Perpetual Pure Series Funds

PERPETUAL PURE EQUITY ALPHA FUND - CLASS A

February 2025

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

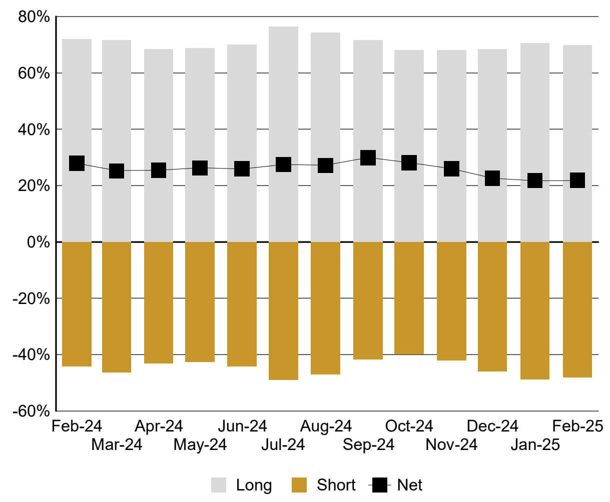
The Fund aims to achieve performance objectives by adopting a bottom-up stock selection process for both long and short positions, combined with a top down approach to managing market exposure. Decisions to buy or sell are based mainly on fundamental stock analysis, complemented by the identification 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:	$274.20 million as at 31 Dec 2024
APIR:	PER0668AU
Fund Managers:	Anthony Aboud
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
Flutter Entertainment Plc	7.0%
Servcorp Limited	5.4%
Cobram Estate Olives Ltd.	3.5%
a2 Milk Company Limited	2.6%
Sigma Healthcare Ltd	2.6%

* 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 28 February 2025

	Fund	RBA Cash Rate Index*
1 month	1.22	0.33
3 months	0.96	1.07
1 year	6.26	4.44
2 year p.a	5.55	4.30
3 year p.a.	5.41	3.46
4 year p.a.	6.93	2.61
5 year p.a.	8.34	2.12
7 year p.a.	6.49	1.88
10 year p.a.	6.05	1.84
Since incep. p.a.	7.01	2.08

RBA Cash Rate Index is the Performance Hurdle.

PORTFOLIO SECTORS

	Long	Short	Net
Communication Services	6.1	-1.0	5.0
Consumer Discretionary	18.0	-7.9	10.2
Consumer Staples	9.2	-5.5	3.7
Energy	3.2	-1.3	1.9
Financials ex Property Trusts	6.4	-14.3	-7.9
Health Care	2.5	-1.0	1.6
Industrials	8.4	-6.4	2.0
Information Technology	0.0	-3.1	-3.1
Materials	6.5	-2.7	3.9
Other Shares	0.0	0.0	0.0
Property Trusts	0.0	0.0	0.0
Real Estate	7.2	-4.3	3.0
Utilities	1.7	-0.1	1.6
Total	**69.3**	**-47.5**	**21.8**

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	17.8
Dividend Yield*	3.2%
Price / Book	2.2
Debt / Equity	42.4%
Return on Equity*	13.3%

^ 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/ASX300 fell -3.8% in February buffeted by wild swings as company results were reported. Large caps in particular disappointed, often in relation to outlook rather than reported results. It also marked a major break in momentum with many companies that had had a strong run in the previous year struggling. Amongst the biggest reversals were NAB (-12.1%), Wisetech (-27.7%), Cochlear (-19.0%) and Fortescue (-11.1%). On a sector basis Utilities (+3.2%), Communications (+2.8%) and Consumer Staples (+1.4%) performed best. Information Technology (-12.3%) was the worst sector. Healthcare (-7.6%) and Real Estate (-6.2%) were also laggards. The sell-off in the market accelerated in the last half of the month in sympathy with a declining US market which increasingly worried about the frenetic and sometimes disruptive pace of White House initiatives, particularly in relation to tariffs.

PORTFOLIO COMMENTARY

The portfolio's largest positions include Flutter Entertainment Plc, Servcorp Limited and Cobram Estate Olives Ltd. Conversely, the portfolio's largest short positions vary across sectors but include selected Financials, Consumer Staples and Infrastructure names.

A2 Milk contributed strongly to returns in February, with the stock rising by 35.3%. The management team has proven it's ability to execute strategically through supply constraints and other external and market headwinds. The company reported a stronger than expected first half 25 result and Financial Year 2025 guidance was upgraded and implies that A2 Milk sales and margins will accelerate and expand further in the second half of the year. 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.

Light & Wonder contributed to performance over February (+22.6%) after reporting solid operational performance despite disruptions. U.S. gaming operations grew, with units up 850 sequentially and better-than-expected sales, while international sales were weaker due to timing leading to a 1,500-unit decline. Management attributed slower growth to a live ops strategy misstep, now corrected. I-gaming performed in line, and LNW divested its live casino segment due to pricing pressure. Looking ahead, LNW continues to expand globally, with a growing U.S. presence and rapid Australian market share gains. The company's experienced management team, strong content pipeline, and improving balance sheet position it well for future growth. The CY25 outlook remains positive, with double-digit EBITDA growth expected despite a softer Q1 due to international sales timing.

The overweight to Myer detracted from portfolio performance (-17.4%) during February. Despite the noise, we believe cost synergies are highly likely from the announced combination which could come from debt refinancing, COGS sourcing, rent reductions, and CODB efficiencies, with additional optionality from internal margin initiatives. Revenue synergies, while harder to realise, could stem from integrating Apparel Brands online, expanding MyerOne, and store consolidation. Despite the noise, we view the combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E as favourable. The combination has created a leading omni-channel retail platform that brings enhanced scale and significant operating leverage benefits. Myer will also benefit from the expected addition of Retail Stalwart Solomon Lew's potential addition to the board.

Redox Limited detracted from relative performance over the month (-25.2%). The company sold off following elevated operating expenses which management guided to persist in the foreseeable future. We continue to view Redox as a high quality, founder led exposure to an attractive industry with a significant offshore growth opportunity.

OUTLOOK

Equity markets had looked expensive going into February with Australian growth stocks, like their US counterparts, had been trading at elevated P/E ratios. Many of these stocks bore the brunt of the sell-off as the world market potentially enters a new phase. Markets had broadly welcomed the pro business Trump administration choosing to focus on a welcome agenda of tax cuts, de-regulation and budget savings which they expected would boost economic growth whilst also containing inflation. Meanwhile Trumps much vaunted love of tariffs was widely considered to be, in the most part, a bargaining tool in trade negotiations. However there are some fears that headline-grabbing cuts to government spending could be increasingly hurting consumer sentiment whilst on-and-off tariffs on allies and close trading partners could be having a more profound pre-emptive impact on business confidence and supply side chains than fully appreciated.

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.

MORE INFORMATION

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