Perennial Income Generator Active ETF

Perennial Partners

ASX: EIGA

Monthly Report August 2026

	Month (%)	Quarter (%)	FYTD (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	7 Years (%p.a)	Since Inception^ (% p.a.)
Income Distribution	0.5	1.5	0.5	5.8	7.0	7.2	6.8	7.3
Capital Growth	0.2	2.2	2.8	-1.1	0.9	-0.5	0.1	-0.5
Total Return	0.7	3.7	3.3	4.8	7.9	6.8	6.8	6.7
Franking Credits#	0.1	0.4	0.1	1.6	1.6	2.3	2.3	2.7
Income Distribution including Franking Credits	**0.6**	**1.9**	**0.6**	**7.4**	**8.6**	**9.5**	**9.1**	**10.0**
Benchmark Yield including Franking Credits#	0.6	0.8	0.6	4.3	4.9	5.3	5.1	5.4
Excess Income to Benchmark*	**0.0**	**1.1**	**0.0**	**3.1**	**3.7**	**4.2**	**4.0**	**4.6**

^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

Global markets were positive in August, as renewed excitement around the AI sector more than offset concerns around persistent inflation, rising bond yields and a re-escalation of tensions in the Middle East. This saw all major markets rise over the month.

The Australian market also delivered a positive return, with the ASX300 Accumulation Index +1.6%. The month saw significant sector rotation, with Healthcare (+18.1%) the best performing sector, while Resources (+11.5%) bounced back strongly after their pull-back in July.

The Trust is currently targeting FY27 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 5.8%.

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
$26 million

Distribution Frequency
Monthly

Inception Date
7 May 2018

Fees
0.80% (incl. of GST and RITC)

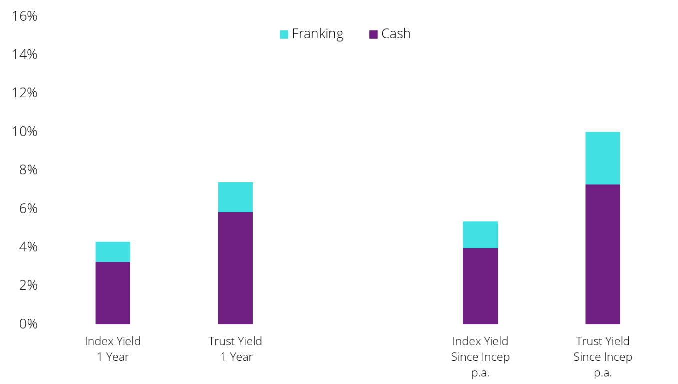
Portfolio Characteristics – FY27	Fund	Market
Price to Earnings (x)	17.1	18.1
Price to Free Cash Flow (x)	13.8	15.5
Gross Yield (%)	5.1	4.1
Price to NTA (x)	2.8	2.9

Source: Perennial Value Management. As at 31 August 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.

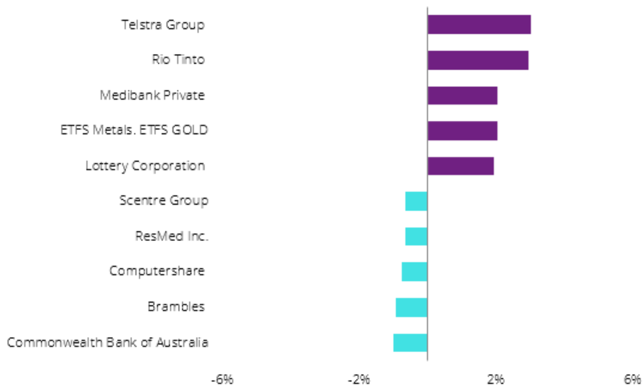
Franking Levels (%)			
FY26	60.0	FY23	75.5
FY25	48.7	FY22	99.6
FY24	60.0	FY21	100.0

Distribution Yield

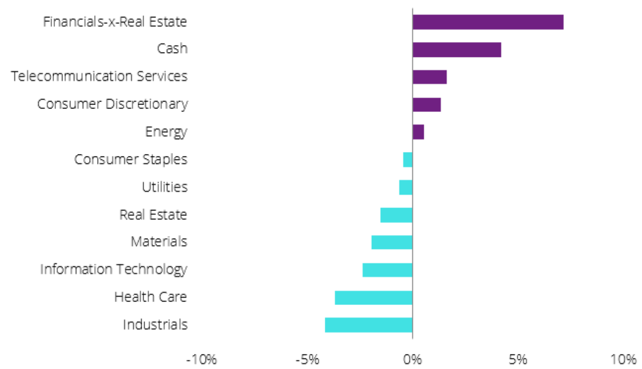


Performance shown net of fees with distributions reinvested. Does not take into account any taxes payable by an investor. Past performance is not a reliable indication of future performance.

Top 5 Over / Underweight Positions vs Index



Sector Active Exposure vs Index



Fund Review

While the ASX lacks a significant Tech exposure, it is blessed with the next best thing – a large Resources sector. While the iron ore industry has likely seen its best days, as Chinese fixed asset investment fades, demand for other metals, in particular copper, is expected to be boosted sharply by the AI roll-out. As a result, the Resources sector is something of an AI proxy. Further, this AI-driven demand increase is layered on top of the already strong demand created by the energy transition and renewables deployment. Similar dynamics are at play for range of other metals including aluminium, as well as critical minerals such as rare earths. Combined with increasingly constrained supply, this creates a very strong pricing outlook for many commodities going forward. This positive outlook is being reflected in the share prices of the miners, with BHP (+9.8%) and Rio Tinto (+4.3%) outperforming over the month, and each having returned over +50% over the last 12 months. Both delivered results which showed strong earnings growth from their large copper operations. For example, in FY26, a +35% increase in realised copper price, saw BHP's copper division EBITDA increase +48%, to account for over half of group earnings. Rio's copper division recorded an even greater increase in earnings. This translated into dividend increases of +56% and +43% respectively at their recent results. Diversified base metals miner, South32 (+12.9%), also delivered a strong result and lifted its dividend by +55%. The Fund remains overweight the Resources sector.

During the month, CBA reported its full-year result and the other banks reported Q3 trading updates. The key takeouts from these were that, not only had earnings growth stalled, but mortgage applications were down around -20% post-budget, suggesting that earnings growth will become increasingly challenged. This saw the major banks underperform (down average -6.0%). On the positive, bad debt levels continue to remain low for the banking sector. One of the reasons for this, of course, is that the banks are highly-regulated and have been progressively ceding the riskier parts of lending to – you guessed it – the unregulated private credit sector. Making risky loans is, of course, fine, just so long as you are pricing appropriately for that risk. Given the rate at which stresses are emerging, and with developers dropping like flies, it looks like we are going to find out sooner rather than later. So, while the outlook for the banks is certainly subdued, and the Fund is underweight the sector, they remain well-capitalised and likely to continue to pay attractive levels of fully-franked dividends going forward.

The reporting season saw solid results delivered by most of the companies held in the Fund. Pleasingly, dividends were increased by an average of +11%. Outside of the large dividend increases from the miners mentioned above, other strong dividend increases included , Woolworth (DPS +15%), Coles (DPS +13%), Telstra (DPS +11%) and Medibank (DPS +8%).

A key takeout from results, was that companies in the discretionary sector reported a deteriorating outlook, as rising interest rates, cost-of-living pressures and falling house prices etc, begin to impact consumer sentiment. While the economic backdrop has certainly weakened, most companies are in a strong financial position, with corporate Australia having been gradually de-gearing over recent years. As a result, most are well-placed to manage any downturn and have the balance sheet strength to continue to pay attractive levels of dividends to shareholders.

Fund Activity

During the month, the Fund took profits and reduced holdings in stock which had performed strongly including, Coles, CSL and Aristocrat Leisure. Proceeds were used to establish new positions in QBE Insurance, Medibank Private and Graincorp. At month end, stock numbers were 37 and cash was 4.2%.

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. For FY27, the Fund is currently forecasting a flat monthly net cash distribution 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 5.8%.

Outlook

Global markets are clearly betting that the Iran conflict will subside, and that while there are disruptions and inflation impacts yet to be felt, these can be looked through. Let's hope so. However, should disruptions drag on, stagflation becomes a greater risk. Given the level of debt in the global economy, it's hard to see how this would end well. Further, the Tech/AI trade that has fuelled the US market is beginning to show some sign of fatigue, as massive capex programs continue to be announced.

With the market not far from its highs, and cognisant of the risks above, we will remain agile and manage the portfolio accordingly. However, with risk comes opportunity, and the excessive volatility is creating very many good opportunities for longer-term investors such as ourselves.

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.

Contact us

Level 27, 88 Phillip Street
Sydney NSW 2000

1300 420 094

invest@perennial.net.au

www.perennial.net.au