Perpetual Investment Funds

PERPETUAL GLOBAL ALLOCATION ALPHA FUND

June 2026

FUND FACTS

Investment objective: Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

FUND BENEFITS

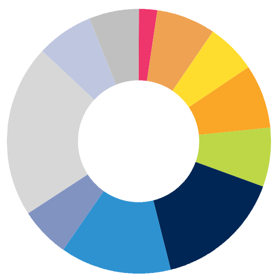
Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment teams.

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: MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022
Inception Date: March 1999
Size of Portfolio: $383.51 million as at 31 Mar 2026
APIR: PER0066AU
Management Fee: 0.55%*
Investment style: Active, fundamental, disciplined, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

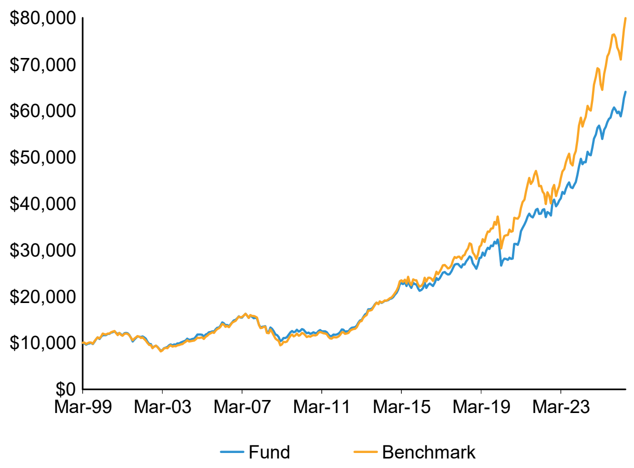
	% of Portfolio
Apple Inc.	3.0%
Microsoft Corporation	2.7%
Alphabet Inc.	2.5%
NVIDIA Corporation	2.2%
Broadcom Inc.	1.4%
AbbVie, Inc.	1.3%
Merck & Co., Inc.	1.1%
Amazon.com, Inc.	1.0%
Chevron Corporation	1.0%

PERFORMANCE- periods ending 30 June 2026

	Fund	Historical[1] Performance	Benchmark	Excess
1 month	2.28	-	3.14	-0.86
3 months	9.01	-	12.61	-3.60
1 year	13.48	-	14.95	-1.47
2 year p.a.	14.52	-	16.75	-2.23
3 year p.a.	14.07	-	17.80	-3.73
4 year p.a.	-	14.66	18.99	-4.32
5 year p.a.	-	12.09	13.40	-1.31
7 year p.a.	-	11.52	13.43	-1.91
10 year p.a.	-	11.37	13.19	-1.82

[1]Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

GROWTH OF $10,000 SINCE INCEPTION



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

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.

PORTFOLIO COMMENTARY

Hewlett Packard Enterprise Co. positively contributed to relative performance during the quarter as improving demand trends in enterprise infrastructure and favourable investor sentiment drove shares higher. The company, which provides edge–to–cloud platforms including servers, storage, and networking solutions, benefited from stronger orders tied to artificial intelligence–related infrastructure and hybrid cloud deployments. Results were further supported by growth in its Intelligent Edge segment, where demand for secure connectivity and data–driven networking solutions remained resilient. Performance was also aided by a broader re–rating across infrastructure providers, as the stock participated in the positive sentiment surrounding artificial intelligence spending despite not being a pure–play beneficiary. Management commentary pointed to a stabilising enterprise spending environment and improved execution following prior supply chain constraints, supporting better revenue visibility and operating consistency.

Nokia Oyj is a global telecommunications infrastructure provider. The stock outperformed in the second quarter as the market began to appreciate the company's business mix shift from a mature telecom equipment vendor into a credible AI infrastructure beneficiary. The primary growth driver was accelerating demand in Network Infrastructure, particularly Optical Networks, where AI and cloud customers are driving stronger order momentum and a longer growth runway. Nokia's first quarter update showed 49% growth in AI & Cloud customer sales, €1B of related orders and 20% growth in Optical Networks, reinforcing the view that the Infinera acquisition and optical portfolio are increasingly relevant to hyperscale data centre buildouts. Management also raised its 2026 growth assumptions for Network Infrastructure and Optical /IP Networks, giving investors greater confidence that the AI opportunity can translate into revenue growth rather than just narrative. This combination of better fundamentals, improved visibility and increasing sell side recognition drove a sharp multiple re–rating and made Nokia a meaningful contributor during the quarter.

GE Healthcare Technologies Inc. detracted from relative performance during the quarter as shares came under pressure despite generally stable demand across its imaging, diagnostics and healthcare technology franchises. The company, which provides equipment such as MRI and CT scanners as well as patient monitoring systems and pharmaceutical diagnostics, delivered results that were broadly in line with expectations but did not provide a clear catalyst for upside. Growth was tempered by moderating order trends as hospitals and healthcare systems continued to manage tight budgets and prioritise spending, particularly in larger capital equipment purchases. In addition, concerns around potential tariff increases and higher energy costs created added uncertainty for both input expenses and end–market demand, particularly in international regions where cost pressures are more pronounced. Margin progression also remained an area of focus as ongoing investments in innovation and service capabilities weighed on near–term profitability, even as they are intended to support longer–term growth.

Permian Resources Corporation Class A detracted from relative performance during the quarter as its greater sensitivity to commodity price movements weighed on shares following the reversal in oil prices. The company, a Permian Basin–focused exploration and production operator, reported first–quarter results that showed strong oil volumes and modestly increased full–year production guidance. Operational performance benefited from well outperformance and lower downtime, supporting steady growth with disciplined capital spending. Management also continued to advance its "ground game" strategy, completing bolt–on acquisitions and emphasising capital efficiency and cost improvements. The company remains focused on driving free cash flow per share growth while maintaining flexibility across a range of commodity price environments.

OUTLOOK

Elevated P/E ratios and market concentration, alongside the preponderance of valuation-agnostic passive funds, have made regional equity markets increasingly vulnerable to unforeseen events. On a cyclically adjusted 10Yr basis, US equities sit among the most expensive readings in market history, and roughly 30% of the S&P 500 is now tied to the AI theme. All equity exposures remain focused on stock selection alpha opportunities and exposure to equity beta remains carefully managed.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of the global equity credit market, and we have zero exposure to private markets given their liquidity and valuation risks, where a left-tail event could spark vulnerabilities and contagion. The Fund complements this with option protection where it has been attractively priced to implement. This includes cost-effective, layered S &P 500 put structures that risk only a low single-digit basis-point premium while delivering asymmetric protection across shallow, moderate and deep drawdown scenarios without requiring precise market timing.

MORE INFORMATION

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