

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	2 Years (% p.a.)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (% p.a.)	10 Years (% p.a.)	Since Inception^ (% p.a.)
Perennial Value Shares Wholesale Trust (Net)	-1.4	4.1	4.1	2.8	10.4	11.3	11.9	7.2	7.8	8.2
S&P/ASX 300 Accumulation Index	-0.7	5.0	5.0	10.8	16.1	15.0	12.9	9.2	10.1	8.3
Value Added	-0.7	-0.9	-0.9	-8.0	-5.7	-3.7	-1.0	-2.0	-2.3	-0.1

^Since inception: June 2001. Past performance is not a reliable indicator of future performance.

Overview

Global markets were again strong in September, lifted by the ongoing rally in AI and Tech stocks and the Fed cutting interest rates for the first time since December. At the same time, the market continued to take a sanguine view of the impacts of trade issues and conflicts etc. This saw all major markets deliver positive returns, with the S&P500 up +3.2%, and the NASDAQ +5.7%, both setting new record highs. The Nikkei 225 increased +5.9% and the FTSE100 rose +1.8%. The Chinese market consolidated last month's rally, with the Shanghai Composite +0.8%.

By contrast, the Australian market was slightly softer in September, with the ASX300 Accumulation Index breaking a 5-month positive streak, easing -0.7% from last month's record high. This brings the market's total return for the last 12 months to a healthy +10.8%.

Broad-based strength in commodity prices saw Metals & Mining (+7.7%) the best performing sector over the month. Gold was the standout, continuing its dramatic rise to over US\$3,800/oz. By contrast, most other sectors retreated, with Energy (-9.1%) the worst performing sector, following the failure of the Santos takeover. Most other sectors also declined, with Healthcare (-4.7%), Staples (-3.6%) and REITs (-2.9%).

Fund Characteristics

The Trust aims to grow the value of your investment over the long term via a combination of capital growth and income, by investing in a diversified portfolio of Australian shares, and to provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured on a rolling three-year basis.

Portfolio Managers

Stephen Bruce,
Andrew King

Trust FUM

AUD \$401 million

Distribution Frequency

Half yearly

Minimum Initial Investment

\$25,000

Trust Inception Date

June 2001

Fees

0.92% p.a.

APIR Code

IOF0206AU

Portfolio Characteristics – FY27	Trust	Market
Price to Earnings (x)	18.1	18.5
Price to Free Cash Flow (x)	15.4	15.8
Gross Yield (%)	4.1	4.1
Price to NTA (x)	2.5	2.8

Source: Perennial Value Management. As at 30 September 2025

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.

Growth of \$100,000 Since Inception

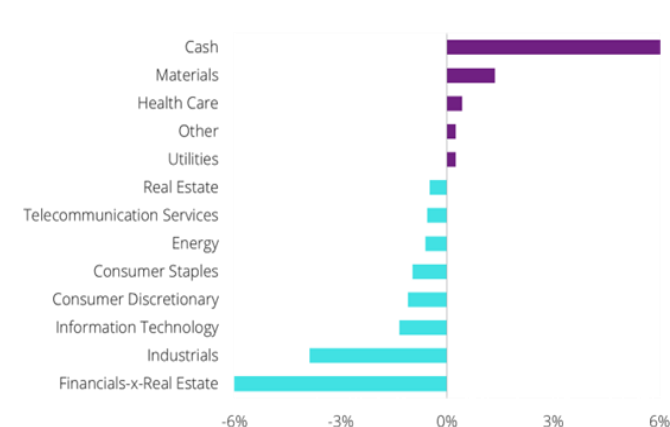


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The Australian market was slightly softer in September, with the ASX300 Accumulation Index breaking a 5-month positive streak, easing -0.7% from last month's record high. This brings the market's total return for the last 12 months to a healthy +10.8%.

Metals & Mining (+7.7%) led the market higher, with broad-based strength in commodity prices. Gold was the standout, rallying a further +12% to finish the month at over US\$3,800/oz. This saw very strong performances from our gold holdings. Overall, the Trust holds a slight overweight position in the sector, principally via Newmont (+15.9%), which we regard as the lowest risk of the major gold producers. However, during the month, following its outperformance relative to its sector peers, we diversified our exposure, reducing our Newmont holding and adding Northern Star (+27.5%) and Evolution (+26.9%). Evolution is also attractive given the relatively large contribution of copper to its earnings. The copper price rallied during the month, with ongoing supply disruptions tightening the market. As we stand today, approximately 5% of global copper supply is off-line for a range of reasons. This saw a very strong performance from our holding in Sandfire Resources (+14.0%).

Rare earths producer, Lynas (+21.2%), continued its strong run, having more than doubled over the last 12 months, with the market becoming more confident in the establishment of an ex-China market for these strategically important minerals. For example, the recent agreement between US-based rare earths producer, Mountain Pass, and the US Department of Defence (aka Department of War) established a floor price of US\$110/kg of NdPr, compared to the current spot price of around US\$68/kg.

Iron ore continued to prove resilient, finishing the month at US\$105/t. This saw Rio Tinto (+5.7%). BHP (+0.6%), was more subdued, on news that CMRG, the Chinese state-run iron ore buying group, was threatening to boycott BHP's iron ore. This was aimed at forcing BHP to accept new contractual arrangements in an attempt by the Chinese to flex their muscles ahead of new supply entering the market from the Simandou iron ore project in Guinea. While time will tell how this plays out, the industry cost curve suggests that prices should remain well-supported.

Biotech Immutept (+12.8%) outperformed, having been sold off in recent months, along with the Healthcare sector globally. The company is in the midst of a number of important clinical trials which, if successful, would see it valued at many times its current share price. In this event, the company would almost certainly be acquired by US giant Merck. Pleasingly, the company has been selected to present its data at an important upcoming oncology conference in Germany later this month. More generally, the Healthcare sector has been particularly weak and has been the worst performing sector of the market over the last 12 months. While the sector comprises companies operating across a diverse range of activities, most have been impacted by a combination of rising costs, principally labour, and funding pressures, both here and offshore. Further, those with US operations have had to deal with the uncertainty of ever-changing tariff threats. While it will take time for the companies to respond to these issues, given the depressed valuations, it is likely that there is significant upside in this sector over the medium-term.

Energy (-9.1%) was the worst performing sector in September. While the oil price was flat over the month, the failure of the takeover bid saw Santos (-13.9%) fall sharply. While we do not hold Santos, Woodside (-12.8%), which we do hold, also fell as people rotated back into Santos. Overall, the Trust's main exposure to the energy sector via its holding in engineering firm, Worley (-2.7%), which is well-placed, serving both the traditional and renewable sectors.

The banks delivered mixed results, up an average +0.2%, outperforming slightly. CBA (-2.0%) was the laggard of the sector and is beginning to underperform relative to peers. While this is not surprising given CBA's extreme valuation, the recent strength in NAB and Westpac is somewhat baffling. Following their recent rallies, they are both trading on FY26 P/Es of around 19x. This is despite consensus forecasts for negligible earnings growth over the next couple of years. While bad debts remain low, margin pressure continues, and expense control remains challenging. The one positive area is that credit growth is picking up. However, so is competition, particularly from Macquarie, which is taking significant market share in mortgages. The Trust remains underweight the sector.

While on the topic of housing, recent data shows that, despite all the Government's efforts to improve housing affordability (or at least talking about improving it), that 1. house prices are again rising at a rapid clip, 2. Investor lending has rebounded to the highest level in a decade, and 3. Building approvals are falling. Feedback from discussions with developers suggests that construction costs mean it is almost impossible to build anything even vaguely "affordable". While this is a complete debacle, it should underpin the housing Ponzi scheme (and therefore the broader economy) for a while yet!

Trust Activity

During the month, we took profits and reduced our holdings in Newmont, Pilbara Resources, QBE Insurance and several REITs. Proceeds were used to establish positions in Northern Star and Evolution Mining and to increase holdings in Rio Tinto and Worley. At month end, stock numbers were 60 and cash was 8.5%.

Outlook

Globally, investors are taking an optimistic view on the outlook, with expectations that interest rate cuts will both stimulate economic activity and support asset prices. Further, markets are taking a sanguine view around the potential impacts of trade and tariffs and the ever-increasing level of geopolitical tension and conflict (albeit these concerns are clearly manifesting in the gold price!). This optimism is impacting the Australian market positively, with macro money flows into the market, and landing in the large index weight stocks (hence the performance of the banks and Wesfarmers etc). At the local level, the prospect of RBA rate cuts has seen increased optimism around the outlook for the domestic economy overall, and the consumer-facing and property-related sectors in particular.

Of course, any sustained change in confidence and activity in the US will set the tone for other markets, including ours. While recent data is supportive of the Fed rate cuts the market is hoping for, should inflation pick back up, then sentiment could change quickly. That said, our base case is a "muddle through" outcome, and the portfolio is leveraged to a rebound in cyclical stocks that is likely in the event of some form of stability emerging. Clearly, however, the risks to growth and inflation, as well as the smooth functioning of the global economy in general, are higher now than ever.

While there is a high level of economic and political uncertainty, our focus remains on investing in quality companies with proven business models and strong balance sheets, which are offering attractive valuations and have the ability to deliver high levels of franked dividend income to investors.

Invest Online Now

Contact us



Level 27, 88 Phillip Street
Sydney NSW 2000



1300 730 032



invest@perennial.net.au



www.perennial.net.au

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