

	1 Month (%)	Quarter ¹ (%)	FYTD ² (%)	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	Since inception ³ (% p.a.)
Perennial Future of Health Care Fund	-3.8	8.6	13.9	-1.2	8.8	11.5	7.0
MSCI World Healthcare Net Return Index Unhedged (in AUD) ⁴	-2.4	9.9	12.0	6.6	9.0	7.0	9.7
Value Added	-1.4	-1.3	+1.9	-7.8	-0.2	+4.5	-2.7

¹ Quarter refers to the 3 months ending the month of the report.

² Financial Year to Date refers to the period commencing the prior 1st July and ending on the month of the report.

³ The inception date for performance calculations is 8 April 2021.

Returns are calculated after fees and expenses and assumes the reinvestment of distributions. Past performance is not a reliable indicator of future performance.

⁴ The benchmark was introduced to the strategy on 1 November 2023, it has been used retrospectively for comparative performance.

Fund Review

The Fund returned -3.8% in December, in a month where the MSCI World Healthcare NR Index (AUD) declined -2.4%. Relative performance this month was shaped mainly by event-driven moves, particularly in rare disease and oncology. The portfolio remains focused on high-conviction innovators across several indications which we believe are well placed for the next phase of advancements in healthcare.

In December, Immute (+0.9%) confirmed robust progress of its registrational TACTI-004 (KEYNOTE-F91) Phase III trial, with 289 patients enrolled (~38% of target). The company also announced a strategic collaboration with Dr. Reddy's to help expand efti's reach into additional geographies.

Erasca (+0.2%) added modestly to performance as sentiment improved for its early-stage RAS-targeted assets which are expected to have data readouts in 2026.

Novartis (+0.1%) contributed positively, supported by both clinical and policy tailwinds. Novartis is well placed to benefit in 2026 with anticipated product launches and continued revenue growth.

Ultragenyx (-0.6%) was the main stock-specific event in the portfolio this month. The company announced Phase III results from the ORBIT and COSMIC studies of setrusumab (UX143) in osteogenesis imperfecta. While both trials achieved meaningful improvements in bone mineral density versus control, neither met the primary endpoint of reducing annualised clinical fracture rates compared with placebo (ORBIT) or bisphosphonates (COSMIC).

Clarity Pharmaceuticals (-0.5%) detracted during the month largely driven by sentiment. The company announced at month's end that the full results of the Co-PSMA trial will be presented in March at the European Association of Urology Congress.

Alnylam modestly detracted as the market digested a series of strategic announcements. During December, the company unveiled plans to invest US\$250 million to add to its manufacturing capability. Alnylam also announced changes to its board of directors and was added to the NASDAQ-100 index which can create short-term trading flows.

Despite a more challenging twelve months in relative terms, we remain constructive on the Fund's prospects. After lagging broader global equities, sector valuations continue to look attractive versus history, particularly in key innovation segments. At the same time, recent policy developments – including a more predictable framework for US drug pricing – have reduced some of the tail risks that weighed on large-cap pharmaceuticals. We remain focused on companies with differentiated platforms, robust balance sheets and clear paths to value-creating clinical milestones.

Perennial Future of Healthcare Fund

The Fund's primary goal is to drive enduring capital growth by deploying investment capital to tackle critical challenges stemming from an ageing populace, escalating chronic and communicable diseases, disabilities, and mental health concerns.

Portfolio Managers

Victor Windeyer & Sam Walker

APIR Code

AUS9268AU

Distribution Assessment Frequency

Annual

Minimum Initial Investment

\$20,000

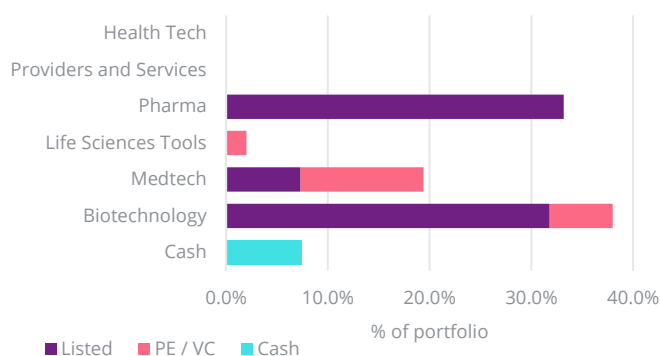
Inception Date

April 2021

Fees

1.35% p.a. + recoverable expenses (capped at 0.25%) + performance fee

Portfolio Allocation



Subsector Performance

Sector	Performance (1 Month USD)
Biotechnology	-1.1%
Health Tech	-9.4%
Life Sciences Tools	-1.0%
Medtech and Supplies	-3.0%
Pharmaceuticals	+2.8%
Providers and Services	+0.1%

Past performance is not a reliable indicator of future performance. Returns are based on GICS Level 3 (Industry Level) of the MSCI World Healthcare Index. Returns are provided as USD returns to better reflect industry level sentiment with less impact from currency fluctuations.

Market Commentary

In USD terms, the MSCI World Healthcare Index declined 0.6%, trailing the broader MSCI World Index, which rose 0.8%. In AUD, healthcare returned -2.4% due to currency moves.

Within the healthcare subsectors, the Pharmaceuticals index rose a robust 2.8%, supported by the announcement that nine additional global drugmakers had signed MFN pricing deals with the US administration. These agreements tie prices for new medicines more closely to those in other developed markets and have been interpreted as a pragmatic compromise that reduces the likelihood of more aggressive price controls, particularly for companies with diversified portfolios in chronic diseases. In contrast, more growth-oriented subsectors were weaker. Healthcare Technology declined -9.4%, reflecting profit-taking and a concentrated sub-sector. Medtech fell -3.0%, with sentiment weighing on the sector. Life Sciences & Tools (-1.0%) were more resilient but still saw some consolidation after a volatile year, while Healthcare Providers & Services finished broadly flat at +0.1%. Biotech retreated 1.1% after what has been a strong run off the April 2025 lows.

Macro conditions turned more supportive for defensives. The US Federal Reserve delivered its first rate cut of the cycle in December, but the US 10-year Treasury yield ended slightly higher for the month, moving from around 4.0% to 4.2% as markets balanced easier policy with ongoing growth and supply concerns. The AUD appreciated roughly 2.0% against the USD, from 0.65 to 0.67, a modest headwind for unhedged offshore returns. Style and size trends within healthcare were relatively muted. The Russell 3000 Healthcare Value Index gained 0.1%, modestly ahead of the Healthcare Growth Index at -0.2%, reflecting a slight preference for cash-generative pharma and managed care compared to growth style names. Small caps, as proxied by the MSCI World Healthcare Small Cap Index, rose 0.3%, broadly in line with large caps and capping off a stunning 39.4% for the calendar year.

Looking ahead, we see a constructive backdrop: earnings growth is expected to accelerate from 2025, policy clarity has improved, and the innovation pipeline across oncology, immunology and rare disease remains exceptionally rich, providing a favourable environment for active, research-driven healthcare investing.

News from the Lab or Clinic

Unfortunately, the nature of biology means that variation is always present and a risk for clinical trials. One such case is the trial readout for Setrusumab in December which affected the portfolio positions of Ultragenyx and Mereo Biopharma. After promising Phase II results, the two Phase III trials for the drug candidate missed the primary endpoint of reducing annualised fracture rates in a brittle bone disease. Both studies however achieved secondary endpoints of improvements in bone mineral density with strong statistical significance.

While a disappointing outcome for patients and the portfolio, it highlights the inherent risk of clinical trials and the need to take a portfolio approach to risk mitigation. While the positions detracted from our portfolio return, the loss was mitigated through sizing and portfolio construction.

Top 10 Positions (A – Z)	Description
Alnylam NASDAQ: ALNY	RNA interference pioneer, presently cardiovascular treatments
Argenx NASDAQ: ARGX	Immunology company with first in class drugs targeting the Neonatal Fc Receptor (FcRn)
AstraZeneca LSE: AZN	Large pharmaceutical company with a leading oncology platform
Clarity Pharmaceuticals ASX: CU6	Radiopharmaceutical company
Eli Lilly & Co NYSE: LLY	Large pharma with weight loss drugs as a focus
ImmvrX Unlisted	Biotech targeting difficult cancer indications.
Novartis CHF: NOVN	Large Swiss pharma company exposed to Lp(a) and radiopharmaceuticals
OncoRes Medical Unlisted	Intra-operable tumour margin detection device
Venstra Medical Unlisted	Temporary heart pump (pVAD)
Vertex Pharmaceuticals NASDAQ: VRTX	Large biotech, leader in cystic fibrosis

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