Perpetual Investment Funds

PERPETUAL INCOME SHARE FUND

November 2024

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

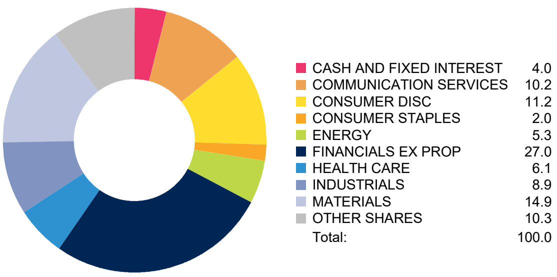
To provide investors with regular income through investment in quality securities.

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:	S&P/ASX 200 Accum. Index
Inception Date:	December 1995
Size of Portfolio:	$164.77 million as at 30 Sep 2024
APIR:	PTC0002AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	8.0%
GWA Group Limited	5.9%
Medibank Private Ltd.	5.4%
Ampol Limited	5.3%
Origin Energy Limited	5.0%
Telstra Group Limited	4.6%
National Australia Bank Limited	4.1%
EVT Limited	4.0%
Insurance Australia Group Ltd	3.5%
Westpac Banking Corporation	3.2%

NET PERFORMANCE - periods ending 30 November 2024

	Fund	Benchmark	Excess
1 month	2.79	3.79	-0.99
3 months	5.39	5.47	-0.08
1 year	20.46	23.42	-2.96
2 year p.a.	12.03	11.90	+0.13
3 year p.a.	9.92	9.55	+0.37
4 year p.a.	11.99	11.00	+0.99
5 year p.a.	8.34	8.28	+0.07
7 year p.a.	7.11	9.24	-2.13
10 year p.a.	8.37	9.08	-0.71
Since incep.	9.00	9.21	-0.21

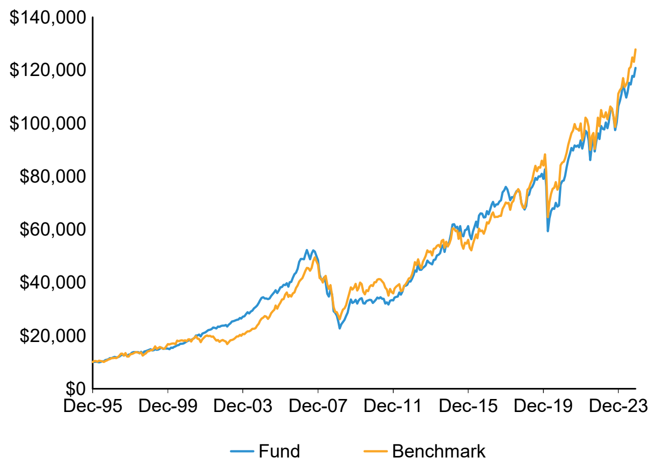
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	16.2	18.5
Dividend Yield*	4.6%	3.5%
Price / Book	1.9	2.3
Debt / Equity	41.8%	36.2%
Return on Equity*	12.0%	12.8%

^ 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 election of Donald Trump fuelled a strong rally in equities throughout November, with the S&P/ASX 300 Accumulation Index delivering a total return of 3.68%. The technology sector led the charge, posting a remarkable 10.18% gain. Financials were the largest contributor to the market's performance, rising 6.95% and accounting for 2.29% of the overall 3.68% return, driven primarily by a stellar 11.09% increase in Commonwealth Bank of Australia (CBA) shares. In contrast, Materials (-2.81%) and Energy (-0.66%) were the only sectors to decline, as markets weighed the potential impact of tariffs and persistent deflationary pressures in China. Meanwhile, Westpac and NAB surveys indicated improving consumer and business confidence in Australia, despite weaker-than-expected employment data and the Reserve Bank of Australia's ongoing concern over elevated underlying inflation, which continued to rule out the possibility of a rate cut.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include GWA Group Limited, Medibank Private Ltd and Ampol Limited. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, CSL Limited and Goodman Group all of which are not held in the portfolio.

Sigma Healthcare was both the strongest performing stock to index returns and the portfolio returns over November (+47.5%) after the ACCC announced it did not oppose the Sigma Healthcare Limited and CW Group Holdings Limited merger creating a new listed retail giant. The acquisition creates a larger high-quality company which operates in a favourable oligopolistic wholesale market and has an industry leading distribution network. We believe that the quality of the combined business will improve as the group moves to become an integrated wholesaler as well as a pharmacy franchisor with dominant market share and a pipeline of pharmacists to continue to expand their franchise network. We have admired Chemist Warehouse for a long time and believe that it is probably the best franchisor/retailer in Australia. Chemist Warehouse brings with it a high-quality management team to be instilled into the new combined board through founders Mario Verrocchi and Jack Gance as well as further long-term synergies to be realised by the group.

Insurance Australia Group contributed to performance after the market responded positively to the announcement that they were entering a 25 year strategic alliance with RACQ (+13.7%). Recently, IAG has become more resilient through introducing strategic protections against potential claims variability in its long-term commercial policies, which carry risks of unpredictable claims outcomes over extended periods. These policies can expose the company to risks like inflation-driven litigation costs and delayed claims. One aspect of IAG's strategy is an Adverse Development Cover (ADC), designed to shield its existing reserves from significant fluctuations. A second layer of protection comes from a reinsurance arrangement focused on natural perils, which provides a buffer against the unpredictable costs of weather-related events. This arrangement is structured to cover most expected scenarios, helping to stabilize the company's claims expenses. Although this layered protection introduces upfront costs, it reduces financial impact over time and is expected to moderate earnings volatility, protect target margins, and enhance long-term returns by lowering capital strain.

Healius continued to be a challenging position detracting from relative performance over the month (-16.6%) with pathology margins being impacted by higher labour and other inflationary costs despite volume growth. The company is however showing signs of recovery under new management following a stretch of underperformance. Looking ahead, we see further upside after the rationalisation of Healius' portfolio, including the sale of Lumus Imaging at a favourable price, possible capital returns, and topline growing stronger in FY 2025.

A2M's share price was highly volatile in November but ended the month essentially flat (-0.35%) as concerns early in the month around the lack of Chinese consumer stimulus was offset by upgraded FY25 guidance and the announcement of a nascent dividend policy at the 2024 AGM in the latter half of the month. A2 has been navigating the China label product transition well. However, concerns arose regarding a production disruption at its key supplier, Synlait, which provides 90% of A2 Milk's infant formula and holds critical licenses for importing these products into China. This triggered a significant sell-off due to concerns that A2 will miss sales into the crucial 2H CY24 which is expected to see a pick-up in births post-Covid. Although the production and supply chain issue are largely resolved at the time of writing, the share price is yet to fully recover. Nonetheless, we remain optimistic about A2 Milk, given its strong balance sheet, ongoing expansion into tier 2 and 3 cities in China, as well as it's entry into the U.S., all of which present substantial growth opportunities.

OUTLOOK

Markets continue to respond positively to the economic policies anticipated under a Trump presidency, which center on tax cuts, deregulation, deficit reduction, and increased energy production. However, tariffs remain a key area of uncertainty. Early indications suggest that President-Elect Trump views tariffs more as a negotiating tactic than as a firm policy stance. The critical challenge will be how China reacts to U.S. pressure to stimulate its domestic economy more aggressively or to intervene in key industries to achieve a more balanced trade relationship with the United States—an issue with significant implications for the resources sector. Despite the historical undervaluation of resources, investors continue to Favor defensive assets, often irrespective of price. We continue to leverage our multi decade experience and remain true to label providing our investors with exposure to the highest quality companies trading at attractive valuations which we believe will drive outperformance as markets revert to fundamentals.

MORE INFORMATION

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