Perpetual Investment Funds

PERPETUAL SHARE-PLUS LONG-SHORT FUND

June 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment in quality shares and taking short positions predominantly in selected Australian shares.

FUND BENEFITS

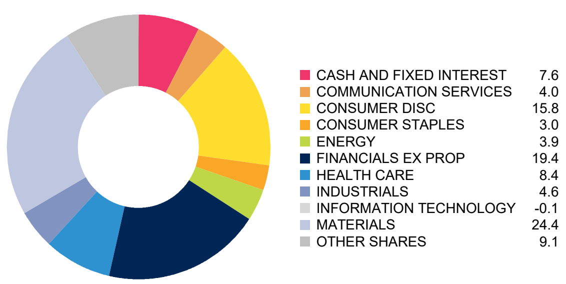
Offers broad market exposure with the potential for higher returns through the use of shorting (taking short positions) within a risk-controlled environment, and actively managed by one of Australia's most experienced investment management teams.

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:	March 2003
Size of Portfolio:	$891.62 million as at 31 Mar 2024
APIR:	PER0072AU
Management Fee:	0.99%*
Performance Fee:	13.98% of outperformance*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	11.2%
Commonwealth Bank of Australia	6.7%
Goodman Group	5.5%
Flutter Entertainment Plc	4.9%
Suncorp Group Limited	4.8%

MARKET EXPOSURE

	% of Portfolio
Long	115.2%
Short	-22.8%
Net	92.4%

*Information on Management Costs and a full description of the Fund's performance fee is set out in the Fund's PDS.

NET PERFORMANCE - periods ending 30 June 2024

	Fund	Benchmark #	Excess
1 month	0.23	0.92	-0.69
3 months	-1.58	-1.20	-0.38
FYTD	10.61	11.92	-1.31
1 year	10.61	11.92	-1.31
2 year p.a.	14.05	13.15	+0.90
3 year p.a.	9.53	6.08	+3.46
4 year p.a.	14.63	11.28	+3.35
5 year p.a.	9.94	7.22	+2.72
7 year p.a.	9.22	8.65	+0.57
10 year p.a.	8.64	8.04	+0.60
Since incep.	11.34	9.47	+1.87

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

GEOGRAPHIC LOCATION

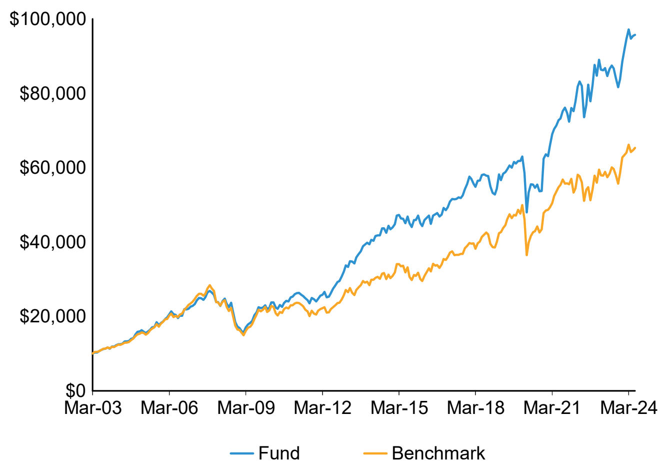
The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	16.3	16.8
Dividend Yield*	3.5%	4.0%
Price / Book	2.2	2.1
Debt / Equity	28.4%	37.8%
Return on Equity*	13.7%	13.0%

^ 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



MARKET COMMENTARY

The S&P/ASX 300 largely traded within a range throughout the June quarter finishing down a modest -1.20%. Australia's Q1 GDP growth unexpectedly slowed to 0.1% for the quarter, down from 0.2% in the previous quarter. On an annual basis, GDP grew by 1.1%, falling slightly short of the consensus estimate of 1.2%. In May, employment rose by 39,700 jobs, surpassing the consensus estimate of 30,000 and the 38,500 increase seen in April. Concurrently, the unemployment rate dropped to 4.0%. Monthly inflation in Australia increased to 4.0% year-over-year in May (up from 3.6% in April), exceeding the consensus forecast of 3.8%. This marks the third consecutive increase, bringing inflation to its highest level since December 2023. Despite this, the Reserve Bank of Australia (RBA) has maintained the cash rate at 4.35%, keeping its options open due to ongoing inflation risks and the influence of recent state and federal budgets on inflation. Sector-wise, Utilities and Financials led the market higher, while Energy and Real Estate were the biggest laggards. Major contributors to this drag were Woodside Energy Group Ltd, down 7.51%, and Mirvac Group, down -18.14%, both of which weighed heavily on the index.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment Plc, Suncorp Group Limited and Goodman Group. Conversely, the portfolio's largest underweight positions include Macquarie Group Ltd (not held), Commonwealth Bank of Australia and Woodside Energy Group Ltd (not held).

The overweight position in financial services provider Suncorp Group (+6.40%) contributed to relative performance over the quarter. The stock's recent performance has been impressive and the Australian Competition Tribunal's decision to grant authorisation of the proposed sale of Suncorp bank at the end of February buoyed the stock price in a negative month for the market.

Origin Energy significantly contributed to portfolio returns during the quarter (+18.04%) while the market was down -1.20%. This was partly due to the New South Wales government announcing a deal to extend the lifespan of the Eraring power station, which was previously scheduled to shut down next year. This agreement enhances electricity supply security in the grid, with the government largely underwriting the asset, allowing Origin to potentially realise value if the transition to cleaner energy sources does not proceed efficiently. Additionally, while electricity prices have remained volatile (weak during summer before improving afterwards), ORG's portfolio of gas peakers provides the flexibility to manage market instability and optimise exposure. While pure upstream energy plays have shown inconsistent operational performance, Origin's APLNG demonstrated solid volumes and favourable capital expenditure outcomes.

The overweight position in mining royalty firm Deterra Royalties Ltd detracted from performance over the quarter (-19.07%). This was firstly due to a falling iron ore price as China port stocks rose and steel inventory drew at a below seasonal rate due to the ongoing weakness in the property sector. Secondly, Deterra announced the acquisition of Trident Royalties that is its first foray into diversification. While the company has widely been expected to grow through acquisition, the acquisition of another royalty company and cut in the dividend policy to a minimum 50%, previously 100%, payout was not anticipated by the market. The company receives an ongoing royalty of 1.232% of Australian dollar-denominated quarterly Free on Board (FOB) revenue from the MAC royalty area. MAC is expected to ramp-up to full capacity of 145 million tonnes per annum in JQ24 that will increase the royalty and capacity payments to Deterra.

The overweight position to McMillan Shakespeare detracted from relative performance over the quarter as the stock was down -10.75%. Importantly, this is despite no stock specific news from the company and likely a case of an automotive "baby being thrown out with the bathwater" as a few auto dealers such as Eagers Automotive downgraded profit for the financial year. McMillan Shakespeare continues to be a well-trusted, high-quality brand, with numerous government contracts spanning decades. The company remains strategically positioned to capitalise on growth opportunities in employee benefits, fleet management, and disability support industries. Additionally, the push for electric vehicles, supported by lease benefits, presents a promising growth pathway for the business.

OUTLOOK

Markets are contending with a range of challenges, including consumer pressure, high interest rates, and resurgent inflation. Although the Australian market does not have the same concentration of technology companies as the U.S, there are still pockets of exuberance with sky high valuations. It is still important to remain disciplined about the prices we pay for quality investments, a strategy that has been crucial in consistently delivering superior returns with lower risk over time.

The performance fee is equal to 13.98% of daily outperformance over the hurdle rate of return. The current hurdle rate is the S&P/ASX 300 Accumulation Index + 2%pa. Performance fees are accrued daily however will only be paid in the event that the Fund's return over the performance fee calculation period is positive and the performance fee accrual is positive. For further information on the calculation of the performance fee please consult the Fund's PDS.

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.

MORE INFORMATION

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au

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