

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)	Since Inception [^] (% p.a.)
Income Distribution	0.5	1.7	4.3	6.7	6.5	7.6	8.0	7.8	6.6
Capital Growth	4.8	8.2	4.9	5.5	2.0	1.5	-0.8	0.0	0.0
Total Return	5.4	9.8	9.2	12.2	8.5	9.1	7.3	7.9	6.6
Franking Credits [#]	0.1	0.0	0.6	1.4	1.7	2.6	3.0	2.8	2.3
Income Distribution including Franking Credits	0.6	1.7	4.9	8.1	8.2	10.2	11.0	10.6	8.9
Benchmark Yield including Franking Credits [*]	0.5	0.7	2.8	4.8	5.3	5.5	5.3	5.5	5.8
Excess Income to Benchmark[#]	0.1	1.0	2.1	3.3	2.9	4.7	5.7	5.1	3.1

[^]Since inception: December 2005. Past performance is not a reliable indicator of future performance. [#]Franking credits are an estimate as tax components will only be known with certainty at the end of the financial year. ^{*}Benchmark yield including franking credits is calculated as the difference between the return on S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) and the return of the S&P/ASX300 Index.

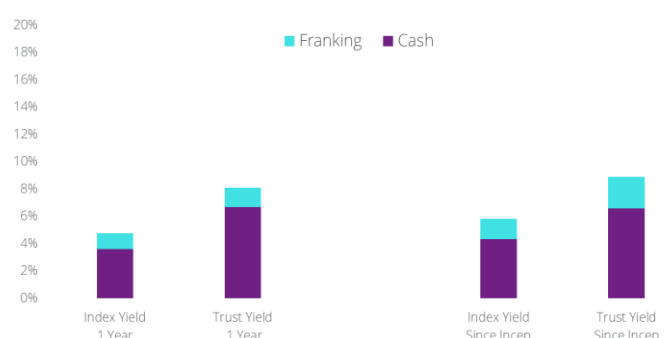
Overview

Global markets were mixed in February, with a strong rally in the Japanese and UK markets, while the US market was weaker, as the market began to question the valuations of AI stocks plus the impact AI may have on “non-AI stocks” as well as the broader economy.

The Australian market performed very strongly, with the ASX300 Accumulation Index rising +3.9% in February, to a new record high. While reporting season was solid, it was largely macro factors that drove the market over the month.

The Trust is currently targeting FY26 net monthly distributions of 0.493 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 6.2%.

Distribution Yield



Trust Characteristics

The objective of the Trust is to provide investors with an attractive level of tax effective income, paid via monthly distributions. The Trust 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	Trust FUM	
Stephen Bruce	AUD \$14 million	
Distribution Frequency	Minimum Initial Investment	
Monthly	\$25,000	
Trust Inception Date	Fees	APIR Code
December 2005	0.92%	IOF0078AU

Portfolio Characteristics – FY26	Trust	Market
Price to Earnings (x)	18.5	18.9
Price to Free Cash Flow (x)	14.9	16.0
Gross Yield (%)	4.8	3.9
Price to NTA (x)	2.9	2.9

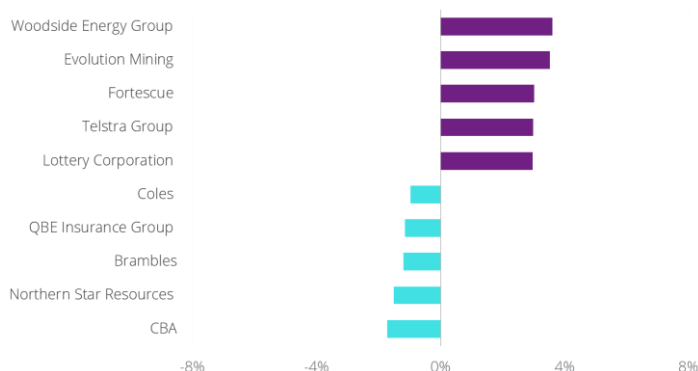
Source: Perennial Value Management. As at 28 February 2026.

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.

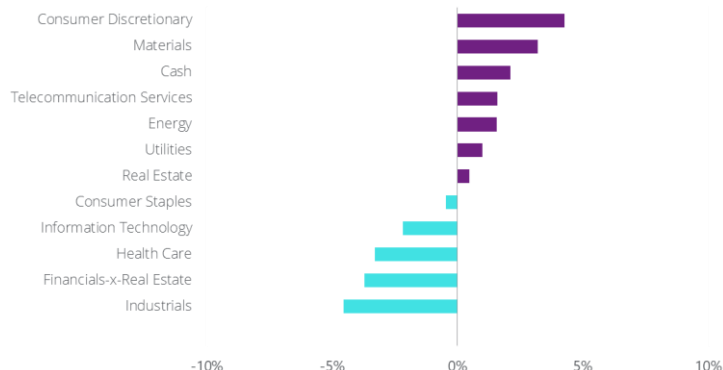
Franking Levels (%)			
FY25	73.8	FY22	100.2
FY24	64.4	FY21	90.3
FY23	74.3	FY20	94.4

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



Trust Review

February was an extraordinary month, with macro factors, and thematics such as AI, overshadowing what was overall a very solid reporting season. While the ASX300 Accumulation Index returned a very healthy +3.9%, looking under the surface, this could be almost entirely attributed to the performance of the two largest stocks, CBA (+18.5%) and BHP (+15.5%), which both delivered solid results and saw disproportionate share price responses, as momentum following investors piled in. This is a typical feature of today's market, where short-term investors have an increasingly powerful influence, resulting in major overreactions in share prices to minor beats and misses. While undesirable at one level, this volatility can drive prices very far from fundamentals and ultimately creates significant opportunities for sensible investors.

The reporting season was one of the strongest in recent years, with earnings beats outnumbering misses by a significant margin. Importantly, the ratio of companies upgrading guidance also outnumbered those downgrading guidance for the remainder of the year. This all led to consensus upgrades for market earnings for the remainder of FY26. However, the positivity was moderated by the potential impact of RBA rate increases, AI disruption and global instability. Importantly for this strategy, the majority of companies held by the Trust increased their dividends, reflecting solid earnings, strong balance sheets and confidence in the outlook.

Resources outperformed in February, with Metals and Mining (+9.4%) the best performing sector. This was driven by strong performances from the bulk miners, with BHP (+15.5%) and Rio Tinto (+10.4%), after delivering positive results which highlighted the cash generation from their mature, low-cost iron ore operations and reinforced the scale of their copper operations, which will be the key driver of growth going forward. These stocks rallied despite a weaker iron ore price (-6.2%), which finally fell below the US\$100/t mark, as Chinese port inventories grew to high levels, and tensions between the miners and CMRG, the Chinese buying organisation continued to simmer. Although, given the state of affairs in the world today, a tension which is merely simmering, is something to be positive about!

The oil price was fairly stable over the month as people held out hope for a diplomatic solution with Iran, however, Woodside Energy (+11.6%) rallied after delivering a solid profit result, with strong production and major projects on track. Of course, this all changed after month end, with Israel attacking Iran, sending the oil price ripping higher. This will no doubt be a topic for discussion in next month's commentary.

Financials (+9.1%) performed strongly, with the major banks up an average of +12.5% on the back of earnings results which came in slightly better than expected. The banks are currently benefiting from a boost in lending growth, compliments of factors such as the Government's First Home Buyers Scheme (which has done nothing other than drive up the price of entry level housing). In addition, they are experiencing some margin pressure respite following the RBA interest rate increases (which are driven in large part, by the Government's profligate spending).

Consumer Staples (+7.3%) outperformed, driven by a strong rally in Woolworths (+16.4%). This followed an earnings result which showed improved momentum after a period of market share loss to rival supermarkets. This is a high quality, sector-leading business, and should continue to get its operational performance back on track over the coming periods.

Trust Activity

During the month, we trimmed our holdings in the major banks. Proceeds were used to increase our resources holdings by adding to positions in Lottery Corporation, Wesfarmers and Suncorp. At month end, stock numbers were 32 and cash was 2.1%.

Distribution

In order to provide a regular income stream, the Trust 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 FY26, the Trust is currently forecasting a flat monthly net cash distribution of 0.493 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 6.2%.

Outlook

Globally, investors have been taking an optimistic view on the outlook, with expectations that interest rate cuts will both stimulate economic activity and support asset prices. Further, markets have been reflecting a sanguine view around the growing list of geopolitical risks. Of course, this may well change depending on the trajectory of the conflict in the Middle East, and any sustained change in confidence and activity in the US will set the tone for other markets, including ours.

Domestically, the sharp change in expectations for RBA rate cuts has increased the level of uncertainty and downside risk. However, for now, the economy appears to be in reasonable shape, with unemployment low, spending robust and house prices strong.

While markets are buoyant at the index level, this is masking a high level of dispersion at the sector level. For example, while AI-related stocks are running rampant, major software companies have seen their biggest sell-off since the bursting of the Dot.com bubble. Formerly stable sectors such as Healthcare have been put at risk as funding pressures increase, and the cold, hard realities of commodity economics have seen a dramatic rally in Resources stocks. We expect this volatility to continue and will remain agile to manage the portfolio accordingly.

The Trust 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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