

# WEALTHFOCUS PERPETUAL SMALLER COMPANIES

March 2025

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource shares which, when first acquired, do not rank in the S&P/ASX 50 Index.

## FUND BENEFITS

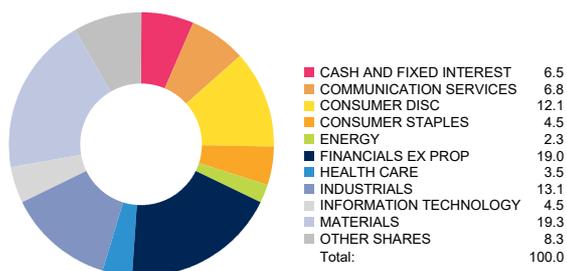
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

## 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 Small Ordinaries Accum. Index  
**Inception Date:** June 1995  
**Size of Portfolio:** \$162.41 million as at 31 Dec 2024  
**APIR:** PER0025AU  
**Management Fee:** 1.03%\*  
**Investment style:** Active, fundamental, bottom-up, value  
**Suggested minimum investment period:** Five years or longer

## PORTFOLIO SECTORS



## TOP 5 STOCK HOLDINGS

Stock Holding	% of Portfolio
Capricorn Metals Ltd	3.2%
Gold Road Resources Ltd	2.9%
EQT Holdings Limited	2.8%
Servcorp Limited	2.6%
Centuria Capital Group	2.6%

## NET PERFORMANCE - periods ending 31 March 2025

	Fund	Benchmark #	Excess
1 month	-2.62	-3.60	+0.99
3 months	-1.81	-2.00	+0.20
1 year	-1.46	-1.26	-0.19
2 year p.a.	3.23	6.01	-2.79
3 year p.a.	1.52	-0.82	+2.34
4 year p.a.	6.04	1.71	+4.34
5 year p.a.	14.90	10.24	+4.66
7 year p.a.	7.65	4.49	+3.15
10 year p.a.	7.61	6.31	+1.30

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

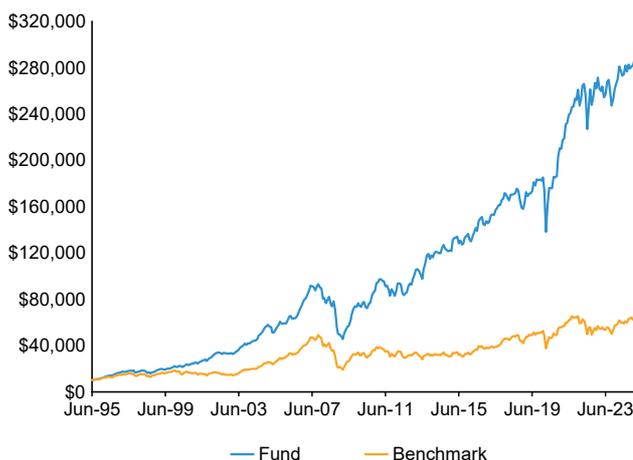
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	13.3	17.0
Dividend Yield*	4.8%	4.1%
Price / Book	1.5	1.6
Debt / Equity	26.4%	31.5%
Return on Equity*	11.7%	10.8%

<sup>^</sup> Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating the Fund'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

The Small Ordinaries ended the March quarter lower -2.0% despite a strong rally in January driven by Financials and improved economic data. Optimism faded in February as earnings season brought volatility, with cautious outlooks triggering sharp declines in several large-cap names. Defensive sectors like Utilities held up, while growth sectors such as Technology and Healthcare lagged. March saw further weakness as concerns over US tariffs, political uncertainty, and a widening federal deficit weighed on sentiment. While the RBA's February rate cut lifted consumer and business confidence modestly, these gains were overshadowed by broader macroeconomic risks. Overall, the quarter reflected a sharp shift in sentiment—from early enthusiasm to growing caution—highlighting increased investor sensitivity to both domestic and global developments. Information Technology was the worst performing sector down -13.5% over the period while Materials was the best performing up 12.5%.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Servcorp Limited, EQT Holdings Ltd and Universal Store Holdings Ltd. Conversely, the portfolio's largest underweight positions include Perseus Mining Limited, De Grey Mining Ltd and NIB Holdings Ltd, all of which are not held in the portfolio.

A2 Milk strongly contributed to portfolio performance over the quarter (+38.5%) after reporting a healthy result in February. The management team has proven it's ability to execute strategically through supply constraints and other external and market headwinds. The company reported a stronger than expected first half 25 result and Financial Year 2025 guidance was upgraded and implies that A2 Milk sales and margins will accelerate and expand further in the second half of the year. We remain optimistic about A2 Milk, given its strong balance sheet, ongoing expansion into tier 2 and 3 cities in China, as well as its entry into the U.S., all of which present substantial growth opportunities.

Gold Road Resources contributed to portfolio performance over the March quarter delivering a very strong 41.8% return for investors. While the gold price has continued its historical rally, the company has also received and rejected an "opportunistic, conditional and non-binding indicative proposal from Gold Fields". The company also released its Initial Drilling Results for Gruyere underground which could represent further upside to the value of the company.

The overweight to Myer detracted from portfolio performance over the quarter (-7.80%) as the company was weighed on by a trading update in January which highlighted operating cost pressure and issues at the new distribution centre. Despite the noise we believe cost synergies are highly likely from the announced combination which could come from debt refinancing, COGS sourcing, rent reductions, and COB efficiencies, with additional optionality from internal margin initiatives. Revenue synergies, while harder to realise, could stem from integrating Apparel Brands online, expanding MyerOne, and store consolidation. Despite the noise, we view the combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E as favourable. The combination has created a leading omni-channel retail platform that brings enhanced scale and significant operating leverage benefits. Myer will also benefit from the expected addition of Retail Stalwart Solomon Lew's potential addition to the board.

Premier Investments detracted from portfolio performance over the past quarter (-20.0%). While group performance remained within guidance, top-line growth was modest weighed by international softness in the Smiggle brand. That said, momentum is improving into the second half particularly in ANZ during the key back-to-school season. Peter Alexander continues to deliver strong performance, underpinned by store expansions and early success in the UK. We continue to like Premier for its world class retail management team, high quality brand-led strategy with global growth optionality and a strong balance sheet. The business is now more streamlined post divestment of non-core assets and remains well positioned to unlock value across its two key brands.

## OUTLOOK

Initial market optimism was buoyed by the new administration's promises of tax and spending cuts, deregulation, and increased energy production—policies broadly viewed as supportive of growth. Early fears surrounding tariffs were largely dismissed as strategic posturing aimed at renegotiating global trade terms, particularly in response to perceived unfair practices. However, sentiment has shifted as it becomes increasingly clear that President Trump's commitment to protectionist measures may be more deeply rooted than previously believed. The risk now lies not only in the imposition of tariffs themselves, but in the potential for their execution to be disorderly and more economically disruptive than anticipated. Until markets gain greater clarity on the long-term direction of policy, volatility is likely to remain elevated.

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# Benchmark prior to 1/4/2000 was the ASX Small Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX Small Ordinaries Accumulation Index.  
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## MORE INFORMATION

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