

	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	-0.9	3.1	4.3	6.4	7.6	8.6	8.9	7.1	8.1
S&P/ASX 300 Accumulation Index	1.4	-0.9	4.1	10.7	11.0	11.4	9.8	10.5	9.3	8.2
Value Added	0.0	0.0	-1.0	-6.4	-4.6	-3.8	-1.2	-1.6	-2.2	-0.1

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

Overview

Global markets resumed their advance, to end the calendar year on a positive note, eking out small gains in December. The S&P500 finished up +0.8%, the NASDAQ and Nikkei 225 were both up +0.3%, while the Shanghai Composite and FTSE100 both rose +2.3%. All major markets logged returns of close to +20% or more for 2025, buoyed by AI excitement, interest rate cuts and a sanguine attitude to geopolitical and other risks.

The Australian market was also stronger, with the ASX300 Accumulation Index rising +1.4% in December, bringing the total return for the last 12 months to +10.7%. While our market has lagged offshore markets, this is still a solid result, given our lack of a large Tech sector, as well as the fact that the domestic rate-cutting cycle is likely finished. Better performing sectors over the month included Metals & Mining (+7.4%), with ongoing commodity price strength. Financials (+3.4%) also outperformed, driven by the major banks (up average +4.6%), as the change to interest rate expectations has improved their margin outlook slightly. By contrast, rate-sensitive sectors underperformed, with IT (-8.1%), Healthcare (-7.0%) and Telcos (-3.2%).

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.

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 \$369 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)	19.0	17.7
Price to Free Cash Flow (x)	16.4	15.0
Gross Yield (%)	4.2	4.2
Price to NTA (x)	2.8	2.7

Note – Portfolio multiples are currently elevated relative to the market due to the underweight in Banks.

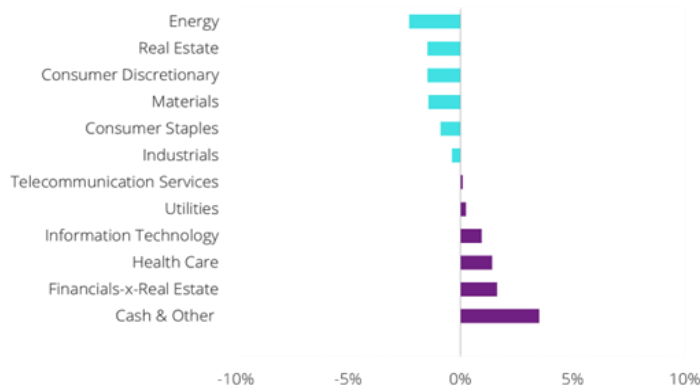
Source: Perennial Value Management. As at 31 December 2025

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.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Trust Review

The Metals & Mining sector (+7.4%) led the market again in December, on the back of general commodity price strength. Copper (+13.0%), was particularly strong, rallying on increased supply concerns. Electrification is expected to drive significant demand growth for copper, while at the same time, production is challenged globally, as grades decline at existing mines and new mines are delayed. This benefitted our holdings in Capstone Copper (+14.9%) and Sandfire Resources (+13.9%).

Rio Tinto (+11.0%) and BHP (+9.1%) both performed strongly, also benefiting from their large copper exposures, as well as an increase in the iron ore price. The stocks also benefited from a cooling in M&A speculation, following BHP's recent discussions with Anglo American regarding a potential transaction. With the recent strength across the commodities suite, and iron ore remaining well over US\$100/t, we remain overweight the bulk miners, as they are trading on undemanding valuations and have strong balance sheets. Further, if you were to assume spot commodity prices persist for the current financial year, these stocks will see EPS upgrades of over +20%. This makes them very attractive, in a market which is expensive overall, and in which many stocks face earnings headwinds.

While off its highs, the gold price rose over the month, and saw our holding in Newmont (+7.7%) continue to outperform. We regard Newmont as a low-risk gold exposure, given its size and diversified asset base. The Trust also maintains an exposure to the gold price via an ETF which buys physical gold. In our view, this is a lower-risk way of maintaining an exposure to the sector given the extent to which the share prices of many gold stocks have risen in recent times. For example, we have now exited holdings in Northern Star and Evolution, both of which have rallied very strongly over the last year.

Other resources holdings which outperformed included, Alcoa (+27.9%), which rallied on the positive pricing outlook for Aluminium, building on its recent strong quarterly result.

Biotech, Immutept (+36.1%) was the best performing stock in the portfolio in December. We have long argued that, while high-risk, there is very significant upside potential in this stock should its current clinical trials continue to generate positive results. Some dimensioning of this upside was realised during the month, when the company announced that it has entered into an agreement with a global drug company for the commercialisation rights outside of the key US, EU and Japanese markets. Under the terms of the agreement, Immutept would receive up to \$500m in milestone payments, as well as a double-digit royalty on all future sales. The geographic regions this deal relates to are <20% of the global market, suggesting the global value would be many times this figure. By comparison, the market cap of the stock, even post the recent rally, is only \$600m.

Other positive contributors included MA Financial (+12.8%), which continues to rapidly grow its lending and asset management operations, across a broad range of businesses and sectors. Goodman Group (+4.9%), made up some ground, having significantly lagged other "data centre" stocks globally, despite having a very large pipeline of projects and a track record of delivery. Macquarie Group (+3.1%) outperformed, with signs of a pick-up in corporate activity, which bodes well for both fee generation in their advisory businesses, and asset realisations in their funds management and principal investing businesses.

The major banks outperformed (up average +4.6%) as the probable end of the domestic rate cutting cycle removes one of the drivers of margin pressure. However, the market remains intensely competitive, with the oligopoly being increasingly disrupted by players such as Macquarie, which continue to capture market share. Also, given the change in interest rate expectations, it is likely that the recent surge in credit growth will moderate. Further, the banks face stubborn cost inflation, not least driven by AI which to date, despite all the talk seems to cost as much - or more - to implement as the "benefits" it delivers. It's early days yet, of course, but so far, at least, the experience seems to be far less transformational than the management presentations suggest. The Trust remains modestly underweight the sector.

The main detractors over the month included Telix (-26.4%), Resmed (-8.6%) and CSL (-7.3%) which were all sold down on no particular news. The healthcare sector has been out of favour for some time, and while there certainly are a number of headwinds, the sector is now offering attractive valuation opportunities.

Trust Activity

During the month, we exited a number of smaller positions and reinvested the proceeds in some of the larger index weight stocks. In particular, we increased our holdings in the insurers, reintroducing QBE to the portfolio. These companies stand to benefit from the currently rising bond yields and favourable reinsurance rates. At month end, stock numbers were 68 and cash was 3.5%.

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!). Of course, 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 and house prices strong.

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.

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