

Perpetual Investment Funds

PERPETUAL CONSERVATIVE
GROWTH FUND

November 2025

FUND FACTS

Investment objective: Aims to provide moderate growth over the medium term and income through investment in a diversified portfolio with an emphasis on cash and fixed income securities; and outperform a composite benchmark (before fees and taxes) reflecting its allocation to the various asset types over rolling three-year periods.

FUND BENEFITS

Provides investors with access to a diverse range of growth and income producing assets. Active management and asset allocation techniques are employed in order to further enhance the fund's return and manage risk.

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: Conservative Growth Index (Internally generated composite)

Inception Date: September 2003

APIR: PER0077AU

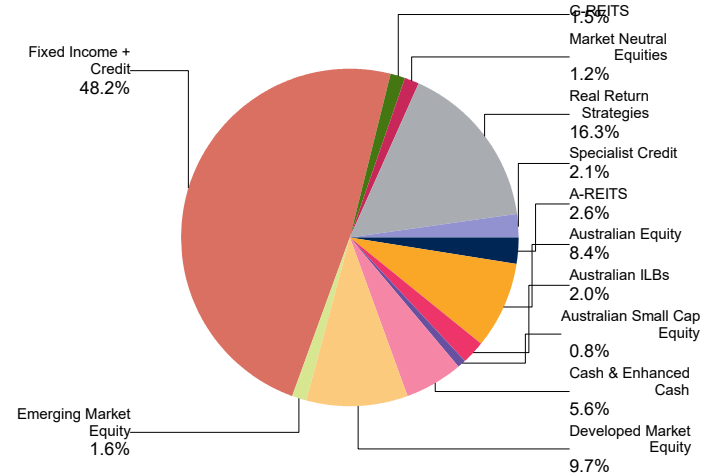
Management Fee: 0.90% p.a.

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

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Three years or longer

PORTFOLIO SECTORS

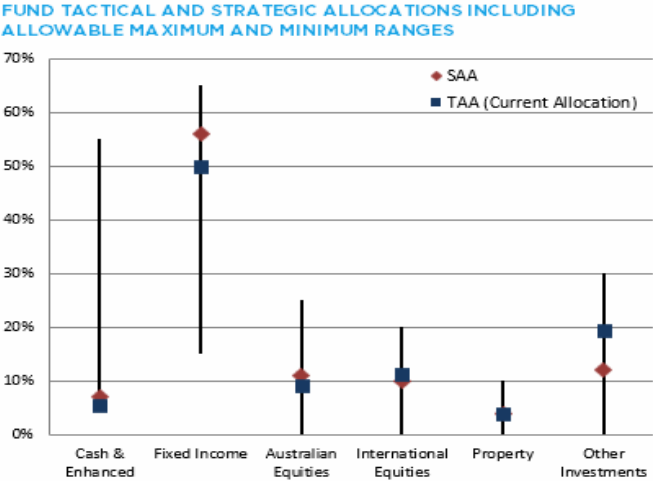


NET PERFORMANCE- periods ending 30 November 2025

	Fund	Benchmark	Excess
1 month	-0.4	-0.8	0.4
3 months	0.2	0.2	-0.1
1 year	5.6	6.1	-0.5
2 year p.a.	7.1	8.6	-1.5
3 year p.a.	4.9	6.6	-1.6
5 year p.a.	4.2	3.8	0.4
10 year p.a.	4.4	4.7	-0.3
Since incep. p.a.	5.7	5.7	0.0

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

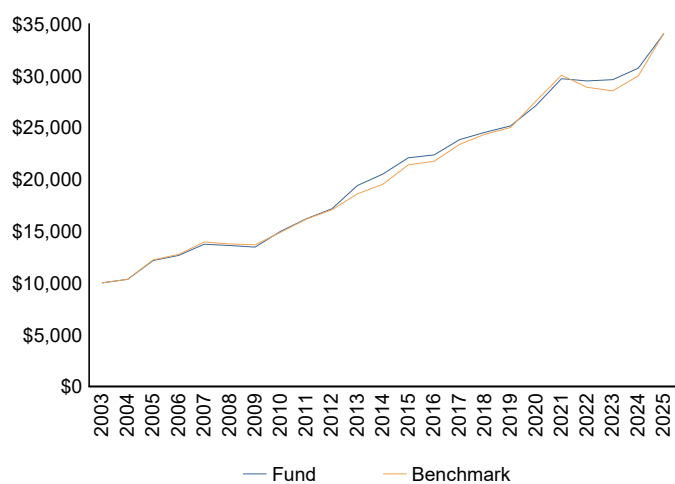
ASSET ALLOCATIONS AND INVESTIBLE RANGES



STRATEGIC AND TACTICAL ASSET ALLOCATIONS

The Strategic Asset Allocation (SAA) is the neutral allocation acting as an anchor for active positioning, while the Tactical Asset Allocation (TAA) process adjusts the asset allocation according to market opportunities and risks.

GROWTH OF \$10,000 SINCE INCEPTION



MARKET COMMENTARY

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.

Tactical asset allocation positioning contributed to performance during November with overweight exposure to global equities and underweight allocation to Australian equities contributing to performance. This was compounded by stock selection within domestic and global equities. Concern surrounding US tech share valuations saw value sectors and securities outperform which led to positive alpha across the Fund's value and Emerging Markets smart beta strategies. Domestic equity stock selection was also constructive across large and small cap exposures despite the decline in Australian equities.

Markets are facing challenges in the near term (softening growth and rising US core inflation) and long term (investors living in a '4% world' given high valuations and likely having priced in years of productivity improvement). Valuations are expensive relative to history in nearly all regions, while elevated market concentration and the preponderance of value-agnostic passive funds have made regional equity markets increasingly vulnerable to unexpected news. The past decade and a half of US exceptionalism - culminating in the extraordinary run of the Magnificent 7 tech stocks - has underpinned very strong global equity returns. The stellar gains in US equities and their leading tech firms, represents a bring forward of investment returns, rather than a new steady state of ongoing out-performance. The Fund is close to benchmark weight in equities, masking an overweight exposure to global and a marginal underweight in Australian stocks. 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 equity and credit markets. The Fund avoids private markets due to illiquidity and overvaluation risks, especially late in the cycle, where a left tail event could spark vulnerabilities. The Fund complements this with option protection where it has been attractively priced to implement. These include cost-effective S&P 500 put options, risking only premiums if markets rise, while protecting against downturns without predicting timing. The Fund also maintains a USD call option versus the Hong Kong Dollar which provides cheap protection against geopolitical risks.

The Fund remains slightly below benchmark weight in fixed

income, with the exposure primarily focused on 10-year Australian government bonds alongside domestic credit and a small allocation to inflation linked bonds.

In addition, the Fund's cautious asset allocation is supported by a notable cash allocation, which provides solid income and significant optionality if valuations become more attractive.

Allocation to alternatives was constructive over the period, with the Fund's position in the Perpetual Diversified Real Return Fund delivering low volatility absolute returns while retaining a relatively low correlation to equity markets.

OUTLOOK

Elevated valuations, a lacklustre longer term domestic economic outlook and heightened uncertainty about how much additional policy support the RBA will provide represents a challenging backdrop for local investors. Meanwhile, government bonds are offering less reliable diversification and are signalling a less certain path for inflation. We continue to carefully manage the Fund's exposure to global equities and maintain diversity in regional and sector allocations.

The Conservative Growth Fund gains its exposure to Australian Shares by investing in an underlying Australian Share Fund/s which primarily invests in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. The investment guidelines showing the Fund's maximum investment in international shares do not include this potential additional exposure. Short positions may be part of the underlying Australian Share Fund's strategy. Currency hedges may be used from time to time.

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