Perpetual Asset Management Australia

INSTITUTIONAL UPDATE

November 2025

AUSTRALIAN EQUITIES STRATEGIES

The S&P/ASX300 experienced its worst month since March, declining 2.64% 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%) gained on solid updates from Ramsay, Sonic Healthcare and CSL, 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 across Catapult, Life360, Xero and NextDC. 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.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual Australian Share Fund	-2.0	-4.3	1.6	0.9	10.4	5.9	9.2	9.4	8.1
S&P/ASX 300 Accumulation Index	-2.6	-2.9	4.1	5.8	14.2	9.7	9.8	10.2	9.5
Excess	+0.6	-1.4	-2.5	-4.9	-3.8	-3.7	-0.6	-0.9	-1.3
Perpetual Concentrated Equity Fund	-1.7	-2.9	2.7	2.7	11.1	7.6	10.9	9.3	8.7
S&P/ASX 300 Accumulation Index	-2.6	-2.9	4.1	5.8	14.2	9.7	9.8	10.2	9.5
Excess	+1.0	-0.0	-1.4	-3.1	-3.1	-2.0	+1.1	-0.9	-0.8
Perpetual ESG Australian Share Fund - Class A	0.2	-3.6	3.3	8.3	15.2	11.6	12.1	11.6	9.3
S&P/ASX 300 Accumulation Index	-2.6	-2.9	4.1	5.8	14.2	9.7	9.8	10.2	9.5
Excess	+2.8	-0.7	-0.8	+2.5	+1.0	+2.0	+2.3	+1.4	-0.2
Perpetual Pure Equity Alpha Fund – Class A	1.2	1.4	6.8	9.5	11.7	8.3	10.1	9.9	9.0
RBA Cash Rate Index	0.3	0.9	1.9	4.0	4.2	4.1	2.7	2.1	2.0
Excess	+0.9	+0.5	+4.9	+5.5	+7.5	+4.2	+7.4	+7.7	+7.0
Perpetual Share-Plus Long-Short Fund	-1.3	-2.9	5.8	3.4	13.8	7.9	12.7	11.9	10.3
S&P/ASX 300 Accumulation Index	-2.6	-2.9	4.1	5.8	14.2	9.7	9.8	10.2	9.5
Excess	+1.4	-0.1	+1.7	-2.4	-0.4	-1.7	+2.9	+1.7	+0.8
Perpetual Smaller Companies Fund	1.7	4.7	18.5	25.8	19.4	10.4	13.1	13.9	12.1
S&P/ASX Small Ordinaries Accumulation Index	-1.5	3.8	16.7	19.4	19.7	11.5	7.1	8.3	8.9
Excess	+3.2	+0.9	+1.8	+6.4	-0.2	-1.1	+6.0	+5.6	+3.2
Perpetual Strategic Capital Fund - Class S	-0.3	-4.1	2.5	4.9	11.4	-	-	-	-
S&P/ASX 300 Accumulation Index	-2.6	-2.9	4.1	5.8	14.2	-	-	-	-
Excess	+2.3	-1.3	-1.6	-0.9	-2.7	-	-	-	-

GLOBAL EQUITIES STRATEGIES

During month of November, persistent themes driving market uncertainty such as policy ambiguity, geopolitical and trade tensions, and rapid shifts in economic data continued - with the added wrinkle of a long U.S. government shutdown ending. Despite these headwinds, global equity markets continued to push slightly higher with signs of a rotation in leadership. The MSCI World Index rose 0.3% in November, while the MSCI All Country World Index was essentially flat, marking another month of positive returns for developed markets in aggregate. The S&P 500 performed in line with developed markets other than Japan, as it was down -0.7%, supported by strength in value-oriented sectors in a challenge to the long-lasting growth rally of the past 12 months (which was only briefly interrupted in the first quarter). The same was true in developed markets across the globe, in which value led growth for a second month in a row. For the month, with the MSCI World Value Index up 2.1% versus a decline of -1.3% for the MSCI World Growth Index. This closed the gap for the year as the MSCI World Growth Index is only outperforming its Value counterpart by ~250 basis points. Outside of developed markets, emerging markets underperformed, blunting the momentum of a strong year, with the MSCI Emerging Market Index down -2.4%. After a large relative decline in the first part of the year, the U.S. dollar (USD) has been relatively range bound in total over the past six months.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Barrow Hanley Emerging Markets Fund	0.1	11.5	26.6	39.5	20.6	16.2	-	-	-
MSCI Emerging Markets Net Total Return (AUD)	-2.6	8.7	17.0	28.6	21.0	15.5	-	-	-
Excess	+2.6	+2.8	+9.5	+10.9	-0.4	+0.6	-	-	-
Barrow Hanley Global Share Fund - Class A	1.4	3.7	7.8	14.6	18.4	15.4	15.3	14.5	12.6
MSCI World Net Total Return Index ($A)	0.1	5.4	12.3	16.2	23.0	19.9	15.6	15.1	13.0
Excess	+1.3	-1.7	-4.5	-1.6	-4.5	-4.6	-0.2	-0.6	-0.4

CASH & FIXED INCOME STRATEGIES

The extended rally in risk assets slowed during Novemberas markets parsed higher than expected inflation and jobs data. While domestic credit spreads were resilient, bond yields moved higher and equity markets stumbled before recovering by month end.

November was marked by a significant shift in bond market sentiment, both in Australia and globally as stubbornly high inflation forced investors to abandon expectations of near-term rate cuts. In Australia, the release of the first full monthly CPI report showed higher than expected inflation (3.8% y/y). This, combined with robust October employment data (42,000 new full-time jobs and a drop in unemployment to 4.3%), led markets to push back the timeline for any rate cuts and even consider the possibility of a rate hike in late 2026. As a result, Australian government bonds sold off: three-year yields rose above 3.85%, and ten-year yields climbed to 4.5%.

Credit markets demonstrated resilience despite volatility in equities and shifting rate expectations. While there was some risk aversion early in the month – triggered by concerns over AI capital expenditure returns and mixed signals from the US Federal Reserve – credit spreads remained relatively stable, trading a tight range. During November, APRA announced a new measure, effective from February 2026, limiting new mortgage lending with a debt-to-income ratio of six times or more to 20% of ADI's new lending. This pre-emptive action was taken in response to early signs of increasing riskier lending amid falling interest rates and rising housing prices and credit growth.

Credit issuance in November was strong, especially early in the month, with major banks returning to the market after blackout periods. Notable deals included Westpac's $1B 20-year bullet tier-two tranche and Transgrid's A$800 million hybrid issue. Securitisation remained robust, highlighted by Firstmac's record A$2.5 billion nonbank RMBS deal which attempted to capitalise on recent interest from Asian investors, including a Yen denominated tranche. Activity slowed at month-end, particularly in securitisation, as the Australian Securitisation Forum's conference took place, with a hybrid issue from BNP Paribas alongside Norfina ($1.5B) and RBC ($950M).

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual High Grade Floating Rate Fund	0.3	1.3	2.9	5.6	6.1	6.2	4.1	3.7	3.6
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.8	4.0	4.2	4.1	2.6	2.2	2.1
Excess	0.0	+0.4	+1.0	+1.6	+1.9	+2.1	+1.4	+1.5	+1.5
Perpetual Credit Income Fund	0.1	1.5	3.6	6.2	7.6	8.1	5.4	4.9	4.8
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.8	4.0	4.2	4.1	2.6	2.2	2.1
Excess	-0.1	+0.6	+1.8	+2.2	+3.4	+4.0	+2.7	+2.7	+2.7
Perpetual Active Fixed Interest Fund	-0.9	-0.3	1.3	5.6	6.4	5.1	0.8	2.7	3.2
Bloomberg AusBond Composite Index	-0.9	-0.4	0.6	4.4	4.8	3.2	-0.4	1.6	2.1
Excess	0.0	+0.1	+0.6	+1.3	+1.7	+1.9	+1.1	+1.0	+1.1
Perpetual ESG Credit Income Fund- Class A	0.2	1.5	3.8	6.9	8.1	8.3	5.7	5.0	-
Bloomberg AusBond Bank Bill Index	0.3	0.9	1.8	4.0	4.2	4.1	2.6	2.2	-
Excess	-0.1	+0.6	+2.0	+2.9	+3.9	+4.2	+3.0	+2.9	-
Perpetual Pure Credit Alpha Fund - Class W	0.3	1.7	4.0	7.0	8.3	8.9	6.6	6.0	6.1
RBA Cash Rate Index	0.3	0.9	1.9	4.0	4.2	4.1	2.7	2.1	2.0
Excess	0.0	+0.8	+2.1	+2.9	+4.1	+4.8	+4.0	+3.8	+4.1

MULTI-ASSET STRATEGIES

Financial markets saw elevated volatility throughout November with sharemarkets declining sharply early in the month before partially recovering by month end. Volatility was underpinned by rising concerns around the massive AI capital expenditures and when investors might see returns in addition to uncertainty around whether central banks can continue lowering interest rates as inflation remains sticky above their target ranges.

- Developed market equities (+0.2%) rose marginally after selling off early in the month, in line with the S&P 500 (+0.2%). Much of the first half of the month saw a sell-off as concerns around tech valuations, and AI capex outweighed robust third quarter earnings season results. This thematic was observable in the relative outperformance of value sectors and stocks with the Russell 1000 Value index rising (+2.5%) while the growth benchmark sold off (-1.9%).
- UK Equities (+0.4%) marginally outperformed the broader MSCI developed markets index, supported by declining gilt yields and a depreciating pound which supported the large cap globally focused names in the FTSE 100.
- Similarly, European shares (+0.2%) recorded a modest advance supported by corporate earnings results among the financial and IT sectors which helped offset a flat month in the French market (0.0%) and losses in Germany (-0.4%).
- In contrast, the ASX 300 (-2.6%) fell as markets parsed higher than expected inflation and jobs data and revised expectations around the path of the RBA's monetary policy.
- Surprisingly, Japanese stocks were mixed with the Topix index up +1.4% whereas the Nikkei 225 fell (-4.1%) as investors in that index became increasingly concerned around increased talk of a major fiscal spending program by new PM Takaichi and its impact on Japanese bond yields given already high inflation, a hiking BoJ and very high Japanese government debt which saw the latter index giveback a modest portion of its post Mar-25 gains.
- Emerging Market equities (-1.6%) declined, in spite of the declining US dollar as China and tech heavy indices in South Korea and Taiwan gave back recent gains as the technology sector stumbled in line with their US peers during November.
- Bond markets were mixed, with US 10-year yields rallying (-6bps) while similarly long Australian yields (+22bps) sold off as investors reappraised RBA policy expectations, which resulted in wider spreads.

Strong quarterly earnings results – notably from Nvidia – did not dissuade rising concerns around valuations and return on investment among mega cap US tech giants. Sentiment toward AI shifted from broad optimism to increased scrutiny of capital expenditure the likely payoff period and what sort of returns investors might expect. Although a high 80% of companies beat downbeat expectations in the Q3-25 US reporting season, market reactions to results were somewhat muted reflecting how much good news was already priced with respect to revenue growth, EPS growth, margins and overall guidance. While AI technology itself is transformative, we see some parallels to the first tech boom and are wary of the business of providing AI services will meet the egregious profit expectations which are baked into forward looking valuations.

There was uncertainty around the path of US monetary policy throughout November as the government shutdown delayed (in the case of October inflation print, indefinitely) economic data and Chair Powell stated that cuts were not a "done deal". Odds of a December Federal Reserve rate cut rose above 80% by month end following dovish commentary from key Fed officials citing labour market concerns. While September non-farm payrolls (+119,000) showed resilience, the unemployment rate ticked up. Wage growth remained strong, up 3.8% year-over-year, outpacing inflation at 3.0%. A combination of wage growth, back pay for federal workers and seasonal factors is expected to support consumer spending as the US turns into the New Year, and numerous growth supports risks inflation being stickier at a higher level.

Softer inflation and labour market data in the UK saw increased expectations of Bank of England rate cuts. The November Budget was better-than-feared , with greater-than-expected fiscal headroom and lower projected gilt issuance helping to stabilise market sentiment. Meanwhile, European activity indicators remained in expansionary territory with a composite PMI of 52.4 marking eleven consecutive months of growth and a level which suggests GDP will accelerate in 2026. Germany's economic troubles deepened, with Q3 GDP confirmed flat quarter-on-quarter with private consumption declining, but large-scale fiscal stimulus in 2026 is set to improve output, but the private sector looks subdued, at best. Equity markets in Europe continue to trade below US and Australian valuations but remain expensive relative to long-term averages, but 12MF EPS growth is around +11% which is lofty and will require a private sector recovery to be met.

In Australia, November was marked by a significant shift in bond market sentiment as stubbornly high inflation forced investors to abandon expectations of near-term rate cuts. the new monthly CPI report showed higher than expected inflation (3.8% y/y). This, combined with robust October employment data (42,000 new full-time jobs and a drop in unemployment to 4.3%), led markets to abandoning the timeline for any rate cuts and factoring in risks of a rate hike in 2026, which sparked a selloff in domestic bonds. Household spending showed continuing improvement +1.3%M and +5.6%Y in Oct-25 which, combined with increasing government spending, solid wage growth (+3.4%Y) and weak productivity, could place further upward pressure on inflation.

Gross Performance	1M%	3M%	6M%	1Y%	2Y%	3Y%	5Y%	7Y%	10Y%
Perpetual Balanced Growth Fund	-0.3	0.5	5.0	7.3	10.6	7.4	8.8	8.8	7.9
Balanced Growth Index	-1.2	0.7	6.1	8.7	14.0	10.7	8.1	8.7	8.1
Excess	+0.8	-0.2	-1.1	-1.4	-3.4	-3.3	+0.7	+0.1	-0.1
Perpetual Diversified Growth Fund	-0.4	0.5	4.1	7.0	9.3	6.5	6.8	7.2	6.6
Moderate Growth Index	-1.0	0.4	4.6	7.5	11.3	8.6	5.9	6.7	6.4
Excess	+0.6	0.0	-0.4	-0.4	-2.0	-2.1	+1.0	+0.5	+0.2
Perpetual Diversified Real Return Fund - Class W	0.7	1.6	4.3	8.3	7.7	5.8	5.5	5.9	5.5
Australian CPI +5% (Target Objective)							9.5	8.6	
Perpetual ESG Real Return Fund	0.5	1.0	3.2	7.2	7.0	4.7			
Australian CPI +5% (Target Objective)							-	-	

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.