

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	Since Inception [^] (% p.a.)
Income Distribution	0.5	1.5	5.2	6.3	7.3	6.8	7.1
Capital Growth	1.6	0.3	-0.2	1.0	-0.9	3.7	-0.7
Total Return	2.1	1.8	5.0	7.3	6.5	10.5	6.4
Franking Credits [#]	0.0	0.0	0.2	0.1	2.1	2.3	2.6
Income Distribution including Franking Credits	0.5	1.5	5.4	6.4	9.4	9.1	9.7
Benchmark Yield including Franking Credits [*]	0.5	1.5	4.8	5.0	5.7	5.6	5.5
Excess Income to Benchmark[#]	0.0	0.0	0.6	1.4	3.7	3.5	4.2

[^]Inception date was 7 May 2018. Fund returns are calculated using net asset value per unit at the start and end of the specified period and do not reflect the brokerage or the bid ask spread that investors incur when buying and selling units on the ASX. ^{*}Benchmark yield is calculated based on the difference between the return of the S&P/ASX300 Franking Credit Adjusted Daily Total Return Index (Tax Exempt) and return of the S&P/ASX300 Index. [#]Franking credits are an estimate only, as tax components will only be known with certainty at the end of the financial year. Past performance is not a reliable indicator of future performance.

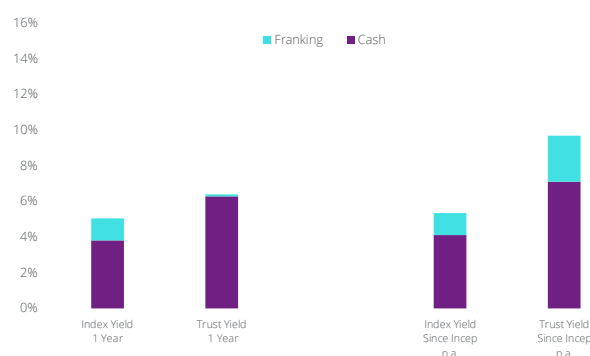
Overview

Markets continued their recovery in May, supported by an easing in trade tensions and the pause in US-China tariffs, with all major markets delivering positive returns.

The Australian market was also strong in May, with the ASX300 Accumulation Index rising +4.2%. The market has now rallied nearly +18% from its April low and has delivered a total return of +13.2% for the last 12 months, bringing it close to its previous all-time high.

The Fund is currently targeting FY25 net monthly distributions of 1.785 CPU. Based on the unit price at the start of the financial year, this equates to an annualised cash distribution yield of 5.6%.

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.

Fund Characteristics

The objective of EIGA is to provide investors with an attractive level of tax effective income, paid via monthly distributions. EIGA 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

EIGA FUM
\$33 million

Distribution Frequency
Monthly

Inception Date
7 May 2018

Fees
0.80% (incl. of GST and RITC)

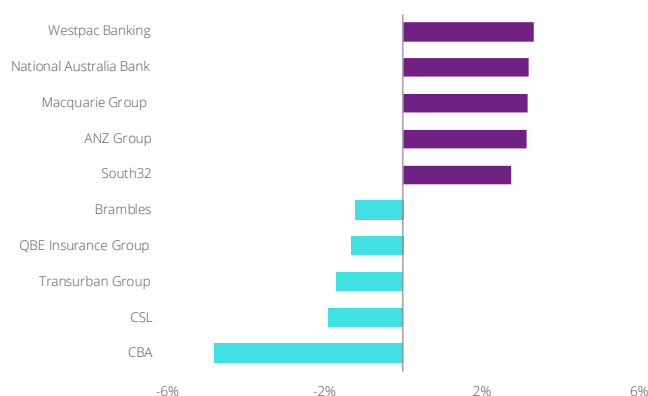
Portfolio Characteristics – FY26	Fund	Market
Price to Earnings (x)	16.4	17.6
Price to Free Cash Flow (x)	14.9	15.5
Gross Yield (%)	5.5	4.5
Price to NTA (x)	2.1	2.7

Source: Perennial Value Management. As at 31 May 2025.

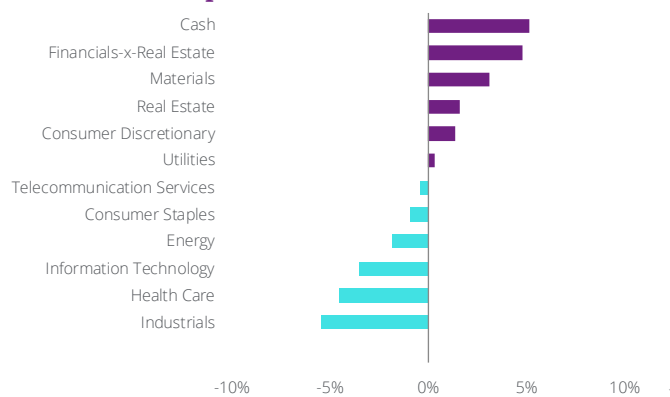
The above figures are forecasts only. While due care has been used in the preparation of forecast information, actual outcomes may vary in a materially positive or negative manner.

Franking Levels (%)			
FY24	60.0	FY21	100.0
FY23	75.5	FY20	100.0
FY22	99.6	FY19	101.4

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Fund Review

The easing of trade tensions and interest rate cuts drove the market higher, with the ASX300 Accumulation Index up +4.2% in May. The Portfolio returned 2.1%, including franking credits and after-fees in May, underperforming the benchmark by -2.2%. Growth and momentum were the dominant drivers of the market, as the money followed the US lead, and poured into sectors such as Tech, while passive flows indiscriminately pushed up the prices of large index weight stocks.

With the market close to regaining its highs, It's worth looking at what's been driving the rally. While sectors such as Tech and Gold have performed strongly, nearly half of the market's +13.2% gain over the last 12 months has been driven by just two stocks - CBA and Wesfarmers. While both are outstanding businesses, "weight of money" from non-fundamental investors has seen their share prices diverge dramatically from both fair value in absolute terms, and relative value compared to the rest of the market. This leaves them very vulnerable as, without valuation support, any reversal of funds flows could see them derated aggressively. As a result, we continue to hold underweight positions in these names.

Key positive contributors to performance included South32 (+10.9%), the prices of whose broad suite of base metals generally rose in May. The outlook for copper over the medium-term is very positive, with demand supported by electrification, while supply remains constrained as new mines are slow to come online. Resources overall was a detractor for the Portfolio over the month, as despite most commodity prices rising, sentiment towards the demand outlook remains poor, with concerns over the already weak Chinese economy in the face of tariffs etc. This saw underperformance from holdings in BHP (+0.2%), and Rio Tinto (-3.8%), despite the iron ore price remaining at close to US\$100/t, as Chinese steel production continued unabated. At current commodity prices, the major miners are trading on single-digit cash flow multiples and sitting on under-gear balance sheets. Their share prices have lagged significantly over the last year and, from these levels, offer significant upside.

Insurer IAG (+5.2%) outperformed in May, with continuing positive premium growth, generally benign natural perils claims and falling reinsurance costs. Telstra (+6.0%), also performed strongly, and, along with the insurers, provides a reasonably-valued defensive component of the portfolio.

Key detractors from performance included Aristocrat Leisure (-6.0%), which delivered a soft half-yearly result, on the back of consumer weakness in the US which saw lower fees per day generated from its large installed base of gaming machines. Despite this, the stock has returned +40.8% over the last 12 months as it continues to take market share with innovative products releases.

Treasury Wines (-5.6%) and James Hardie (-4.2%) also underperformed, on the same thematic of a softer US consumer market leading to weakness in the US premium wine and building materials markets, respectively. While these are valid concerns, these are all very high-quality stocks, and we believe they will rally strongly on any improvement on sentiment towards the US economic outlook.

Fund Activity

During the month, we took profits and reduced our holdings in IAG and trimmed our holding in Lotteries Corporation. Proceeds were used to establish a new holding in Origin Energy, and to increase our holdings in ANZ, Westpac and NAB ahead of their dividend paying period. At month end, stock numbers were 29 and cash was 5.2%.

Distribution

In order to provide a regular income stream, the Fund 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. The Fund is currently forecasting a flat monthly net cash distribution of 1.785 CPU. Based on the month end unit price, this represents an annualised cash distribution yield of 5.6%.

Outlook

At the time of writing, the new month has started off positively. Investors appear keen to buy the market on any signs that tariffs are being walked back and/or trade deals negotiated, particularly on any signs of dialogue between the US and China. Any sustained change in confidence and activity in the US is likely to set the tone for other markets, including ours. Our base case remains that "This too shall pass", and the portfolio is leveraged to a rebound in cyclical stocks that is likely in the event of a permanent de-escalation. Clearly, however, the risks to growth and inflation, as well as the smooth functioning of the global economy in general, have increased markedly. On the positive, Australia seems relatively well-placed, with a moderate 10% tariff on our ~\$24bn of annual exports to the US. Further, looking at the composition of our listed market, the overall direct impact on most of our large companies appears to be fairly limited. This is due to them either having a predominantly domestic focus, or limited exports to the US. Of course, the indirect impacts could be significant, as the Australian economy and stock market would not be immune from the effects of a global downturn. While this outcome is not a foregone conclusion, if it did transpire, we would likely see interest rate cuts brought forward by the RBA and other central banks.

The Fund 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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