

Perpetual Investment Funds

PERPETUAL CONCENTRATED EQUITY FUND

October 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment predominantly in quality Australian industrial and resource shares.

FUND BENEFITS

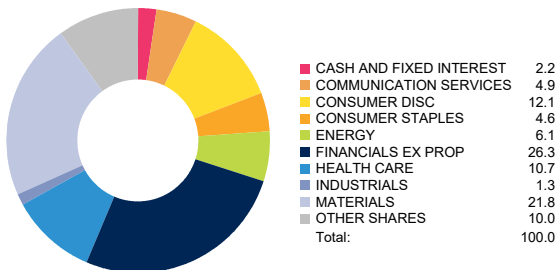
Provides investors with higher potential returns, through the active management of a portfolio of fewer stocks but with higher conviction, than our core Australian equity funds. This concentration may lead to increased short term volatility.

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:	August 1999
Size of Portfolio:	\$321.87 million as at 30 Sep 2024
APIR:	PER0102AU
Management Fee:	1.10%*
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	10.1%
Commonwealth Bank of Australia	7.5%
ANZ Group Holdings Limited	4.9%
CSL Limited	4.2%
Premier Investments Limited	4.0%
Goodman Group	3.8%
National Australia Bank Limited	3.5%
Westpac Banking Corporation	3.3%
Insurance Australia Group Ltd	3.3%
Whitehaven Coal Limited	2.9%

NET PERFORMANCE - periods ending 31 October 2024

	Fund	Benchmark #	Excess
1 month	-1.92	-1.30	-0.62
3 months	-1.26	2.19	-3.45
1 year	18.11	24.86	-6.75
2 year p.a.	9.60	13.14	-3.53
3 year p.a.	7.66	7.62	+0.04
4 year p.a.	14.72	12.52	+2.20
5 year p.a.	7.64	8.10	-0.46
7 year p.a.	7.49	8.88	-1.40
10 year p.a.	6.94	8.33	-1.38
Since incep.	10.23	8.39	+1.84

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

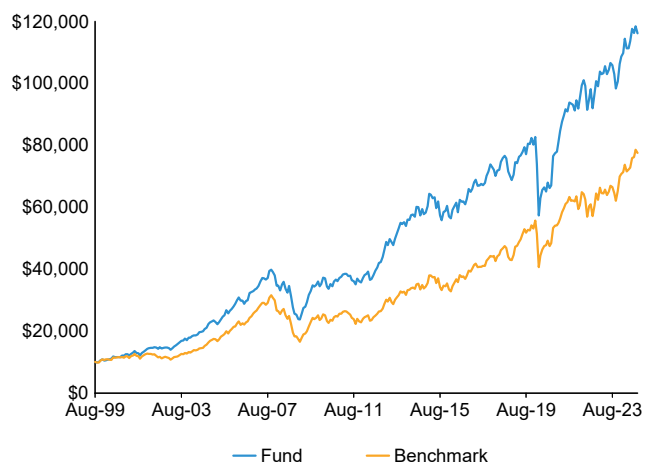
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	18.6	18.3
Dividend Yield*	3.0%	3.6%
Price / Book	2.2	2.2
Debt / Equity	30.5%	36.1%
Return on Equity*	11.5%	12.6%

[^] 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 S&P/ASX 300 Accumulation Index declined by -1.30% in October. While the market reached new all-time highs at the beginning of the month, it pulled back as October came to a close. Investor sentiment was initially buoyed by ongoing Chinese stimulus efforts and generally positive economic data. However, as the month progressed, enthusiasm waned regarding China's recovery due to limited details and concerns over potential tariffs, which dampened the rotation trade. Financials were a notable outperformer, with the banking index up 3.8% for the month, approaching within 2.2% of its all-time high. In contrast, Consumer Staples underperformed due to the ongoing ACCC inquiry into supermarkets and disappointing updates from Woolworths, Coles, and Metcash. The Energy and Resources sectors also lagged. Meanwhile, the Small-Ords and Emerging Companies indexes posted modest gains, reflecting early signs of a shift from large caps.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Premier Investments Limited, EVT Limited and Whitehaven Coal Limited. Conversely, the portfolio's largest relative underweight positions include Commonwealth Bank of Australia, Woodside Energy Group Ltd (not held) and Rio Tinto Limited (not held).

Premier Investments strongly contributed to performance in October (+9.58%) after announcing the combination of Premier's apparel brands with Myer late in the month. Chairman Solomon Lew, who will now join the board of Myer, will now be focusing on the high quality retail businesses Peter Alexander and Smiggle, each of which have significant local and international growth opportunities. The company also has a strategic investment in Breville as well as a portfolio of property assets. PMV remains a cornerstone of our core retail investments.

The overweight to News Corporation contributed to portfolio performance over the month of October rallying 9.99%. Despite the lack of company specific news, positive property listings data supporting stronger than expected listing volumes for the group's 61% owned digital real estate company REA contributed to the rally in the share price. News Corporation is a high quality global media and publishing company known for its diverse portfolio spanning newspapers, digital real estate, and book publishing. Although not all businesses within the portfolio post the same growth opportunities, on a sum of the parts basis we view the Dow Jones Professional Information and Data business as underappreciated by the market.

Sigma Healthcare strongly contributed to performance over October (+36.50%) after offering major concessions to ensure the facilitation of the Chemist Warehouse reverse listing creating a new listed retail giant. 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.

The overweight position in Iluka Resources detracted to performance over October as the stock fell 15.78%. This came after a substantial rise post PBOC announcing stimulus to revive the Chinese economy leading to broad based gains amongst resource companies. The stimulus measures, though substantial, have been deemed by the market to likely not be enough and hence much of this has reversed. Iluka is a major producer of rutile and synthetic rutile that is used to produce pigment (paint) and largest producer of zircon that is used to produce ceramics (tiles) and a recovery in these markets can be met by releasing excess inventory and reducing working capital before production is restarted. Iluka has a very strong balance sheet (net cash) and also owns a valuable stake in Deterra Royalties.

The portfolio's overweight to Orora Limited detracted from performance over the month of October (-11.72%). This follows weaker-than-expected trading updates from some of its key Saverglass-customers. However, it also comes after significant outperformance during the prior couple of months attributed to news that Orora had signed an agreement to sell its North American business to CD&R owned, Veritiv. Assuming the sale of the North American business completes shortly, then we believe investors will own a high-quality global packaging company, with a relatively under-gearred balance sheet, providing the Board with considerable scope to consider shareholder capital management initiatives.

BlueScope Steel Limited detracted to performance in October (-8.51%) following an unexpected downgrade from the company and further cyclical weakness. In the update, management was able to identify \$200 million in cost savings which would help offset the downgrade which favorably offset the news. While short-term steel spread dynamics remain challenging, we believe the share price movement aligns with the longer-term opportunity. Steel pricing has reached a level where there is an asymmetric upside potential, and we are observing positive competitive trends with hot-rolled coil steel prices increasing. BlueScope remains one of the highest quality steel producers globally, with a capable management team, a significant asset in Port Kembla, and the Colorbond brand, which not only boosts margins but also represents a substantial overseas opportunity.

OUTLOOK

Market confidence remains fragile following further declines in early September, particularly in the U.S. tech sector, markets remain sensitive to economic indicators. Nvidia's share price, for instance, fell from \$130 on August 19 to \$106 in early September, impacted by weak manufacturing PMI data and a decline in job openings, raising concerns about a potential slowdown in the U.S. economy. In Australia, second-quarter GDP growth for 2024 was just 0.2%—the slowest rate of expansion since the early 1990s, excluding the COVID period—marking a sixth consecutive quarterly decline in GDP per capita. The economy has been buoyed by government spending and high migration rates, while consumers continue to face the pressures of persistent inflation and elevated interest rates. Adding to this complex outlook, U.S. 10-year bond yields have been rising in anticipation of higher economic growth and the potential return of inflation, with Australian bond yields climbing in tandem. This trend suggests a possible shift in equity markets toward cyclical stocks, likely bolstered by any Republican gains in the upcoming U.S. election. While markets remain near all-time highs, these dynamics underscore the importance of continued caution.

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. This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It 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 PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

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