

	1 Month (%)	Quarter ¹ (%)	FYTD ² (%)	1 year (%)	2 years (% p.a.)	3 years (% p.a.)	5 years (% p.a.)	Since inception ³ (% p.a.)
Perennial Future of Healthcare Fund	-1.7	-1.8	-1.8	2.3	-6.1	5.9	4.2	4.8
MSCI World Healthcare Net Return Index Unhedged (in AUD) ⁴	1.2	3.0	3.0	11.4	3.9	6.8	6.5	8.9
Value Added	-2.9	-4.8	-4.8	-9.1	-10.0	-0.9	-2.3	-4.1

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 May 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.

Quarterly Fund Review

The Fund returned -1.8% for the September 2026 quarter while the MSCI World Healthcare Net Return Index Unhedged (in AUD) returned 3.0%.

Revolution Medicines (RVMD) contributed +0.5% to the Fund's performance. The FDA accepted the daraxonrasib New Drug Application on 22 July under the Commissioner's National Priority Voucher pilot, and in the fastest FDA review we've ever seen was approved just 35 days later. Daraxonrasib (marketed as Rasonque) is the first broadly RAS-targeted medicine to reach the market. A Breakthrough Therapy designation in first-line pancreatic cancer followed on 14 September, and an agreement with BeOne Medicines on 10 August added a partner for selected Asian markets.

Verastem Oncology (VSTM), +0.5%. Reported *AVMAPKI FAKZYNJA co-pack* revenue ahead of consensus and up 34% sequentially after a slower March quarter, a result of improved supply chain management. It might be an impenetrable word salad but *AVMAPKI FAKZYNJA co-pack* is the first FDA-approved oral combination treatment specifically indicated for adult patients with KRAS-mutated recurrent low-grade serous ovarian cancer. The company raised US\$75m non-dilutive royalty financing extending runway into the second half of 2027. All three registration-directed Phase 2 trials of VS-7375, an oral KRAS G12D ON/OFF inhibitor, began dosing during the quarter, with an investor event scheduled for 14 October to present initial efficacy and updated safety across pancreatic, lung and colorectal cohorts.

Natera (NTRA), +0.5%, compounded a strong operating result with a steady sequence of evidence. Second quarter revenue of US\$752.8m was 37.7% higher year on year, with record clinical molecular residual disease volumes and Signatera average selling price higher again, and full year revenue guidance was lifted. Publications followed in Merkel cell carcinoma, lymphoma and a lung cancer study of more than 1,100 resected stage 1 to 3 patients. On 22 September Japan's PMDA approved Signatera as a companion diagnostic in muscle-invasive bladder cancer, the second Japanese authorisation in three months.

Ultragenyx Pharmaceutical (RARE) detracted -1.7% and was the single largest influence on the quarter. Its Phase 3 trial in Angelman syndrome did not meet its primary or secondary endpoints. Angelman's was expect to reach US\$1.8bn in peak sales, a significant program for the company. Two approvals occurred inside the quarter including GENGLYCOS, an AAV8 gene therapy for glycogen storage disease type Ia and FAYUVI for the neurologic manifestations of MPS IIIA, although this was not enough to offset the Angelman loss. The Fund exited the position during the quarter.

An unlisted investment (-1.0%) continued to detract from the Fund's performance. This is due to a particularly tight private capital market for early-stage pre-revenue medtech companies rather than company specific issues.

Alnylam Pharmaceuticals (ALNY), -0.5%. Alnylam cut guidance for key asset Amvuttra during the quarter as the second line pent-up demand normalised. Amvuttra however has maintained its position as the only silencer in the market after the AstraZeneca / Ionis drug, Wainua failed in ATTR-CM which may have implications for Alnylam's next generation silencer in the space.

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

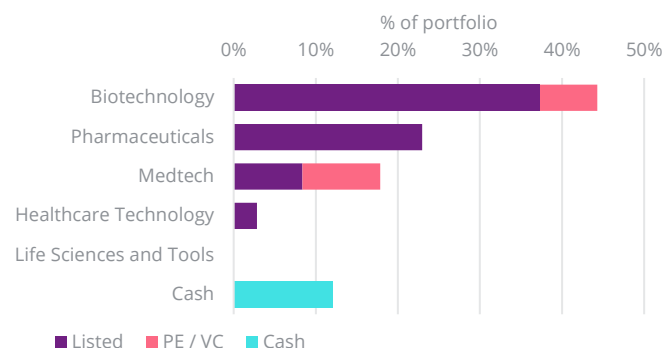
Inception Date

May 2021

Fees

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

Portfolio Allocation



Subsector Performance

Sector	Performance (Quarter USD %)
Biotechnology	+11.3%
Health Tech	+42.0%
Life Sciences Tools	+24.5%
Medtech and Supplies	+2.3%
Pharmaceuticals	-0.3%
Providers and Services	-3.9%

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.

News from the Lab or Clinic

On 26 August the FDA approved daraxonrasib, marketed as Rasonque, for adults with metastatic pancreatic ductal adenocarcinoma (PDAC) who have received at least one prior systemic therapy or who are not candidates for multiagent therapy. It is the first broadly RAS-targeted medicine ever approved. In our investment process it sits at the intersection of the two questions we spend a significant portion of our research time on: does the science work, and how the company is paid for it.

The science

RAS is the most frequently mutated oncogene in human cancer and was considered undruggable for four decades. The first generation of RAS drugs, sotorasib and adagrasib, bind covalently to a cysteine (amino acid) present only in the KRAS G12C mutant, and only while the protein sits in its inactive state. That works, but it addresses a single mutation (G12C in this case). Daraxonrasib takes a different approach. It is a molecular glue: it first binds cyclophilin A, an abundant intracellular chaperone protein, and the resulting pair presents a composite surface that grips RAS in its active state (which is what causes excessive cell growth. Because the grip is on a surface rather than on a specific mutated residue, one molecule inhibits multiple mutation types. This matters in pancreatic cancer, where roughly 90% of tumours carry a RAS driver, dominated by G12D, G12V and G12R, none of which the G12C inhibitors touch.

The drug label carried by Rasonque requires no companion diagnostic and no RAS biomarker testing. Side effects include rash in 87% of patients, diarrhoea 67%, stomatitis 56%. These are frequent but largely low grade, and the practical measure is that only 1.2% of patients discontinued for an adverse event, against 11.2% on chemotherapy.

The data

RASolute 302 was a global, randomised, open-label Phase 3 study in 500 previously treated metastatic PDAC patients, randomised one to one to daraxonrasib 300mg orally once daily or investigator's choice of standard intravenous chemotherapy. Co-primary endpoints were progression-free survival and overall survival in the RAS G12-mutant population; overall survival in the full population was a key secondary.

Topline results were released in April 2026. In the full study population, median overall survival was 13.2 months against 6.7 months for chemotherapy, a hazard ratio of 0.40 with a confidence interval of 0.30 to 0.53. Median progression-free survival was 7.2 months against 3.6 months, hazard ratio 0.49. The objective response rate was 30% against 11%. In the G12-mutant co-primary population the results were consistent, with median overall survival of 13.2 against 6.6 months and twelve-month survival of 53.3% against 18.7%. To put 13.2 months in context, that is a second-line result which exceeds the historical first-line outcome for Folfirinox (a combo chemotherapy regime) of roughly 11.1 months.

Quality of life endpoints moved in the same direction: median time to pain deterioration was 9.2 against 3.8 months, and time to deterioration in global health status was 5.7 against 2.6 months. In a disease where five-year survival has been stalled at 13% for years, and roughly 3% in metastatic disease, this is the most meaningful advance in a generation.

The programme extends well beyond this indication. RASolute 303 is running in first-line metastatic disease, RASolute 304 in the adjuvant setting, and RASolve 301 in previously treated RAS-mutant non-small cell lung cancer against docetaxel, with enrolment expected to complete this year and an initial readout in 2027. Several combination studies with mutant-selective inhibitors such as KRAS G12C or KRAS G12D are underway.

The price

Rasonque launched in the United States list price of US\$39,800 per 30-day supply, which is roughly US\$477,600 for a year of continuous therapy. Management has guided to gross-to-net discounts of 20% to 30%. In the US, Pharmacy Benefit Managers (PBMs) which manage drug benefits for US insurance companies, typically take a portion of the discount as a fee; discounts can also occur due to government mandates (via Medicare). The discounts can also result due to other members of the supply chain or patient assistance programs. The net price is the fee the manufacturer receives.

What has changed recently is that a price struck in one country no longer stays in that country. The United States most favoured nation policy (MFN) is not one policy but three separate models, made up of:

- GENEROUS which applies to Medicaid, is voluntary, and benchmarks to the second-lowest of eight peer countries: Canada, Denmark, France, Germany, Italy, Japan, Switzerland and the United Kingdom. Australia is not in that basket.
- GLOBE, which applies to Medicare Part B and is mandatory from 1 October 2026, and;
- GUARD, which applies to Medicare Part D and is mandatory from 1 January 2027,

Both GLOBE and GUARD use a 19-country basket that includes Australia. Both mandatory models explicitly cover targeted cancer drugs (antineoplastics), and both set the benchmark as the higher of a volume-weighted manufacturer price or the lowest GDP-adjusted price across the basket. Daraxonrasib is an oral, self-administered medicine, which places it within the scope of GUARD from January 2027. Whether it is in fact captured depends on class coding and timing and is not yet determinable. If captured, a low Australian price on this drug could set the United States benchmark price for it.

Why Australia may wait or miss out

The rational manufacturer response to international reference pricing is not to raise prices in cheap markets, because in most of them it cannot. It is to launch later, or not at all.

GlobalData's analysis of the ten months following the May 2025 executive order found that new medicine launches across Europe fell 35%, and branded withdrawals rose 43%. The effects were worst precisely where the referencing bites: within the GLOBE and GUARD basket countries launches fell 43% and withdrawals rose 40%. While not all withdrawals can be attributed to the policy alone, the directional signal is consistent.¹

Australia was already the weak link before any of this. A positive Pharmaceutical Benefits Advisory Committee (PBAC) recommendation is mandatory before PBS listing, and PBAC applies an implicit cost-effectiveness threshold that empirical work puts at roughly A\$28,000 to A\$50,000 per quality-adjusted life year, low by international standards and never formally published². Where a medicine offers no clear advantage over an existing comparator, cost-minimisation lists it at the comparator's price. Medicines Australia reports a median lag of 639 days from TGA registration to PBS listing, and an average of 3.6 years to reimbursed access for first-in-class medicines against 1.5 years in Germany. More tellingly, of 179 first-in-class medicines registered by the FDA between 2015 and 2024, only around 30% ever achieved PBS funding³. MFN adds a new, structural reason not to file here at all. PBAC has begun a rapid review of the PBS pricing framework with determinations expected by the end of 2026⁴.

For the ~4,800 Australians diagnosed with pancreatic cancer each year and the roughly 4,000 who die from it, time is vital. Incidence of pancreatic cancer has more than doubled in two decades and it is now the third biggest cancer killer; the only current route to this medicine is a clinical trial. RASolute 303, the first-line study, is recruiting at Australian sites.

How we think about this as investors

Three things follow for the way we assess assets like this one.

First, historical modelling assumptions are wrong, a model that assumes an orderly rollout across geographies is wrong in both directions: too optimistic on the number of markets, and likely too pessimistic on the price achieved in the markets a company does choose to enter.

Second, the value of breadth and differentiation has risen. A biomarker-agnostic label removes the diagnostic bottleneck, and addressing the whole patient population in those markets rather than a genetically defined slice is now more valuable. Furthermore, a drug that is highly differentiated is more likely to be reimbursed.

Third, the reference pricing mechanism is a transmission channel, not a one-off event. A price cut forced in one small market can now propagate into the largest.

While administration changes may see further variations to MFN, the bipartisan agreement is that American drug prices need to be reduced which is likely to translate into other countries paying more for differentiated therapies.

1. Gurung, S., "Most favored nation policy: early insights into Europe's response", Pharmaceutical Technology (GlobalData analyst comment), 25 March 2026.

2. Efrény, L.C., Haji Ali Afzali, H., Cheng, T.C. and Karpón, J., "Estimating the Reference Incremental Cost-Effectiveness Ratio for the Australian Health System", Pharmacoeconomics, vol. 36, no. 2, 2018, pp. 239-252. Base-case reference ICER AUD 28,033 per QALY gained (95% CI AUD 20,758 to 37,667).

3. Medicines Australia, Access Denied: The Twin Threat to Innovative Medicines Availability in Australia and the Impact on Patient Access, May 2026.

4. "Australia reviews PBS pricing framework amid industry dispute over benchmarks", World Pharma Today, 17 July 2026.

Markets and Outlook

The Fund enters the December quarter with its central thesis intact and, in several cases, materially de-risked. The RAS franchise that anchors a meaningful part of the listed sleeve moved from clinical promise to approved product during the quarter, which validates both the science and the Fund's willingness to hold through binary risk while some, like Ultragenyx ultimately don't pay off.

The Federal Reserve held at 3.50% to 3.75% in July and then raised by 25 basis points to 3.75% to 4.00% in September, the first increase since 2023, citing a timelier return to the 2% goal. The United States 10-year Treasury yield ended the period at approximately 5.28%, around 80 basis points higher over the quarter and the highest level since 2007, with the 30-year at 5.49%. Elevated oil prices, heavy artificial intelligence related capital expenditure and fiscal concerns were the cited drivers. The Australian dollar finished close to the open over the quarter against the United States dollar, rising from 0.6919 at 30 June to approximately 0.6947.

Sub-sector performance was concentrated rather than broad. Healthcare technology rose +42.0% while life sciences and tools also performed strongly with a return of 24.5%. These two sub-sectors had relatively underperformed earlier in the year and are concentrated to a select few names.

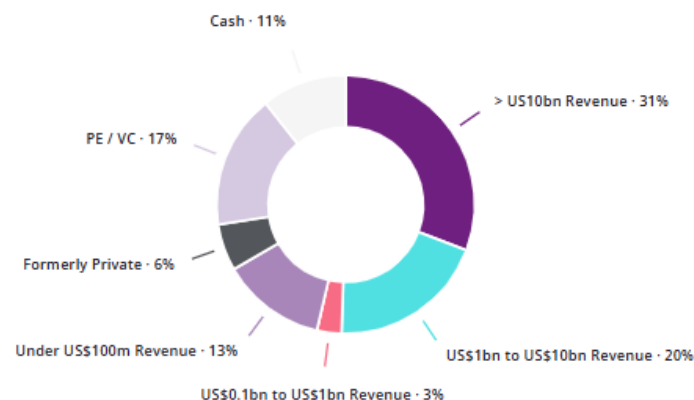
Biotech performed well despite rising interest rates with a return of 11.3%. Healthcare equipment and services rose 2.3% a slight laggard in relative terms. Pharmaceuticals and managed care and services saw declines over the quarter.

The quarter's index gain was driven by policy clarity, approvals and a heavy pipeline calendar, and it did not extend to the device, services and payor sectors, where reimbursement and utilisation pressures persist. This is likely to continue until the US mid-term elections which could mark a pivotal moment for some managed care names.

Sentiment between small and large cap healthcare split cleanly into two phases. Small and mid capitalisation biotechnology led for most of the quarter, then reversed sharply into quarter-end as yields rose, the equal-weighted Nasdaq Biotech Index fell over 8% over the final 30 days against a broadly flat market, while the large cap weighted biotechnology index fell around 1% over the same window. That is a textbook duration response, and it is a reminder that a rising rate path is the principal non-fundamental risk to the small cap end of the sector where a good deal of the innovation sits.

Merger and acquisition activity is running at record levels, with roughly US\$196bn across 86 deals in the first half of 2026, and the third quarter added a further 19 transactions including a notable cluster in radiopharmaceuticals. Innovation is being approved quickly (seen through FDA review timelines), funded readily and acquired at premium valuations.

Portfolio by Revenue



Top 10 Positions (A – Z)	Description
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
Daiichi Sankyo TSE: 4568	Japanese pharma with antibody drug conjugate (ADC) franchise.
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
Revolution Medicine NASDAQ: RVMD	RAS focused oncology company with new developments in pancreatic cancers.
Vertex Pharmaceuticals NASDAQ: VRTX	Large biotech, leader in cystic fibrosis, pipeline in areas of high unmet need

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