

Perpetual Pure Series Funds

PERPETUAL PURE MICROCAP FUND - CLASS A

September 2026

FUND FACTS

Investment objective: Aims to provide investors with long term capital growth via an investment in a portfolio of quality Australian microcap companies. Microcap companies are defined as companies with a market capitalisation or free float of less than \$300m on acquisition.

FUND BENEFITS

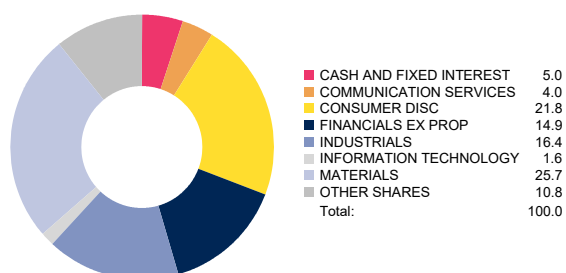
Professionally managed portfolio using Perpetual's bottom up stock selection process. The potential for long-term capital growth via an investment in under-researched microcap stocks, which are typically mispriced and undervalued.

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: September 2013
Size of Portfolio: \$119.86 million as at 30 Jun 2026
APIR: PER0704AU
Management Fee: 1.28%*
Performance Fee: 20.5% of outperformance*
Performance Hurdle: S&P/ASX Small Ordinaries Accumulation Index
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Seven Years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Capral Limited	8.1%
Wagners Holding Co. Ltd.	5.7%
Joyce Corporation Ltd	5.4%
Jupiter Mines Limited	4.9%
Servcorp Limited	4.5%

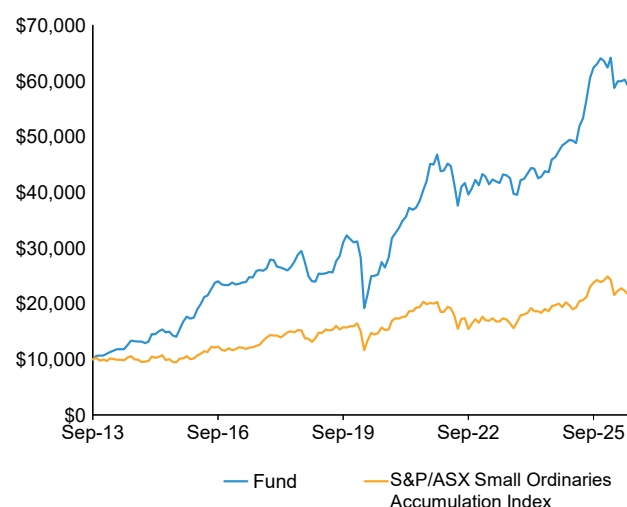
NET PERFORMANCE - periods ending 30 September 2026

	Fund	S&P/ASX Small Ordinaries*
1 month	-1.51	-2.34
3 months	2.04	-0.53
1 year	-1.52	-6.74
2 year p.a.	15.70	6.45
3 year p.a.	13.03	10.41
4 year p.a.	11.62	9.51
5 year p.a.	7.89	2.18
7 year p.a.	10.26	4.97
10 year p.a.	9.86	6.10
Since incep. p.a.	15.77	6.30

*S&P/ASX Small Ordinaries Accumulation Index is the Performance Hurdle.

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

GROWTH OF \$10,000 SINCE INCEPTION



*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.

MARKET COMMENTARY

The S&P/ASX 300 delivered a subdued +1.26% total return over September 2026 quarter, reflecting persistent headwinds from a hawkish monetary policy backdrop. Sector performance diverged sharply, with Health Care (+25.40%) and Energy (+17.34%) providing crucial support, whilst Materials (+4.77%) benefited from copper demand linked to power infrastructure and AI development. Conversely, Technology (-9.38%), Consumer Discretionary (-9.26%) and Real Estate (-8.65%) faced sustained pressure as elevated rates impacted valuations and consumer spending. The RBA's fourth rate rise of 2026, pushing the cash rate to 4.60%, remained the dominant macro driver despite CPI holding at 3.73% well above target. Strong Q2 GDP growth of 2.1% YoY reinforced tightening momentum, offsetting signs of consumer stress – confidence slumped to 84.4 by September. The AUD rallied to 0.722 mid-quarter before retreating to 0.695, signalling markets anticipated rate cycle maturation.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Capral Limited, Wagners Holding Co and Joyce Corporation. Conversely, the portfolio's largest relative underweight positions include Vault Minerals, Ventia Services Group and Megaport.

Koala Company (KOA) performed very well over the last 6 weeks of the quarter as the share price broke out from its IPO listing base, to return 54.4% for Q1FY27. The main catalyst was the FY26 result, Koala's first full-year report since listing in March 2026. Revenue of \$323m (up 20% YoY) met the prospectus forecast and pro-forma EBITDA of \$27.9m (+140% YoY) beat the prospectus forecast of \$24.8m. Koala achieved this despite a domestic consumer environment that deteriorated materially after the IPO. The earnings outcome was driven by a strong gross margin, which reached 66.9% in 2H FY26, up 400bps on the prior corresponding period. With US sales carrying gross margins of around 70% and making up a growing share of group sales, we expect further margin expansion to come. The result supports our thesis that regional expansion of the existing Koala product within North America & Europe at higher relative gross margins will support strong earnings growth. Given the observed momentum to date, gross margin upside, new product tailwinds and regional expansion we retain a positive outlook for the stock. GR Engineering Services (GNG) contributed strongly in Q1 FY27, rising in each month of the quarter and returning 49.3% overall. GNG reported a solid FY26 result in August, with improved margins driving an earnings beat against consensus. Alongside the result, the company provided FY27 revenue guidance more than 30% ahead of consensus, underpinned by an order book of more than A\$1b. GNG also announced a A\$100m institutional placement to fund the working capital needs of its larger project pipeline and position the company for its next phase of growth. Additionally, the stock was added to the S&P/ASX 300 Index in the September rebalance, which has attracted passive flows. We first became interested in GNG as a highly profitable, cash-generative business with a track record of strong ROA, ROE and ROIC dating back to FY11. We saw it as well placed to benefit from increased mining capex amid elevated commodity prices, and the FY26 result and order book suggest this thesis is playing out.

LGI was a key detractor in the quarter, falling 34%. Whilst earnings ultimately came in at the low end of guidance for FY26, expectations for FY27 earnings were pared back due to lower wholesale electricity prices as well as ongoing delays in the installation and commissioning of the company's battery assets at Mugga Lane in ACT. LGI is a business that benefits from high and volatile wholesale electricity prices and 2026 has so far been characterised by low and relatively stable prices. The key question is to what extent is this dynamic cyclical (i.e. less extreme high/low weather periods, no major outages at coal fired assets) versus structural (more stable supply coming into the grid in the form of rooftop solar with batteries). We think it's likely that there are some cyclical elements to the recent slump in wholesale electricity prices and that volatility will remain a feature of the market which leaves LGI in a good position. The business is well run and has a large runway of growth that will deliver at least a doubling in the size of the generation portfolio over the coming years. We recently took the opportunity to add to our position.

Qualitas (-22.7%) also detracted from Fund performance over the quarter as private credit news flow turned nasty following the collapse of Bathla, a heavily indebted property developer. Recent years have seen an influx of capital and new private credit operators established, filling the space left by the major banks in certain pockets of the market. As in any industry, there is the full spectrum of operators - from the established, transparent and institutional grade managers at one end all the way down to the one-man band with opaque disclosures and little experience at the other. Based on our work, QAL is differentiated from most others in the sector for several reasons, including it's long and exemplary underwriting track record, largely institutional capital base and strong competitive positioning. Nonetheless the stock has been sold down indiscriminately with other private credit exposures.

OUTLOOK

Heading into the last quarter of 2026 the focus is shifting to the flow-on effects of tighter monetary policy. Lenders have lifted fixed mortgage rates by nearly double the RBA's move, adding to fears that the pressure on consumers will only continue to build, especially if the RBA tightens again. Capital city property prices continue to decline from their March peak. The collapse of developer Bathla Group and troubles at Metrics credit has raised the question of broader economic risks from contagion as deteriorating conditions in construction collide with concerns about private credit liquidity and defaults. China-exposed stocks have fallen sharply and doubts over AI spending, highlighted by the failed Firmus IPO, are unsettling tech-adjacent names. Meanwhile investors also have an eye on the US Fed as well as additional geopolitical risks, especially the evolving Iranian situation.

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