

Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

January 2026

FUND FACTS

Investment objective: Aims to generate positive returns over a market cycle irrespective of market conditions by investing in both long and short positions of predominantly Australian shares.

FUND BENEFITS

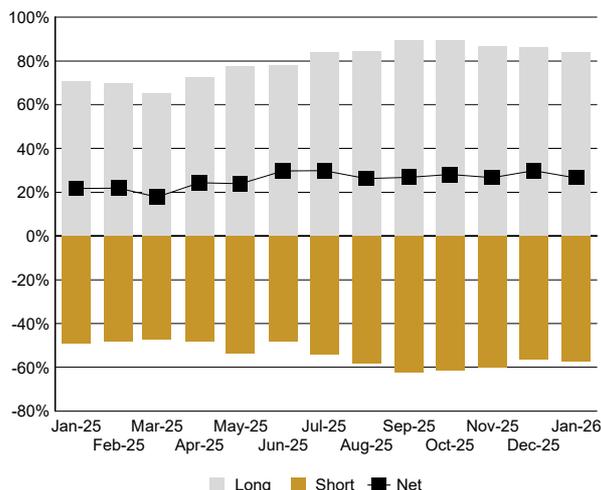
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification of special opportunities.

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.

Inception Date:	March 2012
Size of fund:	\$318.42 million as at 31 Dec 2025
APIR:	PERo668AU
Fund Managers:	Sean Roger & Anthony About
Management Fee:	1.28%*
Performance Fee:	20.5% of outperformance*
Performance Hurdle:	RBA Cash Rate Index
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

HISTORICAL MARKET EXPOSURE



TOP 5 STOCK HOLDINGS (LONG)

	% of Portfolio
Washington H. Soul Patt.	6.8%
Cobram Estate Olives Ltd.	4.6%
Servcorp Limited	4.3%
News Corporation	3.8%
Aspen Group Limited	3.0%

* Information on Management Costs (including estimated indirect costs) and a full description of the Fund's performance fee is set out in the Fund's PDS.

GEOGRAPHIC LOCATION OF MATERIAL ASSETS

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

NET PERFORMANCE- periods ending 31 January 2026

	Fund	RBA Cash Rate Index*
1 month	-0.24	0.31
3 months	2.17	0.91
1 year	8.85	3.89
2 year p.a.	8.40	4.18
3 year p.a.	6.35	4.14
4 year p.a.	6.25	3.48
5 year p.a.	7.79	2.80
7 year p.a.	6.91	2.19
10 year p.a.	6.28	2.01
Since incep. p.a.	7.09	2.19

RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	9.3	-1.8	7.5
Consumer Discretionary	10.4	-8.1	2.3
Consumer Staples	7.8	-6.7	1.1
Energy	4.1	-1.2	2.9
Financials ex Property Trusts	12.0	-17.3	-5.3
Health Care	4.9	-1.4	3.5
Industrials	10.0	-5.5	4.5
Information Technology	0.0	-4.8	-4.8
Materials	12.0	-4.5	7.4
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	10.8	-3.7	7.1
Utilities	1.9	-1.6	0.4
Total	83.1	-56.5	26.6

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	19.0
Dividend Yield*	2.4%
Price / Book	2.5
Debt / Equity	38.3%
Return on Equity*	13.5%

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating Perpetual'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.

MARKET COMMENTARY

The S&P/ASX 300 advanced 1.7% in January, extending December's momentum and approaching October's record highs with a 7.1% rally from November lows. Heightened geopolitical uncertainty, including US policy volatility around Greenland, EU tariffs, and Middle East tensions, drove sharp commodity moves. Crude oil surged on supply concerns while safe-haven demand pushed gold, silver, and copper to fresh highs. Sector performance diverged sharply: Energy (+11.1%) led on uranium miner strength and rising oil prices, while Materials (+9.4%) benefited from broad-based commodity gains. Technology (-9.1%) suffered steep losses, mirroring US Mag 7 weakness. Real Estate (-2.7%) declined as bond yields climbed ahead of the February RBA meeting. Domestically, stronger-than-expected employment data (65,200 jobs added, unemployment falling to 4.1%) and elevated Q4 inflation (trimmed-mean CPI 3.3%, above the RBA's 2-3% target) significantly raised rate hike probabilities, with markets pricing ~74% odds for February action. The RBA subsequently raised the cash rate by 0.25%.

PORTFOLIO COMMENTARY

The portfolio's largest positions include Washington H. Soul Pattinson, Cobram Estate Olives and Servcorp. Conversely, the portfolio's largest short positions vary across sectors but include selected Financials, Consumer Staples and Infrastructure names.

BlueScope Steel contributed to portfolio performance with a +29.7% gain in its first month of trading in 2026. In early January BlueScope announced that it had received an all-cash acquisition proposal from a consortium of Steel Dynamics and SGH Limited at \$30.00 per share. The release also highlighted BlueScope had received three earlier acquisition proposals from Steel Dynamics led consortiums that ranged in value from \$24-33 per share (noting the \$33 / share offer included an assumed value for an in-specie of the Australian assets). The company also announced mid-month a dividend of \$438 million or \$1/share. Whilst there remains uncertainty as to whether the consortium returns with an improved proposal that could be supported by the Board, we see the interest as a catalyst for value unlock in any case.

Glencore strongly contributed to performance, rallying +19.3% in January following its mega-merger proposal with Rio Tinto to form the world's largest mining company and copper powerhouse. The company offers a unique commodity mix spanning copper, zinc and coal which is supported by a highly profitable marketing operation. Coal markets have been correcting for over three years and are working through a bottoming process as high-cost supply exits and new demand emerges, particularly from India's growing net coal requirements. Glencore has reduced its seaborne coal supply alongside peers, and even a modest coal price rebound could significantly boost earnings and free cash flow, likely directed toward enhanced shareholder returns. The copper business adds further appeal, with prices drifting past record highs of over \$14,000 per metric tonne in late January. Glencore is targeting copper production growth, supported by a pipeline of greenfield and brownfield projects that could lift output. We see the outlook for Glencore's commodity set as highly attractive and continue to see value in the name.

Flutter Entertainment fell -26.9% in January following industry data showing declining online sports betting handle. December data for New York revealed Fanduel handle down 13%, with weakness continuing into January. Potential drivers include reduced promotional spending in key states, favourable sports outcomes limiting customer wallet recycling, and possible volume loss to emerging prediction markets. However, we believe any volume leakage likely comes from high-volume, low-margin customers. Traditional sportsbooks maintain structural advantages, particularly in parlay products increasingly favoured by recreational bettors. Flutter and DraftKings should provide clarity on handle drivers in February results. Despite near-term handle volatility pressuring sentiment, Flutter's core competitive advantages remain intact: market share leadership, superior product engagement, and disciplined capital allocation. We continue expecting sustained material earnings growth and believe the current share price significantly overreacts to the prediction market threat.

Cobram Estate Olives detracted from portfolio performance (-7.4%) following an exceptional 2025 run, as investors locked in profits after the stock's 30% surge in December on the back of its US\$173.5 million acquisition of California Olive Ranch. The deal provides Cobram with access to COR's 4,370 hectares of US production yielding approximately 5.5 million litres annually, the market-leading California Olive Ranch and Lucini brands, and the largest olive mill in the United States. We view the acquisition as highly compelling. Post-combination, Cobram's Californian mature production hectares will increase eightfold with supply set to grow further. This enhanced supply base provides significant flexibility to maximize value across the company's portfolio of leading locally grown brands. Cobram now holds the strategically valuable position as the largest grower and brand owner of locally grown US EVOO. The Cobram team's Australian track record supports our confidence in their US execution capabilities. From a financial perspective, the acquisition is attractive, underpinned by \$133 million in net assets and material synergy potential.

OUTLOOK

The apparent pivot by the RBA back to a tightening cycle adds to layers of macro concerns investors must contend with alongside unpredictable US administration policy. Commodity-exposed sectors continue to enjoy tailwinds amid supply constraints and geopolitical risk premiums, with energy (uranium, oil/gas) and materials (gold, copper) benefiting from structural tailwinds. Investors have also been shaken by a new bout of tech jitters emanating from the US. Alongside the broad concerns about excess valuations and massive tech AI spending (which is consuming profits at the hyperscalers) the release of Anthropic's latest Claude Cework technologies triggered a rout in SaaS stocks considered vulnerable to the latest advances in artificial intelligence with software and financial services stocks all hit hard. Australian and US equity markets started the month trading in the 95th percentile of valuation versus the last 20 years, leaving them both vulnerable to the shift in sentiment.

The performance fee is equal to 20.50% of daily outperformance over the hurdle rate of return. The current hurdle rate is the Reserve Bank of Australia cash rate. Performance fees are accrued daily and payable six monthly, 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.

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