

# WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

May 2026

## 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:** \$17.88 million as at 31 Mar 2026

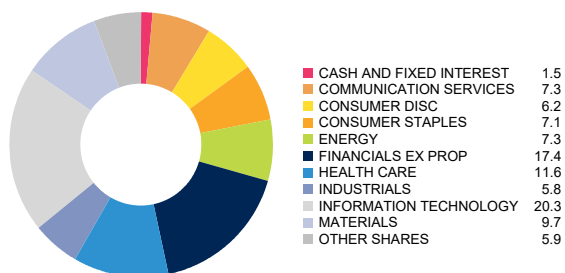
**APIR:** PER0496AU

**Management Fee:** 0.80%\*

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

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

## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

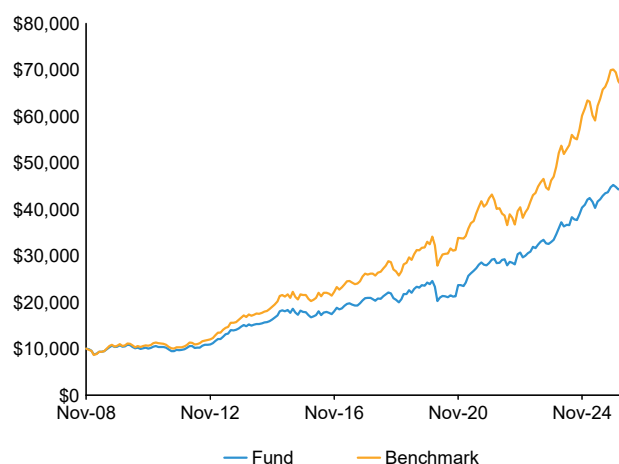
Company	% of Portfolio
Microsoft Corporation	3.1%
Apple Inc.	3.1%
Alphabet Inc.	2.5%
NVIDIA Corporation	2.2%
Broadcom Inc.	1.6%
Amazon.com, Inc.	1.1%
AbbVie, Inc.	1.0%
Chevron Corporation	1.0%
Merck & Co., Inc.	1.0%

## PERFORMANCE- periods ending 31 May 2026

Period	Fund	Historical <sup>1</sup> Performance	Benchmark	Excess
1 month	3.70	-	4.53	-0.83
3 months	4.75	-	6.44	-1.69
1 year	11.89	-	14.18	-2.28
2 year p.a.	12.80	-	15.88	-3.08
3 year p.a.	13.86	-	17.79	-3.93
4 year p.a.	-	12.42	16.48	-4.06
5 year p.a.	-	11.77	13.66	-1.90
7 year p.a.	-	11.32	13.62	-2.29
10 year p.a.	-	9.95	12.43	-2.48

<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



## MARKET COMMENTARY

Global equity markets extended their gains in May. The AI-driven rally continued, while bond markets remained volatile as investors weighed the inflationary consequences of the Middle East conflict. Sentiment was negative in the first half of the month, as investors focused on the inflationary impact of higher oil prices, but the pessimism gave way to a strong risk-on tone in the second half reflecting positive geopolitical headlines and hopes that a ceasefire could be agreed to. Government bond yields, which have become closely tied to the oil price, fell as crude retreated, and global equities proved remarkably resilient to the macro backdrop.

- Global developed-market shares rose (+4.7%), led once again by the US, where the S&P 500 (+5.3%) and the Nasdaq (+8.4%) rallied strongly, underpinned by continued strength in AI and the broader technology supply chain. Notably, equity-market volatility remained low despite the uncertain geopolitical context.

- Japanese equities were among the strongest of the developed markets (+11.9%), supported by a weaker yen, robust AI-related demand and growing expectations of fiscal easing. Japan's market has now risen 32.7% since the start of the year which is double the performance of the US tech sector.

- European equities advanced (+3.7%) as easing trade tensions, improving economic sentiment and resilient corporate earnings boosted investor confidence and encouraged a rotation into cyclical sectors. These tailwinds outweighed the conformation from the European Central Bank that rates would likely be hiked at its June meeting given the sharp rise in European inflation over recent months.

- UK equities were again the clear laggard among major markets (+0.7%), as their high weighting of traditional defensive sectors such as energy, consumer staples and healthcare provided few avenues to benefit from the global rally in technology and other growth-oriented sectors.

- Australian shares (+1.3%) also underperformed their developed market peers. Resources led the market on the back of higher iron ore and copper prices, while the banks weighed on the index amid concerns that proposed changes to capital gains tax and negative gearing could pressure an already-softening housing market.

- Emerging markets again outperformed (+9.7%) powered by extraordinary gains in Taiwan and South Korea, where the global semiconductor and AI capital-expenditure boom continued to drive earnings upgrades and capital inflows. Chinese equities were a notable exception, with Hong Kong and mainland indices declining.

- Commodities ended lower overall, dragged down by oil (-16.9%) and gold (-2.1%), even as industrial metals such as copper (+7.8%) rallied.

- Global bond yields saw elevated volatility over the month with 10-year Australian (-23bps), UK (-20bps) & German (-10bps) yields falling. US 10-year yields (+5bps) rose marginally while the curve flattened, and the policy sensitive 2-year tenor (+13bps) increased a bit more as markets priced out rate cut and partially priced in rate hikes by end-2026.

Geopolitics remained a key focus during May, with the Iran war driving sentiment. By month-end, optimism that a deal was close saw Brent crude fall around 19% to approximately US\$92 per barrel, its lowest level since mid-April. Even so, crude remains roughly 50% higher than where it started the year, and the risk premium embedded in the oil price has reset higher. With global oil inventories being drawn down each day and demand expected to rise over the Northern Hemisphere summer, there remains upside risk to the oil price should the Strait of Hormuz remain closed. Importantly, even if a deal is reached, restoring oil flows is expected to take several months to reach 80% of pre-war levels and around a year to fully normalise given the damage to infrastructure, meaning the inflationary impulse from energy is likely to linger. It is important to note, however, that the bar for an oil spike threatening the business cycle is high, given the development of large services industries, the world's reduced energy intensity, the strong state of global corporate balance sheets, and more diversified energy supply across regions and energy types.

The prospect of higher oil prices for longer has made central banks more wary of persistent inflation. The US Federal Reserve remained on hold, with the minutes of its May meeting read as hawkish; markets finally contemplated the possibility of a rate increase in late 2026 or early 2027 under Chair Kevin Warsh. Meanwhile, the European Central Bank is expected to raise rates at its June meeting, with some members arguing that policymakers can no longer "look through" the energy shock. Elsewhere, the Bank of Japan maintained a hawkish tone, and Japanese bond yields continued to rise, reflecting the combination of imported energy inflation and a reassessment of fiscal sustainability given Japan's large stockpile of debt and the government's desire to increase spending and lower taxes.

In Australia, the Reserve Bank raised the cash rate by 25 basis points to 4.35% in an 8-to-1 vote — a notably firmer split than the 5-to-4 decision in March — fully unwinding the prior year's easing cycle. The Governor signalled that the Board may now pause to assess how the conflict develops, and markets expect rates to be held in June with perhaps one further hike late in the year. The April monthly CPI indicator provided some relief, rising +4.2% year-on-year (softer than feared), though trimmed-mean inflation at +3.4% remains too high for the RBA, which projects a peak of 3.8% in the June quarter. Activity data was softer: the unemployment rate rose to 4.5% as employment fell, household spending declined 1.1% over the month, and the housing market weakened further, with prices falling in Sydney (-0.9%M) and Melbourne (-0.8%M) as proposed budget changes to capital gains tax and negative gearing adding to the uncertainty. Against a backdrop of weakening consumer and business confidence, the RBA will be balancing the risk of higher inflation against downside risks to growth and the labour market. While the economy has shown improved growth momentum in recent quarters, the medium-term outlook remains tepid, with zero real wages growth expected over the next few years and an increasingly cautious corporate sector as the impact of previous (and upcoming) rate hikes slowly filters through the economy.

Even as equity markets rallied strongly, market leadership remained narrow and growth-oriented, with the Russell 1000 Growth (+7.6%) again outpacing the value index (+3.3%) as investor appetite for companies leveraged to the AI investment cycle persisted, whether they made profits or not. Index concentration continued to build, with a small number of mega-cap names driving the bulk of returns. We continue to look for opportunities in companies and sectors with more reasonable valuations, strong balance sheets, and earnings that are beatable against modest consensus expectations, particularly where the AI-driven capital expenditure cycle may benefit industries beyond the technology sector itself.

## PORTFOLIO COMMENTARY

Nokia Oyj is a global communications technology company that provides network infrastructure (including optical and IP routing), mobile networks, and related software and services to telecom operators, enterprises, and cloud providers. Nokia outperformed after delivering a "beat-and-raise" quarter in April and momentum continued in May, showing that prior guidance was conservative and that demand is strengthening across key growth engines. Management lifted Network Infrastructure growth expectations to 12–14% for 2026 (from 6–8%), highlighted accelerating momentum in optical and IP networks, and pointed to robust AI/cloud-driven demand with AI & Cloud revenue up sharply and AI & Cloud orders at €1B, reinforcing the narrative of an AI-driven traffic and capacity "supercycle." The combination of stronger visibility, improving mix, and a message that the company is tracking above the midpoint of full-year operating profit guidance supported re-rating potential versus optical peers.

Hewlett Packard Enterprise Co. positively contributed to relative performance during the month as the company delivered substantially stronger-than-expected financial results and raised its full-year outlook. The enterprise technology provider, which supplies servers, networking equipment, and cloud and artificial intelligence infrastructure to corporate and government customers, reported sharp revenue and earnings growth driven by

accelerating demand across its core platforms. Networking remains a key driver, with particularly strong momentum in data centre connectivity products that support high-performance computing and artificial intelligence workloads, while margins expanded as scale improved. Cloud and AI-related revenue also grew solidly, supported by rising server demand and a growing backlog tied to long-term contracts with enterprise and sovereign customers, indicating durable future revenue visibility. Improved free cash flow generation and progress on cost reduction initiatives, including integration synergies and workforce actions, further strengthened the company's financial profile and supported investor confidence.

LPL Financial Holdings Inc. detracted from relative performance during the month as investor sentiment weakened around cash balance sustainability and the potential for artificial intelligence to accelerate cash optimisation by advisors. The company, which provides brokerage, advisory, and custodial services to independent financial advisors, delivered solid underlying results with stable revenue and earnings expectations, but these fundamentals were overshadowed by macro and industry specific concerns. In contrast to peers such as Charles Schwab, where earnings estimates have risen and substantial share repurchase capacity provides valuation support, LPL reinvests most of its cash flow into advisor recruiting and platform growth, limiting near term buyback flexibility. This distinction heightened sensitivity to LPL's cash sweep revenues, as investors debated whether AI tools could enable advisors to more actively manage client cash balances, pressuring an important earnings contributor. While management has noted that cash levels are already near historical lows and that AI risk is not imminent, the market has increasingly discounted longer term cash durability given LPL's greater exposure relative to more retail heavy models.

Sanofi SA detracted from relative performance during the month as investor sentiment weakened around the durability of its growth outlook beyond Dupixent. The company, a global pharmaceutical leader with core franchises in immunology, vaccines, and rare diseases, continues to deliver solid near-term earnings driven by Dupixent volume growth and cost discipline, but this strength has not been enough to offset longer-term concerns. Market focus remained on the company's limited late-stage pipeline and the approaching loss of exclusivity for Dupixent, which accounts for a meaningful share of profits. Confidence in research and development productivity has been pressured by several high-profile pipeline setbacks, which highlighted execution risk and reduced expectations for near-term innovation-driven growth.

## OUTLOOK

Markets are facing challenges in both the near term (geopolitical concerns, inflation risks, central banks potentially having to hike further, rich expectations for corporate EPS growth, and most regional sharemarkets trading above 80th-percentile 12MF PEs) and the long term (investors living in a '4% world', given high valuations and markets likely having already priced in years of productivity improvement). On a cyclically adjusted basis, US equities sit among the most expensive readings in market history, and roughly 30% of the S&P 500 is now tied to the AI theme — a record concentration in a single theme. Elevated P/E ratios and market concentration, alongside the preponderance of valuation-agnostic passive funds, have made regional equity markets increasingly vulnerable to unforeseen events.

The Fund continues to target less expensive parts of the global sharemarket in addition to providing greater sector and regional diversification relative to increasingly concentrated market weighted indices.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of the global equity and credit markets, and we have zero exposure to private markets given their liquidity and valuation risks, where a left-tail event could spark vulnerabilities and contagion. The Fund complements this with option protection where it has been attractively priced to implement. This includes cost-effective, layered S & P 500 put structures that risk only a low single-digit basis-point premium while delivering asymmetric protection across shallow, moderate and deep drawdown scenarios without requiring precise market timing.

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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.

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## MORE INFORMATION

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