

Perpetual Investment Funds

PERPETUAL SHARE-PLUS LONG-SHORT FUND

February 2025

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment in quality shares and taking short positions predominantly in selected Australian shares.

FUND BENEFITS

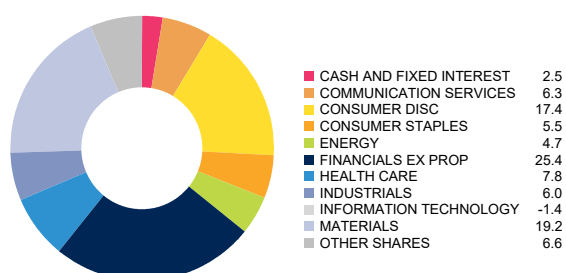
Offers broad market exposure with the potential for higher returns through the use of shorting (taking short positions) within a risk-controlled environment, and actively managed by one of Australia's most experienced investment management teams.

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:	March 2003
Size of Portfolio:	\$900.66 million as at 31 Dec 2024
APIR:	PER0072AU
Management Fee:	0.99%*
Performance Fee:	13.98% of outperformance*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	7.0%
BHP Group Ltd	7.0%
Flutter Entertainment Plc	6.5%
Westpac Banking Corporation	4.6%
Goodman Group	4.4%

MARKET EXPOSURE

	% of Portfolio
Long	115.8%
Short	-18.3%
Net	97.5%

NET PERFORMANCE - periods ending 28 February 2025

	Fund	Benchmark #	Excess
1 month	-1.92	-3.79	+1.87
3 months	-3.27	-2.59	-0.69
1 year	5.68	9.65	-3.97
2 year p.a.	7.61	10.09	-2.48
3 year p.a.	8.72	8.89	-0.18
4 year p.a.	10.94	9.23	+1.71
5 year p.a.	11.30	8.79	+2.50
7 year p.a.	8.71	8.50	+0.21
10 year p.a.	7.81	7.51	+0.31
Since incep. p.a.	11.20	9.53	+1.67

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

GEOGRAPHIC LOCATION

The Fund holds no single international asset representing more than 10% of the Fund's net asset value.

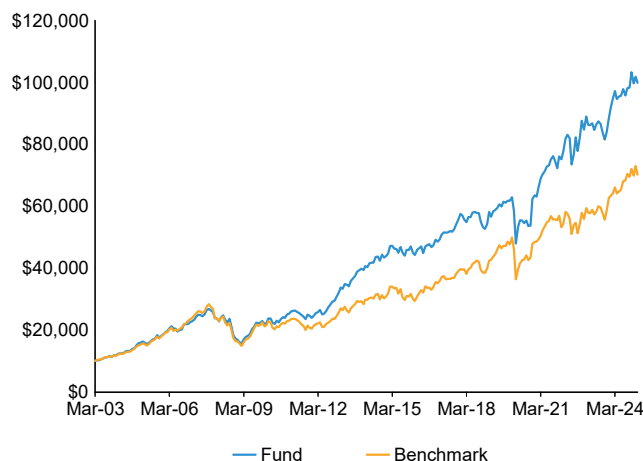
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	18.4	17.9
Dividend Yield*	3.2%	3.7%
Price / Book	2.2	2.2
Debt / Equity	34.4%	37.5%
Return on Equity*	12.2%	12.6%

[^] 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 and a full description of the Fund's performance fee is set out in the Fund's PDS.

MARKET COMMENTARY

The S&P/ASX300 fell -3.8% in February buffeted by wild swings as company results were reported. Large caps in particular disappointed, often in relation to outlook rather than reported results. It also marked a major break in momentum with many companies that had had a strong run in the previous year struggling. Amongst the biggest reversals were NAB (-12.1%), Wisetech (-27.7%), Cochlear (-19.0%) and Fortescue (-11.1%). On a sector basis Utilities (+3.2%), Communications (+2.8%) and Consumer Staples (+1.4%) performed best. Information Technology (-12.3%) was the worst sector. Healthcare (-7.6%) and Real Estate (-6.2%) were also laggards. The sell-off in the market accelerated in the last half of the month in sympathy with a declining US market which increasingly worried about the frenetic and sometimes disruptive pace of White House initiatives, particularly in relation to tariffs.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment Plc, Cobram Estate Olives and a2 Milk Company Limited. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, National Australia Bank Limited and Telstra Group Limited (not held).

A2 Milk contributed strongly to returns in February, with the stock rising by 35.25%. 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 it's entry into the U.S., all of which present substantial growth opportunities.

EVT contributed to portfolio performance (+23.4%) after delivering a strong result with net profit significantly ahead of expectations. The outperformance was driven by stronger-than-expected earnings from both the hotel and cinema divisions. This should support a potential rerating, with asset sales, strategic reviews, improvements in film content, hotel earnings growth, and upside from Thredbo all acting as potential catalysts. Despite this, EVT continues to trade at a lower premium to its net tangible assets compared to historical levels. Cinema earnings have shown clear signs of recovery after a challenging start to the year, easing concerns about structural declines. Hotels demonstrated strong performance, benefiting from an increased focus on high-margin managed agreements, improved cost efficiencies, and steady revenue growth. EVT also announced plans to divest 525 George Street, with proceeds likely to be reinvested in hotels, while a special dividend and further strategic moves for key assets are under consideration.

Redox Limited detracted from relative performance over the month (-25.2%). The company sold off following elevated operating expenses which management guided to persist in the foreseeable future. We continue to view Redox as a high quality, founder led exposure to an attractive industry with a significant offshore growth opportunity.

The overweight to Myer detracted from portfolio performance (-17.4%) during February. 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 CODB 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.

OUTLOOK

Equity markets had looked expensive going into February with Australian growth stocks, like their US counterparts, had been trading at elevated P/E ratios. Many of these stocks bore the brunt of the sell-off as the world market potentially enters a new phase. Markets had broadly welcomed the pro business Trump administration choosing to focus on a welcome agenda of tax cuts, de-regulation and budget savings which they expected would boost economic growth whilst also containing inflation. Meanwhile Trumps much vaunted love of tariffs was widely considered to be, in the most part, a bargaining tool in trade negotiations. However there are some fears that headline-grabbing cuts to government spending could be increasingly hurting consumer sentiment whilst on-and-off tariffs on allies and close trading partners could be having a more profound pre-emptive impact on business confidence and supply side chains than fully appreciated.

The performance fee is equal to 13.98% of daily outperformance over the hurdle rate of return. The current hurdle rate is the S&P/ASX 300 Accumulation Index + 2%pa. Performance fees are accrued daily however will only be paid in the event that the Fund's return over the performance fee calculation period is positive and the performance fee accrual is positive. For further information on the calculation of the performance fee please consult the Fund's PDS.

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.

The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting www.perpetual.com.au. Neither PIML, ETSL nor any of their related parties guarantee the performance of any fund or the return of an investor's capital. Total returns shown for the Perpetual WealthFocus Superannuation Fund have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for taxation. Past performance is not indicative of future performance.

MORE INFORMATION

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