WealthFocus Investment Advantage

WEALTHFOCUS PERPETUAL GEARED AUSTRALIAN

March 2024

FUND FACTS

Investment objective: Aims to enhance long-term capital growth through borrowing (gearing) to invest predominantly in quality Australian industrial and resource shares.

FUND BENEFITS

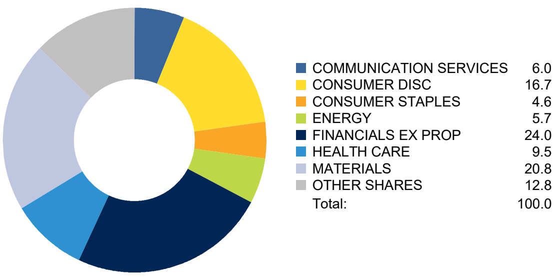
Provides investors with broad market exposure with the potential for higher returns through the use of gearing (borrowing within the fund) and actively managed by one of Australia's most experienced investment management teams.

FUND RISKS

All investments carry risk and different strategies may carry different levels of risk. The relevant product disclosure statement or offer document for a fund should be considered before deciding whether to acquire or hold units in that fund. Your financial adviser can assist you in determining whether a fund is suited to your financial needs.

Benchmark:	S&P/ASX 300 Accum. Index
Inception Date:	November 2008
Size of Portfolio:	$115.59 million as at 31 Dec 2023
APIR:	PER0492AU
Management Fee:	1.23%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	7.6%
BHP Group Ltd	7.5%
Goodman Group	5.2%
National Australia Bank Limited	5.1%
Flutter Entertainment Plc	5.1%
Origin Energy Limited	4.7%
CSL Limited	4.6%
Insurance Australia Group Ltd	4.2%
Telstra Group Limited	3.6%
Westpac Banking Corporation	3.5%

NET PERFORMANCE - periods ending 31 March 2024

	Fund	Benchmark #	Excess
1 month	6.58	3.26	+3.32
3 months	15.56	5.43	+10.14
FYTD	10.11	13.28	-3.17
1 year	9.85	14.40	-4.55
2 year p.a.	6.22	6.66	-0.43
3 year p.a.	14.27	9.43	+4.84
4 year p.a.	35.26	16.04	+19.23
5 year p.a.	11.15	9.15	+1.99
7 year p.a.	8.59	8.60	-0.01
10 year p.a.	7.32	8.27	-0.95

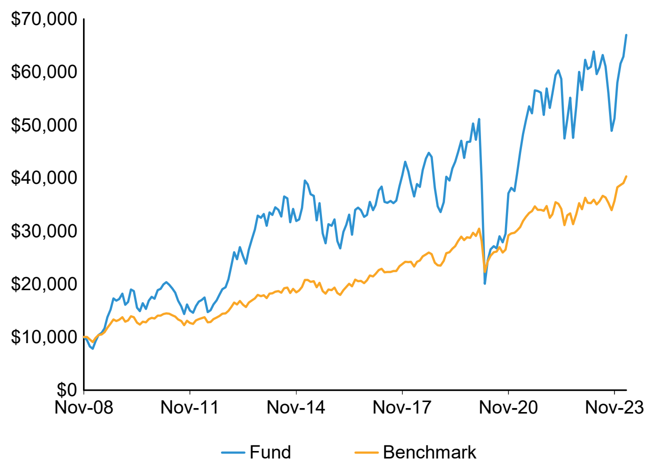
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	17.5	17.0
Dividend Yield*	3.3%	3.9%
Price / Book	2.2	2.1
Debt / Equity	24.6%	36.9%
Return on Equity*	12.3%	13.0%
Gearing Level	50.7%	

^ Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating Perpetual's investment style in action. These figures are forecast estimates, calculated based on consensus broker estimates where available, and should not be relied upon. Dividend Yield is a dividend forecast of underlying securities for the portfolio and does not reflect the distributions to be determined for the Fund
*Forward looking 12-month estimate.

GROWTH OF $10,000 SINCE INCEPTION



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

In the March quarter, the S&P/ASX300 saw a substantial 5.4% increase, with Tech (23.6%), Real Estate (14.9%), Consumer Discretionary (13.4%), and Financials (12.1%) leading the pack in terms of sector returns. Conversely, Materials (-6.3%), Telecoms (1.1%), and Consumer Staples (2.1%) struggled to keep pace, marking them as the underperformers. The sector movements during this period reflected various factors at play. Optimism surrounding lower interest rates, spurred by the Federal Reserve, propelled tech stocks and real estate to notable gains, while consumer sectors remained resilient. Concerns regarding China's growth trajectory led to a drop in iron ore prices, impacting the Materials sector negatively.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment PLC, Origin Energy Limited and Goodman Group. Conversely, the portfolio's largest underweight positions include Macquarie Group, Ltd, Woodside Energy Group Ltd and Fortescue Ltd, all of which are not held in the Fund.

Goodman Group continued to significantly contribute to our relative performance for the quarter, posting a robust 33.64% increase, supported by a favourable half-yearly update and the inclusion into the North American REIT index (NAREIT). The shares experienced a positive re-rate driven by a stronger than expected result and increasing optimism surrounding the company's data centre strategy. Despite the current relatively full valuation compared to our initial position, the investment in data centres offers additional upside potential for future earnings. Our decision to establish a position in Goodman Group late last year proved prescient, capitalising on market concerns about the performance of large property groups in a rising rate environment. In contrast to some overly leveraged property owners facing challenges, we believed GMG's positioning within key growth sectors in the property industry, its development-driven model and strong management team would enable the company to outperform its peers.

A2 Milk significantly contributed to our returns in the first quarter of 2024 (+46.71%). This outperformance can be attributed to a strong 1H24 result where sales and operating margins held despite the backdrop of a shrinking China IMF market. A2 upgraded full year FY24 forecast fuelled by robust sales in mother-baby stores and cross-border e-commerce. Moreover, Kantar market share data underscores A2's increasing market presence in both offline and online channels. A2 Milk has successfully evolved from a rapid-growth startup to a well-established, professionally managed entity with a brand that resonates with Chinese consumers. The company exhibits adept inventory and pricing management, and our confidence in the returns generated from its marketing investments is growing. With a robust balance sheet boasting over $790 million in cash, A2 is well-positioned for strategic manoeuvring in the face of the challenging macroeconomic landscape.

The overweight to Healius detracted from performance over the quarter (-18.96%) although the market reacted positively in March since the appointment of a new CEO. The market was not impressed with the result although the company has pre-released a profit downgrade and market has lost faith in the management team. We are encouraged with the recent change in CEO and CFO. We believe the incoming CEO is more likely to sell assets to crystallise the value of its radiology assets or its clinical trial business Agilex, which is not currently being valued by the market. The Pathology segment continues to track below what the business could and is pressured by inflationary pressures on wages and rent. We are also encouraged by signs of more rational behaviour by competitors in the consolidation of the pathology collection centre as there has been leakage of value in terms of high rents paid on the collection centre.

The overweight position in mining royalty firm Deterra Royalties Ltd (-3.64%) detracted from relative performance over the quarter. After rallying through January, iron ore prices corrected in February and have now fallen back to <US$100/t driven by increased supply from Australia and Brazil and a slow recovery in Chinese steel production post Lunar New Year. The MAC mine operated by BHP that Deterra owns a royalty over had a 4% decrease in production in the December Quarter QoQ due to tie-in activity from the expansion to 145mtpa (million tonnes per annum), but is expected to ramp up to full production through 2024 that will be a partial offset to lower iron ore prices. The company receives an ongoing royalty of 1.232% of Australian dollar-denominated quarterly (Free on Board) FOB revenue from the MAC royalty area and A$1m for every additional tonne of capacity added on an annual basis.

OUTLOOK

With services inflation in the US showing a robust rise of around 5% annually, coupled with indications of persistent and domestically driven inflation in Australia, concerns about a "higher for longer" stance on interest rates have regained prominence. Despite this, the US Federal Reserve is steadfast in its commitment to reducing rates throughout 2024, prioritising economic growth over inflation worries. This situation poses a challenge for the Reserve Bank of Australia (RBA), given that the Australian economy trails behind the US by several months, and the RBA remains unconvinced that inflation has been effectively managed. While Australian equities are still relatively cheaper compared to their US counterparts, there remains a risk of downward adjustments to earnings, particularly if pressures on margins and interest rates persist without alleviation.

The Ordinaries benchmark prior to 1/4/2000 was the ASX All Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index.

MORE INFORMATION

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