Perennial Value Shares for Income Trust

Monthly Report September 2026

	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	1.5	1.5	6.3	6.4	7.6	7.0	7.5	6.6
Capital Growth	-1.8	0.4	0.4	-1.0	1.9	-0.8	-1.0	-0.9	-0.2
Total Return	-1.3	1.9	1.9	5.3	8.4	6.8	6.0	6.6	6.3
Franking Credits#	0.1	0.2	0.2	1.2	1.8	2.5	2.4	2.7	2.3
Income Distribution including Franking Credits	**0.6**	**1.7**	**1.7**	**7.5**	**8.2**	**10.1**	**9.4**	**10.2**	**8.9**
Benchmark Yield including Franking Credits#	1.0	1.6	1.6	4.4	5.0	5.3	5.1	5.4	5.8
Excess Income to Benchmark*	**-0.4**	**0.1**	**0.1**	**3.1**	**3.2**	**4.8**	**4.3**	**4.8**	**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 September. On the one hand, rising bond yields and interest rate increases, combined with higher oil prices, weighed on sentiment towards the broader outlook, while on the other, the AI sector saw ongoing positivity.

The Australian market was weaker, with the ASX300 Accumulation Index down -2.4%. Healthcare (+3.9%) was again the best performing sector, while Tech (-9.8%) was subject to another round of selling, and Metals and Mining (-6.1%) was also down on softer commodity prices.

The Trust is currently targeting FY27 net monthly distributions of 0.4934 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 6.2%.

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
Stephen Bruce

Trust FUM
AUD $13 million

Distribution Frequency
Monthly

Minimum Initial Investment
$25,000

Trust Inception Date
December 2005

Fees
0.92%

APIR Code
IOF0078AU

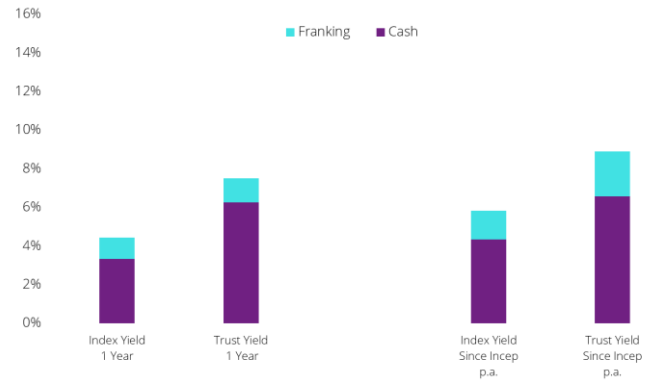
Portfolio Characteristics – FY27	Trust	Market
Price to Earnings (x)	16.1	16.6
Price to Free Cash Flow (x)	12.3	13.6
Gross Yield (%)	5.5	4.5
Price to NTA (x)	2.7	2.8

Source: Perennial Value Management. As at 30 September 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.

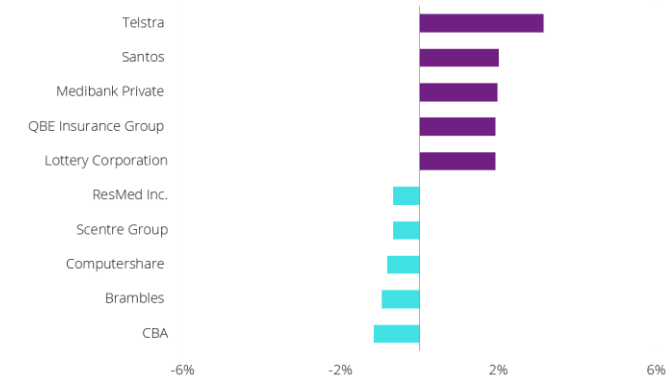
Franking Levels (%)			
FY26	57.0	FY23	74.3
FY25	73.8	FY22	79.6
FY24	64.4	FY21	90.3

Distribution Yield

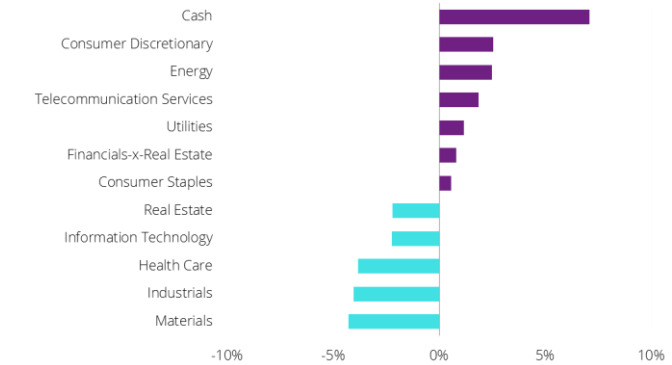


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

Persistent inflationary pressures remain a feature of most economies, and this has resulted in bond yields rising to levels not seen in many years. This, as well as interest rate increases by the Fed and RBA, amongst other central banks, set a negative backdrop for markets in September. Both globally, as well as domestically, this saw a sell-off in interest rate-sensitive, and cyclical sectors of the market. The Trust remains generally overweight in consumer-facing stocks. Within this, we recently moved overweight Wesfarmers (-2.1%) as it is obviously a high-quality business, and following its recent sell-off, it was presenting a more attractive valuation.

The rise in bond yields benefited the insurance sector, where the Trust holds a modest overweight, principally via QBE (+4.9%). QBE is also benefitting from a benign claims environment (touch wood!) and is trading on an undemanding valuation, with an FY27 P/E of 11.4x, while generating a high double-digit return on equity.

In the more risk-off environment, Healthcare stocks tended to outperform, with CSL (+8.8%) continuing to recover after having been sold off aggressively over the last 12 months. While the company has experienced challenges, management are addressing these, and earnings have now been rebased.

Other positive contributors included recent portfolio addition, Graincorp (+10.7%). Graincorp is benefitting from the recent rally in global wheat prices, driven by a combination of unfavourable weather in northern hemisphere growing regions, as well as disruptions to Black Sea exports, compliments of the Ukraine war. Should prices remain elevated, this will create more export opportunities for Graincorp, along with expanded grain trading margins.

Oil prices also rose on the back of renewed tensions in the Middle East, with Brent Crude +14% to over US$100/bl, seeing outperformance by holdings in Woodside (+0.8%) and Santos (+5.9%). The Trust holds an overweight position in the Energy sector, as it seems unlikely that conflicts disrupting global energy flows will be resolved any time soon.

A gloomier demand outlook and a strengthening of the USD, resulted in commodity prices being generally weaker, and saw the Resources sector sold off. The iron ore price declined -5%, having previously proven very resilient, seeing BHP (-6.2%) and Rio Tinto (-4.5%) both underperform. Despite the volatility, we continue to view the outlook for these companies positively, with very strong long-term demand drivers. While iron ore may have seen its best days as the Chinese economy slows, this should be more than offset by strong growth in the demand for copper, on the back of the renewable roll-out as well as the AI build-out. In addition, the supply of copper is likely to continue to be constrained given the declining grades at many of the major producing mines and delays in developing new mines. This should add further support to the pricing outlook for what will be the main earnings generator for the major miners in the future.

Trust Activity

During the month, the Trust took profits and exited our holding in Challenger and trimmed holdings in Suncorp and IAG. Proceeds were used to increase positions in Woodside Energy, Wesfarmers, Origin Energy and AUB Group. At month end, stock numbers were 37 and cash was 5.7%.

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 FY27, 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, economies are facing into the headwinds of persistent inflation, rising interest rates and rising energy costs. However, equity investors are clearly betting that these will subside, and that even if they don't, the key drivers of growth ie the AI trade will prove immune to these pressures – hence we see the NASDAQ at all-time highs. Time will tell.

However, in markets such as ours, which are grounded in the "real" (non-AI) world, the outlook is somewhat more uncertain. Consumers are feeling the impact of higher interest rates, while also being squeezed by inflation-driven cost-of-living pressures. At the same time house prices are falling, which is impacting confidence.

We are alert to the risks above, and will remain agile, and manage the portfolio accordingly. However, over time, the Australian economy has proven resilient and corporate balance sheets are generally in good shape to weather any downturn that may eventuate.

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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Signatory of:

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Significant Investor Visa (SIV) Compliant

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