

# WEALTHFOCUS PERPETUAL ESG AUSTRALIAN SHARE

March 2025

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and regular income through investment predominantly in quality Australian shares that meet Perpetual's ESG and values-based criteria. Aims to outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods.

## FUND BENEFITS

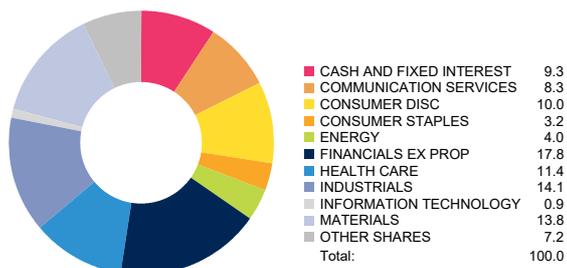
The Fund has two exclusion screens, with which we assess companies. A values-based exclusionary screen for involvement in certain activities, and a ESG exclusionary screen based on an evaluation of companies overall performance on ESG issues.

## 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.

<b>Benchmark:</b>	S&P/ASX 300 Accum. Index
<b>Inception Date:</b>	October 2003
<b>Size of Portfolio:</b>	\$32.50 million as at 31 Dec 2024
<b>APIR:</b>	PER0222AU
<b>Management Fee:</b>	1.18%*
<b>Investment style:</b>	Active, fundamental, bottom-up, value
<b>Suggested minimum investment period:</b>	Five years or longer

## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

	% of Portfolio
Deterra Royalties Ltd	5.2%
EVT Limited	5.0%
GWA Group Limited	4.9%
Healius Limited	4.9%
Reliance Worldwide Corp. Ltd.	4.3%
Brickworks Ltd	4.1%
Ampol Limited	4.0%
GPT Group	3.5%
CSL Limited	3.2%
National Australia Bank Limited	3.0%

## NET PERFORMANCE - periods ending 31 March 2025

	Fund	Benchmark #	Excess
1 month	-3.51	-3.34	-0.17
3 months	-	-2.85	+2.85
1 year	0.76	2.64	-1.89
2 year p.a.	9.13	8.36	+0.76
3 year p.a.	6.48	5.30	+1.18
4 year p.a.	8.19	7.70	+0.50
5 year p.a.	14.77	13.23	+1.54
7 year p.a.	7.85	8.56	-0.71
10 year p.a.	6.71	7.15	-0.44
Since incep. p.a.	9.95	8.58	+1.36

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

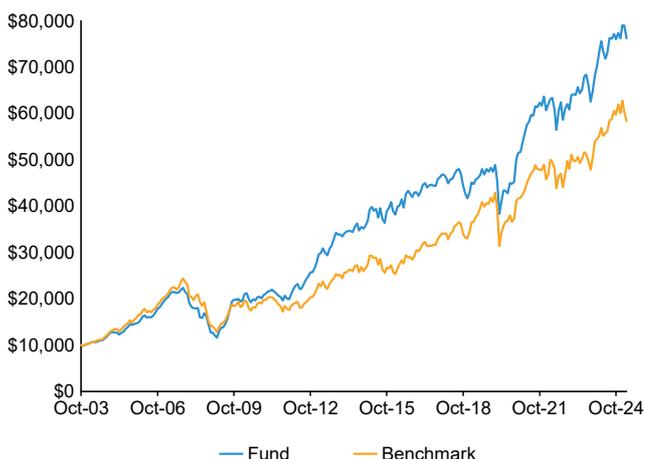
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	17.2	17.2
Dividend Yield*	3.9%	3.8%
Price / Book	1.8	2.1
Debt / Equity	32.6%	37.8%
Return on Equity*	9.7%	12.7%

<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



## MARKET COMMENTARY

Australian equities ended the March quarter lower -2.85% 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 -18.2% over the period while Industrials was the best performing up 2.5%.

## PORTFOLIO COMMENTARY

A feature of this portfolio is that it applies Perpetual's ESG process and values-based investment criteria. The portfolio's largest overweight positions include Deterra Royalties Ltd, EVT Limited and GWA Group Limited. Conversely, the portfolio's largest underweight positions include BHP Group Ltd (not held), Commonwealth Bank of Australia and Wesfarmers Limited (not held).

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.

Despite significant volatility in Steel over the quarter, BlueScope Steel contributed to performance up 15.3% as the company outlined its medium-term plan which outlined Free Cash Flow stepping up materially from FY27. We were encouraged by management delaying midstream investment options which we believe could allow the firm to take advantage of opportunistic situations in the US. Steel pricing has reached a level where there is an asymmetric upside potential, and we are observing positive competitive trends with hot-rolled coil steel prices increasing. BlueScope remains one of the highest quality steel producers globally, with a capable management team, a significant asset in Port Kembla, and the Colorbond brand, which not only boosts margins but also represents a substantial overseas opportunity.

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 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.

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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# 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](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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