

## WealthFocus Investment Advantage

# WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

February 2025

### FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

### FUND BENEFITS

Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment 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:** MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022

**Inception Date:** November 2008

**Size of Portfolio:** \$18.51 million as at 31 Dec 2024

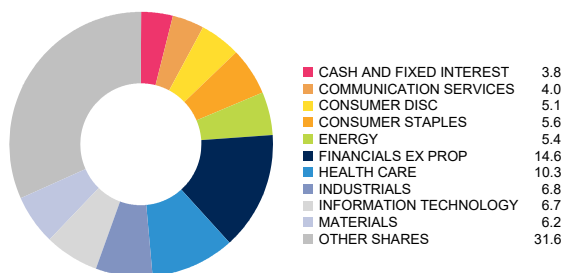
**APIR:** PER0496AU

**Management Fee:** 0.80%\*

**Investment style:** Active, fundamental, disciplined, value

**Suggested minimum investment period:** Five years or longer

### PORTFOLIO SECTORS



### TOP 10 STOCK HOLDINGS

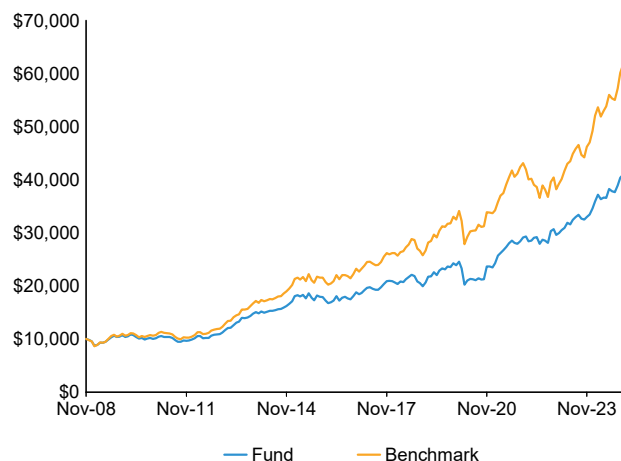
Stock Holding	% of Portfolio
Sanofi	1.2%
Merck & Co., Inc.	1.2%
Bank of Nova Scotia	0.9%
Microsoft Corporation	0.8%
Prologis, Inc.	0.8%
Standard Chartered PLC	0.7%
Exxon Mobil Corporation	0.7%
AbbVie, Inc.	0.7%
Rheinmetall AG	0.7%
Air Products and Chemicals, Inc.	0.7%

### PERFORMANCE- periods ending 28 February 2025

Period	Fund	Historical <sup>1</sup> Performance	Benchmark	Excess
1 month	0.82	-	-0.36	+1.17
3 months	5.07	-	5.01	+0.06
1 year	18.13	-	21.30	-3.17
2 year p.a.	17.87	-	25.48	-7.60
3 year p.a.	-	14.30	16.37	-2.08
4 year p.a.	-	15.03	16.57	-1.55
5 year p.a.	-	12.72	14.41	-1.69
7 year p.a.	-	10.82	13.42	-2.60
10 year p.a.	-	8.92	11.48	-2.56

<sup>1</sup>Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

### GROWTH OF \$10,000 SINCE INCEPTION



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

## MARKET COMMENTARY

February was an eventful month filled with impactful geopolitical headlines mixed with macroeconomic developments and more volatile markets. The freshly inaugurated President Trump and his administration hit the ground running with a flurry of activity addressing myriad issues which resulted in gyrating markets stemming from rising uncertainty, primarily regarding the implementation of tariffs and a resolution of the Ukrainian war. Despite all the headlines generating uncertainty, February proved to be a strong month for global equity markets, excepting the United States. Like last year, there was a notable difference in styles. Unlike last year, value continues leading the charge as the MSCI World Value Index outperformed its growth counterpart by more than 400 basis points (bps) in U.S. dollar terms for the month. Investors are all wondering what the impact of Trump 2.0 means for the globe, and the style shift and broader market in the first two months of the year may be indicators. The growth levels of high momentum and AI-related stocks became a source of controversy after the release of DeepSeek, a Chinese AI model reported to have been developed at a fraction of the cost of comparable American products. Even though blue chip AI companies are reporting high growth, the rates are decelerating, leading to volatility.

## PORTFOLIO COMMENTARY

Standard Chartered PLC positively contributed to relative performance as it maintained its strategic direction, demonstrating strong execution in 2024, with 12% year-over-year revenue growth. The company is transforming into a more capital-light, wealth-focused, and simpler business. Its "Fit for Growth" strategy's cost savings are expected to become more significant in 2025. Additionally, the company continues to return excess capital to shareholders. These efforts are projected to drive double-digit EPS growth over the next two years, achieve positive operating leverage in 2025 and 2026, and reach a ROTCE target of nearly 13% by 2026. Despite recent share price increases, Standard Chartered remains undervalued, trading below 7x 2026 EPS and 0.9x TBV.

Alibaba Group positively contributed to relative performance during the month after the advent of DeepSeek kicked off AI hopes for some Chinese companies. Alibaba has been allocating capital towards AI and Cloud infrastructure, along with seeing early signs of improving e-commerce growth. A strong quarterly report exceeded market expectations and boosted confidence in broad-based improvement of fundamentals.

Avantor, Inc. detracted from relative performance during February after reports that the company turned down a takeover offer in 2023. Also, the NIH announced a reduction in indirect rates for grants to 15%, aiming to reduce reimbursements for administrative costs and encourage universities to use their own endowments for these expenses. The NIH emphasized the importance of steering funds toward direct scientific research costs rather than administrative overhead. While the long-term impact on lab spending may be minimal, this change is expected to cause short-term spending freezes and uncertainty as universities adjust.

Carnival Corporation detracted from relative performance in February in a giveback of strong performance over the past year. Cruise stocks declined during the month following comments by Commerce Secretary Howard Lutnick about taxing cruise lines. A similar attempt in 2017 failed due to lobbying from Florida senators and threats from Royal Caribbean to relocate its headquarters to Europe. The argument in 2017 against taxation was that the U.S. would gain little tax revenue since most business is conducted in international waters. Even given a scenario in which taxation occurs, we expect the impact to be modest.

## OUTLOOK

The persistent political changes across the globe continue to drive short-term tactical repricing, but the long-term impacts are far from certain, as ideology will ultimately clash with political reality. What does stand out is the juxtaposition of continued U.S. economic strength and tepid economic growth in Europe. However, this month showed some cracks in that trend, as U.S. data weakened. While the market expected more cuts, the interplay between economic strength and the labor market led the Fed to pause rate cuts. A few areas to watch in the U.S. going forward are policy initiatives, tariff threats, jobs, ambitions to project power abroad, and whether the labor market or economy take center stage as the Fed idles. We are also mindful that, given the geopolitical factors which are ever present, i.e., war in Ukraine, Middle East conflicts, recent elections in Europe, the U.S., and South America, markets are likely to remain more volatile as they adjust to changing economic conditions and policy goals.

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Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets. 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](http://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.

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## MORE INFORMATION

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