Perennial Income Generator Active ETF

ASX: EIGA

Monthly Report July 2025

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (%p.a)	Since Inception^ (% p.a.)
Income Distribution	0.0	4.1	0.0	8.3	7.1	7.4	7.7	7.5
Capital Growth	2.5	1.5	2.5	-3.0	2.1	3.6	-1.3	-0.8
Total Return	2.5	5.6	2.5	5.3	9.3	10.9	6.4	6.7
Franking Credits#	0.0	1.1	0.0	1.7	1.9	2.5	2.9	2.8
Income Distribution including Franking Credits	**0.0**	**5.2**	**0.0**	**10.0**	**9.0**	**9.9**	**10.5**	**10.3**
Benchmark Yield including Franking Credits*	0.0	0.7	0.0	5.0	5.8	5.6	5.5	5.5
Excess Income to Benchmark#	**0.0**	**4.5**	**0.0**	**5.0**	**3.2**	**4.3**	**5.0**	**4.8**

^Inception date was 7 May 2018. Fund returns are calculated using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. *Benchmark yield is calculated based on the difference between the return of the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) and return of the S&P/ASX300 Index. #Franking credits are an estimate only, as tax components will only be known with certainty at the end of the financial year. Past performance is not a reliable indicator of future performance.

Overview

Markets logged another strong month in July, with investors taking a positive view of US trade deal announcements, Chinese "anti-involution" measures, and the prospect of interest rate cuts. This saw all major markets deliver positive returns over the month.

The Australian market was also strong in July, with the ASX300 Accumulation Index rising +2.4%. The market has delivered a total return of +11.9% for the last 12 months, setting a new high.

The Fund is currently targeting FY26 net monthly distributions of 1.785 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 5.6%.

Fund Characteristics

The objective of EIGA is to provide investors with an attractive level of tax effective income, paid via monthly distributions. EIGA aims to provide a gross distribution yield, adjusted for applicable franking credits, above that provided by the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax-Exempt).

Portfolio Manager
Stephen Bruce

EIGA FUM
$30 million

Distribution Frequency
Monthly

Inception Date
7 May 2018

Fees
0.80% (incl. of GST and RITC)

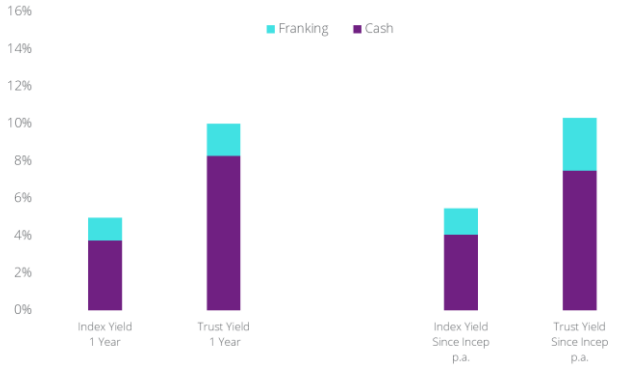
Portfolio Characteristics – FY27\	Fund	Market
Price to Earnings (x)	18.3	18.6
Price to Free Cash Flow (x)	16.7	16.6
Gross Yield (%)	4.8	4.3
Price to NTA (x)	2.4	2.9

Source: Perennial Value Management. As at 31 July 2025.

The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

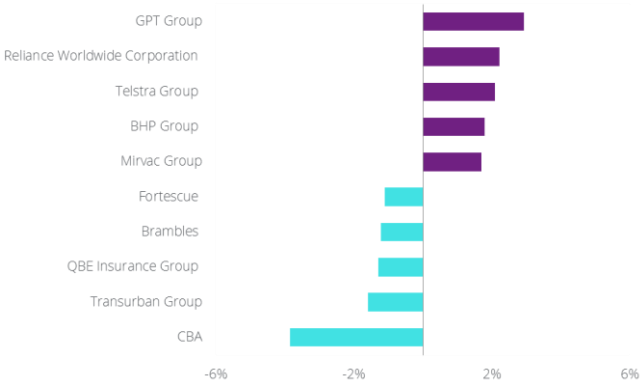
Franking Levels (%)			
FY25	48.7	FY22	99.6
FY24	60.0	FY21	100.0
FY23	75.5	FY20	100.0

Distribution Yield

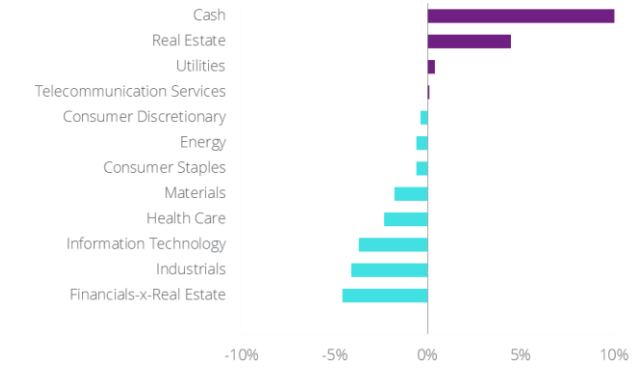


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Fund Review

The ASX300 Accumulation Index delivered its fourth consecutive month of positive returns, rising +2.4%, and setting a new record high. For the financial year, the market has delivered a healthy total return of +11.9%. The month was notable as it saw the rally in banks stall, and a rotation into resources. The outperformance of banks over resources had been a key story of the market over the last 12 months, with the banks benefitting from passive and macro flows, while the resources stocks languished as sentiment to China remained negative, despite commodity prices remaining reasonably robust.

Key positive contributors to performance over the month included the Fund's resources holdings. Bulk miners, BHP (+6.8%) and Rio Tinto (+4.3%) both outperformed, with the iron ore price moving back over US$100/t on hopes of more proactive Chinese stimulus measures. This followed the announcement of the Tibet mega-dam project. In an expensive market, we continue to see the resources sector as offering attractive value.

CSL (+13.1%) enjoyed a relief rally, on optimism that it may escape significant tariff impacts. This is a very high-quality business and is currently trading well-below its historical levels. The business has multiple growth drivers, and we expect it to continue to deliver strong growth as it has in the past.

Origin Energy (+8.2%) outperformed, despite reporting a mixed quarterly update, with the market focussing on the potential value that could be realised from Octopus Energy, in which it holds a 23% stake. Octopus Energy is a rapidly growing company, which is now the leading energy retailer in the UK. In addition, Octopus owns "Kraken", an IT platform which it both uses internally to run its own business, and licenses to other utilities globally. During the month, it was speculated that steps were being taken to spin out the business. Should this occur, it could potentially attract a software company valuation, well above what is currently reflected in the Origin share price. Woodside Energy (+12.5%), also performed well, rallying after delivering a solid quarterly update, with strong production and major projects remaining on track.

Other positive contributors included the Fund's main gold exposure, Newmont (+8.3%), which outperformed after delivering a strong second quarter result. By contrast, the rest of the gold sector retreated on profit-taking, after performing strongly over the past 12 months. Packaging company, Orora (+10.1%), rose on trade deal optimism, as they are exposed to tariffs via the impact on European spirit makers, who are key customers of their high-end glass bottle manufacturing business.

The Fund also benefited from its underweight position in the major banks, which underperformed during the month, delivering a flat outcome on average. In our view, the banks remain overvalued and have challenged earnings outlooks, as any interest rate cuts will weigh on their margins.

Key detractors over the month included James Hardie (-0.9%) and Treasury Wines (-3.1%) lagged on ongoing weak US consumer sentiment. While the companies are currently facing relatively subdued operating conditions, we see them as having very significant long-term upside and would expect them to rally strongly at some point.

Fund Activity

During the month, we reduced our holdings in Macquarie Group, which is facing a subdued outlook. Proceeds were used to establish a position in engineering firm, Worley, which has a strong pipeline of work across both traditional and renewable energy projects. At month end, stock numbers were 30 and cash was 13.2%.

Distribution

In order to provide a regular income stream, the Fund pays monthly distributions. We aim to pay equal cash distributions each month, based on our estimate of the dividend income to be generated over the year. Franking credits, surplus income and any realised capital gains will then be distributed, as per usual, with the June distribution.

Looking to the current financial year, while the economic outlook is more uncertain, most companies are in good financial shape and are expected to continue to pay healthy dividends. The Fund is currently forecasting a flat monthly net cash distribution of 1.785 CPU. Based on the unit price at the start of the year, this represents an annualised cash distribution yield of 5.6%.

Outlook

Investors appear keen to buy the market on any signs that tariffs are being walked back and/or trade deals negotiated, particularly on any signs of dialogue between the US and China. Any sustained change in confidence and activity in the US will set the tone for other markets, including ours, and of note is the recent weak labour market data. However, our base case is a "muddle through" outcome, and the portfolio is leveraged to a rebound in cyclical stocks that is likely in the event of some form of stability emerging. Clearly, however, the risks to growth and inflation, as well as the smooth functioning of the global economy in general, have increased markedly. On the positive, Australia seems relatively well-placed, with a moderate 10% tariff on our ~$24bn of annual exports to the US. Further, looking at the composition of our listed market, the overall direct impact on most of our large companies appears to be fairly limited. This is due to them either having a predominantly domestic focus, or limited exports to the US. Of course, the indirect impacts could be significant, as the Australian economy and stock market would not be immune from the effects of a global downturn. While this outcome is not a foregone conclusion, if it did transpire, we would likely see interest rate cuts brought forward by the RBA and other central banks.

The Fund continues to offer a higher forecast gross yield than the overall market and, as always, our focus will continue to be on investing in quality companies with strong balance sheets, which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.

Contact us

Level 27, 88 Phillip Street
Sydney NSW 2000

1300 420 094

invest@perennial.net.au

www.perennial.net.au

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