Perennial Income Generator Active ETF

ASX: EIGA

Monthly Report October 2026

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (%p.a)	Since Inception^ (% p.a.)
Income Distribution	0.5	1.4	1.5	6.0	7.1	7.3	6.8	7.2
Capital Growth	1.7	0.1	2.7	1.5	3.2	0.3	-0.1	-0.5
Total Return	2.2	1.5	4.2	7.5	10.3	7.6	6.7	6.7
Franking Credits#	0.5	0.6	0.6	1.8	1.7	2.3	2.3	2.7
Income Distribution including Franking Credits	1.0	2.0	2.1	7.8	8.8	9.6	**9.1**	9.9
Benchmark Yield including Franking Credits*	0.0	1.7	1.7	4.5	5.0	5.3	5.2	5.4
Excess Income to Benchmark*	1.0	0.3	0.4	3.3	3.8	4.3	**3.9**	4.5

^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.

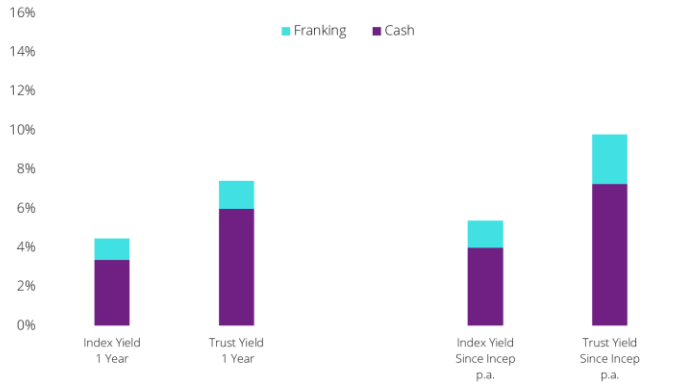
Overview

Increasing investor concerns over the level of investment being poured into data centre capex led to a sell-off in AI stocks, which weighed on global markets in October. This saw declines in the tech-heavy NASDAQ, Japanese and Chinese markets.

The Australian market performed better, with the ASX300 Accumulation Index up +1.1%. Our market benefited from not having a significant weighting to AI-exposed stocks. Financials, Energy and rate-sensitive sectors performed strongly, while Mining stocks lagged.

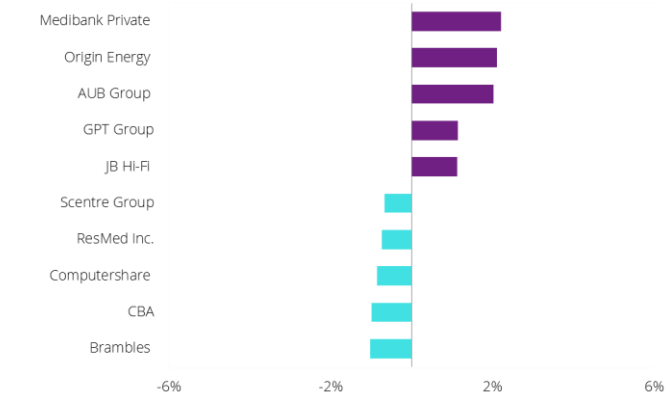
The Fund is currently targeting FY27 net monthly distributions of 1.785 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 5.8%.

Distribution Yield

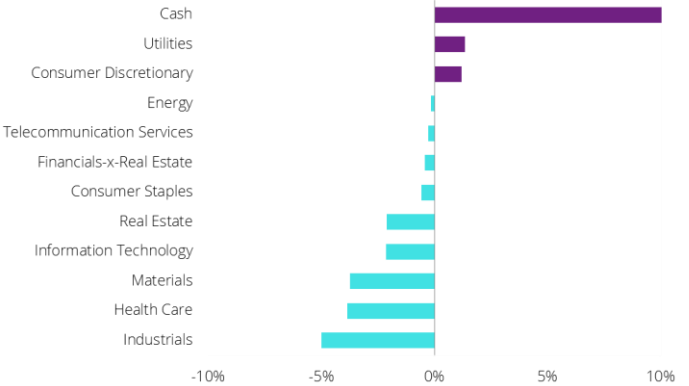


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Fund 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
$25 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)	17.0	17.0
Price to Free Cash Flow (x)	12.7	13.6
Gross Yield (%)	5.2	4.4
Price to NTA (x)	2.8	2.8

Source: Perennial Value Management. As at 31 October 2026.

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 (%)			
FY26	60.0	FY23	75.5
FY25	48.7	FY22	99.6
FY24	60.0	FY21	100.0

Fund Review

The move to a risk-off mode benefitted the Australian market, seeing it outperform most global markets in October. The main reason for this is that our market was relatively well insulated from the sell-off in AI stocks as our Tech sector is both relatively small and predominantly comprises companies in the software space. These stocks have been victims of, rather than beneficiaries of the AI boom. Goodman Group (-0.7%), was slightly softer. Goodman is clearly the standout quality operator in the data centre space, and where we prefer to have an exposure. The company has a proven track record or project delivery, deep relationships with capital partners, a large pipeline of well-located data centre opportunities and low levels of gearing. While it has frustrated the market by taking its time to sell out its capacity, Goodman is the polar opposite of many of the speculative players in the global data centre space, from overgeared neoclouds like Coreweave, to chancers like Firmus.

During the month, a number of companies held their AGMs and gave trading updates. The consistent message from these updates was that the consumer is under significant pressure, from rising interest rates, cost-of-living pressures and negative impacts from falling house prices. As a result, retail trading conditions have deteriorated as the financial year has progressed. However, this simply confirmed what was already expected, with the share prices of many of consumer discretionary and property-related stocks having already fallen sharply. While the RBA was widely expected to raise rates again in November, and despite ongoing inflationary pressures, the market is now starting to look to the end of the tightening cycle. This, combined with an easing in bond yields, saw a rally in Consumer Discretionary stocks in October. The Fund had recently moved overweight the sector and benefited from holdings in, Lottery Corporation (+11.3%) and JB Hi-fi (+3.7%). While these stocks are exposed to consumer sentiment and spending, each has other appealing characteristics. Lottery Corporation is a mature business, underpinned by long-term licences and has very resilient earnings. Finally, JB Hi-fi is the undisputed category leader, with outstanding management execution.

Energy stocks rallied on the higher oil price, with Woodside Energy (+4.5%) and Santos (+7.3%). The Fund holds a neutral position in the Energy sector, given the high level of volatility. Ex-conflicts, the global market is very well-supplied, and the oil price should be significantly lower. Unfortunately, however, this is not the world we live in at the present time, so an each-way bet is prudent.

Resources was the worst-performing sector of the market in October, with Metals & Mining (-8.7%). While most commodity prices experienced modest declines over the month, the main driver of the sell-off was the negative turn in sentiment towards the AI sector. The Resources sector has become increasingly correlated with the AI trade, as data centre and associated energy infrastructure capex is expected to drive strong demand for commodities such as copper. The iron ore price was also weaker, down -3% to US$91/t. This saw holdings in BHP (-5.4%) and Rio Tinto (-11.8%) decline. Gold stocks were also weaker, following a -7% decline in the gold price. The Fund is slightly underweight the Resources sector at present.

The major banks performed strongly in October, up an average of +7.0%. There was no obvious driver of this outperformance, other than their being a natural beneficiary of a rotation out of Resources. We remain underweight the sector, seeing the valuations as being full, given the range of headwinds that the sector faces.

Fund Activity

During the month, the Fund exited its holding in Worley and took profits, its trimming holding in QBE as well as energy stocks Woodside and Santos. Proceeds were used to increase positions in gold stocks, Newmont and Evolution Mining. At month end, stock numbers were 35 and cash was 15.7%.

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. For FY27, 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 financial year, this equates to an annualised cash distribution yield of 5.8%.

Outlook

Globally, economies have been dealing with the headwinds of persistent inflation, rising interest rates and energy costs, increasing polarisation and inequality, all against the backdrop of ongoing geopolitical uncertainty, social unrest and worries about the impacts of AI. As a result, overall sentiment is very poor, with the majority, ie those in the bottom part of the K-shaped economy, descending into a state of general dysphoria.

However, post the Democratic sweep of Congress, there is some cause for optimism that there may be a de-escalation in the Middle East. This would lower energy prices and, in turn reduce inflationary pressures and interest rates. This would be very positive for equity markets in general, and for the cyclical parts of the market in particular, where stocks in the non-AI parts of the economy have been sold down aggressively. While an outbreak of peace, love and common sense may be too much to hope for, at a minimum, the checks and balances should be stronger, bringing some degree of stability (even if largely due to gridlock). Historically, the post-mid-term stability is something that markets like. This is borne out by the fact that year three of every presidential term since WWII has seen the S&P500 deliver a positive return, averaging +20%. Let's hope it's the same this time round, as this would surely be positive for our market as well!

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.

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