commercial road transport activity, itself a function of elevated fuel prices stemming from the US-Iran conflict and generally softer economic conditions amid rising interest rates. Importantly, however, management reiterated FY26 guidance for revenue of $273-278m and operating PBT of $13.4-14.1m. We therefore believe the market may have overreacted to the update, and at approximately 7x NTM P /E, we consider MXI to be trading at fundamentally cheap multiples. Longer-term catalysts to drive returns include population growth, ageing truck fleets, and tighter compliance requirements around repair and maintenance activity for commercial road transport operators.

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.

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.

MORE INFORMATION

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