

WEALTHFOCUS PERPETUAL GEARED AUSTRALIAN

December 2025

FUND FACTS

Investment objective: Aims to enhance long-term capital growth through borrowing (gearing) to invest predominantly in quality Australian industrial and resource shares.

FUND BENEFITS

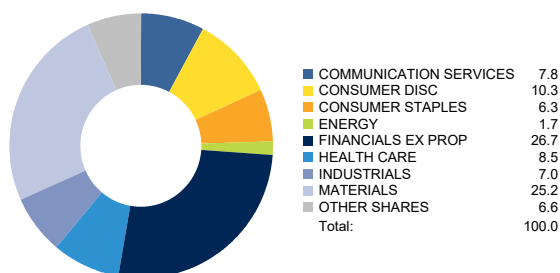
Provides investors with broad market exposure with the potential for higher returns through the use of gearing (borrowing within the fund) and actively managed by one of Australia's most experienced investment management teams.

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 300 Accum. Index
Inception Date: November 2003
Size of Portfolio:
APIR: PER0223AU
Management Fee: 0.98%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Seven years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	8.2%
BHP Group Ltd	7.9%
Washington H. Soul Patt.	5.9%
Rio Tinto Limited	4.4%
ANZ Group Holdings Limited	4.1%
News Corporation	3.6%
Flutter Entertainment Plc	3.6%
National Australia Bank Limited	3.2%
Bluescope Steel Limited	3.0%
Goodman Group	2.9%

NET PERFORMANCE - periods ending 31 December 2025

	Fund	Benchmark #	Excess
1 month	2.32	1.37	+0.95
3 months	-2.77	-0.89	-1.88
1 year	5.14	10.66	-5.53
2 year p.a.	8.98	11.03	-2.05
3 year p.a.	7.38	11.39	-4.01
4 year p.a.	6.15	7.95	-1.79
5 year p.a.	13.19	9.80	+3.39
7 year p.a.	11.59	10.48	+1.10
10 year p.a.	9.09	9.32	-0.23

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

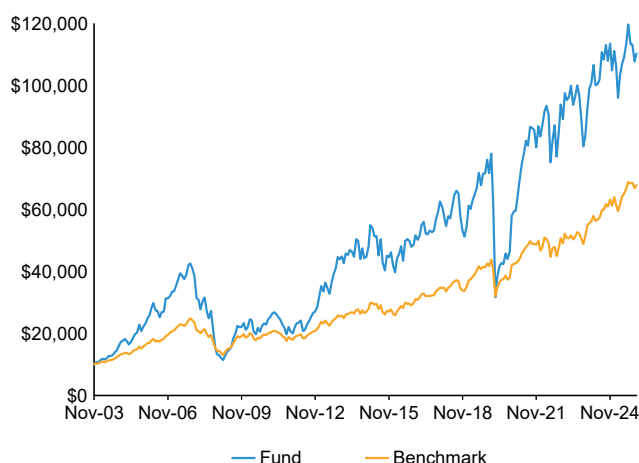
PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	18.8	18.3
Dividend Yield*	2.8%	3.5%
Price / Book	2.2	2.3
Debt / Equity	35.9%	39.5%
Return on Equity*	12.0%	12.9%
Gearing Level	52.6%	

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating Perpetual'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



MARKET COMMENTARY

The S&P/ASX300 declined -0.9% in the December quarter despite significant sector rotation. Materials surged +13.0%, driven by gold and copper strength amid persistent inflation concerns and demand for real assets, while Energy (+0.9%) and Industrials (+0.6%) offered modest gains. Conversely, Information Technology plummeted -23.7% as global AI valuation pressures intensified, compounded by governance issues at WiseTech and regulatory uncertainties. Health Care (-9.5%), Consumer Discretionary (-11.5%) and Communication Services (-6.6%) underperformed as consumer confidence weakened and macro uncertainty mounted. Financials declined -1.91% with bellwether CBA falling after disappointing earnings and stretched valuations. Throughout the quarter, sticky inflation above the RBA's 2-3% target band, evidenced by October's 3.2% CPI print and November's 3.8% reading, constrained rate-cut expectations and fuelled potential tightening speculation. A resilient labour market and moderating but positive PMI data provided some economic resilience, while corporate-specific headwinds including ANZ's record \$250 million regulatory penalty and the continued de-rating of CSL as concerns mounted over its performance.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Washington H. Soul Pattinson, BHP Group Ltd, and Commonwealth Bank of Australia. Conversely, the portfolio's largest underweight positions include Macquarie Group Ltd, Telstra Group Limited and Woodside Energy Group Ltd, all of which are not held in the portfolio.

Cobram Estate Olives rallied +25.69% following its US\$173.5 million acquisition of California Olive Ranch (COR). The deal provides access to COR's 4,370 hectares yielding approximately 5.5 million litres annually, leading US brands, and the country's largest olive mill. Post-combination, Cobram's Californian mature production hectares will increase eightfold, with further growth expected as new groves mature. This enhanced supply base provides significant flexibility to maximize value across its portfolio of locally grown brands. The US olive oil market is the world's second-largest with sustained growth, as health-conscious consumers increasingly favour extra virgin olive oil. With less than 5% of US EVOO consumption locally grown, there is substantial scope for market share gains. Cobram now holds the strategically valuable position as the largest grower and brand owner of locally grown US EVOO. The acquisition is financially attractive, underpinned by \$133 million in net assets, a modest earnings multiple, and material synergy potential.

Rio Tinto rallied +20.2% on strength in its key commodity exposures. Strong gains in Copper, Aluminium and Lithium prices, combined with modest Iron Ore increases, point to material upside versus market forecasts. The company's December capital markets day highlighted asset sales, cost reductions, lower capex, and significant medium-term EBITDA upside. The market has responded positively to the new CEO's focus on efficiency and return on capital, supporting our overweight position in RIO versus an underweight in BHP. Post month-end, RIO and Glencore announced merger discussions with minimal details. While surprising given the recently announced strategy, the combination could unlock material synergies through the merged metals portfolio, though it remains unclear how value will be shared between shareholders.

Premier Investments underperformed the market over the quarter, declining -25.8% as investors assessed the company's post-divestment trajectory and were worried with higher than expected employee and rental costs which compressed earnings margins. Peter Alexander has emerged as the portfolio's standout performer, with sales more than doubling over the past six years. Importantly, the brand has sustained its momentum well beyond COVID, avoiding the demand spike and subsequent retreat that plagued many retailers. This resilience suggests Peter Alexander remains in a growth phase, with management planning new stores featuring larger footprints to capture opportunities, alongside international expansion. Smiggle presents a contrasting picture as highlighted by the AGM in November. Sales have declined since COVID, accompanied by UK store closures, and while management plans new product launches to reinvigorate demand, emerging competitors have raised questions about whether some weakness may be structural rather than cyclical. This divergence has left Premier's retail sales growth relatively flat, with Smiggle's underperformance offsetting Peter Alexander's strength. The market remains focused on whether management can successfully navigate this transition while addressing Smiggle's structural headwinds.

News Corporation was a detractor from portfolio performance in the quarter, with the stock down -13.3%. Despite limited material company-specific news during the period, the stock sold off in line with the performance of REA Group, in which it holds a 61% shareholding. REA Group was pressured by comments from Costar, the new owner of competitor Domain, pointing to improved performance in market from Domain. Further, increasing polarisation and uncertainty around the potential impact of Artificial Intelligence on classifieds more broadly weighed. Ultimately, we see both concerns as overblown and believe REA's very dominant market position in both the eyes of consumers and vendors will continue to underpin its pricing power and earnings growth runway moving forward. With the sell-off in the NWS share price, we believe the current valuation is implying a material discount to the current market value of the REA stake, with the value of Dow Jones and Harper Collins justifying most of the current market cap of the company. Post the sale of Foxtel, NWS provides exposure to three high-quality, growing assets at a very attractive valuation. The net cash balance sheet supports ongoing buy backs which are highly value accretive to shareholders at current levels.

OUTLOOK

As we head into 2026, Australian equity valuations remain elevated, with market P/E ratios above their 20-year averages, though still less stretched than in the US. Investors are grappling with three dominant themes. First is the AI-driven technology cycle: a genuine capital-expenditure boom in data centres and advanced semiconductors is colliding with increasingly demanding valuations, raising questions about durability and the risk of eventual bust. Second is the resurgence in commodities. Gold has led headlines as investors seek inflation protection amid currency concerns, while copper and other critical materials are rising on tight supply and accelerating demand from electrification, energy transition and AI infrastructure. Third is monetary policy divergence. The US Federal Reserve is edging toward further rate cuts, while the Bank of Japan's long-anticipated policy normalisation looms large. The RBA sits uncomfortably between these forces, still focused on containing domestic inflation. Overlaying all of this, the abrupt removal of Venezuela's President Maduro is a reminder of how quickly geopolitical risks can re-emerge, even if markets remain outwardly calm - for now.

The Ordinaries benchmark prior to 1/4/2000 was the ASX All Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index. The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting www.perpetual.com.au. Neither PIML, ETSL nor any of their related parties guarantee the performance of any fund or the return of an investor's capital. Total returns shown for the Perpetual WealthFocus Superannuation Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

MORE INFORMATION

Investor Services 1800 022 033

Email PerpetualUTqueries@cm.mpm.mufig.com

www.perpetual.com.au

