

Perpetual Investment Funds

PERPETUAL INCOME SHARE FUND

July 2025

FUND FACTS

**Investment objective:** To provide investors with exposure to a diversified portfolio of tax-effective, high income yielding Australian securities that are also expected to produce some long-term capital growth. To provide above market dividend yield as measured by the S&P/ASX 200 Accumulation Index.

FUND BENEFITS

To provide investors with regular income through investment in quality securities.

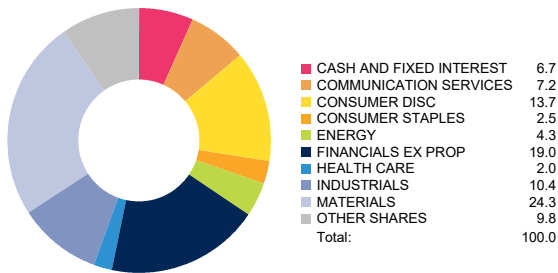
FUND RISKS

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:**  
**Inception Date:**  
**Size of Portfolio:**  
**APIR:**  
**Management Fee:**  
**Investment style:**  
**Suggested minimum investment period:**

S&P/ASX 200 Accum. Index  
December 1995  
\$5.04 million as at 30 Jun 2025  
PTC0002AU  
0.89%\*  
Active, fundamental, bottom-up, value  
Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	10.8%
Deterra Royalties Ltd	6.3%
GWA Group Limited	5.9%
ANZ Group Holdings Limited	5.6%
EVT Limited	5.4%
Brickworks Ltd	5.3%
GPT Group	4.1%
Premier Investments Limited	4.1%
Westpac Banking Corporation	3.6%
National Australia Bank Limited	3.3%

NET PERFORMANCE - periods ending 31 July 2025

	Fund	Benchmark	Excess
1 month	3.53	2.36	+1.17
3 months	6.97	8.17	-1.20
1 year	14.60	11.81	+2.79
2 year p.a.	12.05	12.67	-0.61
3 year p.a.	12.87	12.33	+0.54
4 year p.a.	10.13	8.52	+1.61
5 year p.a.	14.29	12.26	+2.03
7 year p.a.	8.52	8.93	-0.41
10 year p.a.	7.98	8.65	-0.67
Since incep. p.a.	9.11	9.19	-0.08

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

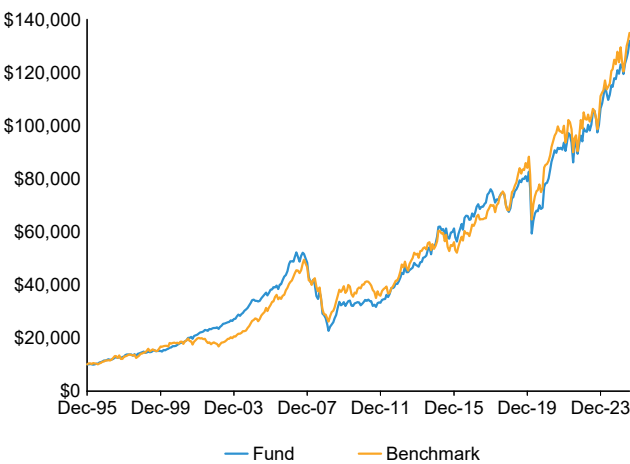
PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	16.3	19.5
Dividend Yield*	4.3%	3.3%
Price / Book	1.9	2.3
Debt / Equity	37.8%	38.6%
Return on Equity*	12.1%	12.4%

^ 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

Australian equities extended their winning streak in July, with the ASX 200 gaining 2.35% to 8,742.80, its fourth straight monthly advance. The index set a fresh all-time high on 7 July before momentum stalled, trading sideways for the remainder of the month. Markets balanced optimism over prospective RBA rate cuts with caution around looming U.S. tariff deadlines. While President Trump's tariff agenda dominated headlines, the impact was muted as front-loaded shipments softened the near-term blow, and late-month trade agreements with Japan and the EU lifted sentiment. Sector rotation was evident with an unwind in crowded bank positions, ongoing since late June, weighed on Financials (-1.0%), while Materials (+4.1%) benefited from stronger iron ore prices. Gold miners lagged as safe-haven demand faded, marking a second month of underperformance. Healthcare was the standout (+8.8%), driven by a 74.8% surge in Clarity Pharmaceuticals, robust gains in CSL, and a 43.8% rally in Mesoblast. Consumer Discretionary (+3.1%) outperformed on positioning ahead of potential rate cuts. The RBA held the cash rate at 3.85%, deferring a widely expected 25 bp cut. Governor Bullock emphasised timing over direction, with the 6-3 vote split highlighting internal debate. Q2 CPI, released late in the month, showed inflation easing to 2.1% y/y, below forecasts, firming expectations for an August cut. Corporate news was active with Johns Lyng Group jumping 23% on a \$1.1B takeover offer, while Origin Energy gained 8.2% on value-unlocking news from Octopus Energy. Lifestyle Communities plunged 36.6% on an adverse VCAT ruling, and Botanix fell 53.1% on softer sales momentum. Earnings revisions skewed slightly negative, with 82 upgrades versus 104 downgrades, suggesting selective positioning remains key in the months ahead.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Deterra Royalties Ltd, GWA Group Limited and EVT Limited. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, CSL Limited and Macquarie Group Ltd, all of which are not held in the portfolio.

McMillan Shakespeare was a top contributor to performance in July (+14.7%). The company is one of Australia's leading providers of salary packaging and fleet management services, with novated leasing at the core of its offering. The business is highly cash generative with a strong record of returning capital to shareholders through dividends and buybacks. Shares gained during the month as investors took comfort in resilient earnings, despite earlier concerns around the loss of a South Australian Government contract and slowing new vehicle sales. Solid cash generation in the first half of FY25, combined with a more constructive management outlook, helped restore confidence that any earnings decline will be modest and short lived. Supportive regulatory settings, particularly the FBT exemption for electric vehicles, continue to drive strong demand for novated leases.

Deterra Royalties contributed positively to performance in July (+10.4%). The company is Australia's only material pure-play resources royalty provider, offering exposure to high-quality mines - most notably BHP's Mining Area C iron ore operation - as well as royalty interests in lithium, mineral sands, copper, gold, and other commodities across six metals categories. July's gain was supported by strong quarterly portfolio metrics, including robust production volumes at its core Mining Area C asset and a well-diversified portfolio structure that offers stable cash flow with limited operating leverage. Deterra's earnings remained resilient thanks to offsetting volume growth and the value-accretive nature of its royalty agreements. The combination of strong underlying operational performance, attractive yield, and portfolio optionality underpins continued investor confidence in its long-term cash flow potential and asset upside.

Healius was a detractor from performance in July (-10.1%). The company is a major Australian healthcare provider, operating pathology laboratories, diagnostic imaging services, and day hospitals across the country. The share price weakened over the month as the market continued to focus on structural challenges within the pathology division, including lower testing volumes post-COVID and sustained cost pressures. Investor sentiment was also impacted by ongoing uncertainty around management's ability to stabilise margins and return the business to consistent earnings growth. Despite these headwinds, Healius remains a strategically important operator in the Australian healthcare landscape, with a large national network and exposure to the long-term growth in demand for diagnostic services. Management has taken steps to streamline operations and strengthen the balance sheet, and any improvement in efficiency or industry conditions could support a recovery in earnings over time.

Myer detracted modestly from performance in July (-0.03%). The share price was relatively stable over the month, with sentiment still shaped by the more challenging retail backdrop highlighted in recent trading updates. Consumer demand has remained subdued, reflecting ongoing cost-of-living pressures, while operational issues at the Ravenhall distribution centre continued to weigh on near-term efficiency. Encouragingly, management's interim logistics strategy - using Toll to manage up to 40% of online volumes while Ravenhall scales up gradually - has helped provide some stability ahead of the critical spring and holiday trading periods. At the same time, continued growth in online sales and membership gains in the MyerOne loyalty program highlight the business's ability to strengthen its customer engagement despite macro headwinds. While July did not bring material new developments, the relatively muted share price movement suggests that investors are awaiting further clarity from upcoming earnings results. Execution on cost savings from the Apparel Brands integration and progress on distribution centre efficiencies will remain key to underpinning confidence in the outlook.

## OUTLOOK

Markets stand at a critical crossroads. Concerns over U.S. debt and deficit continue to mount following passage of the "big, beautiful bill," yet risk appetite has proven resilient. Global equities, led by growth and technology names, have extended the rebound that began in mid-April, erasing much of the tariff-driven sell-off. Investor enthusiasm has been underpinned by strong corporate earnings - particularly in tech, where Nvidia again delivered revenue growth well ahead of expectations - and by signs central banks remain ready to ease policy if growth slows. Beneath the surface, however, a deeper rotation may be underway. U.S. equities still trade near peak valuations, with profit margins stretched. Although the U.S. dollar continues to roll over, it remains near generational highs. Historical precedents in 1985 and 2000 suggest such peaks often coincide with turning points in global capital flows, with investors rotating to regions offering more compelling valuations, including select emerging markets. Policy currents are also shifting with Trump pressing for broader market access while challenging currency and regulatory tools; the U.S. and U.K. are pursuing banking deregulation; Germany is advancing reflation via reforms and a €500b investment plan. With Australian and U.S. equities in the 96th-97th valuation percentile, asymmetric risks skew downside. Together, these forces suggest an imminent inflection in market levels and leadership.

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The Perpetual Wholesale Income Fund was known as the Trust Company Income Fund until 21 August 2016. Perpetual was appointed as Fund Manager effective 28 July 2014. The previous Fund Manager invested under a different investment strategy using a different investment approach. Therefore performance information before 28 July 2014 is not directly comparable. 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](http://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.

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## MORE INFORMATION

Investor Services 1800 022 033

Email [PerpetualUTqueries@cm.mpms.mufg.com](mailto:PerpetualUTqueries@cm.mpms.mufg.com)

[www.perpetual.com.au](http://www.perpetual.com.au)

