

# WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

August 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:** September 2000

**Size of Portfolio:** \$17.67 million as at 30 Jun 2025

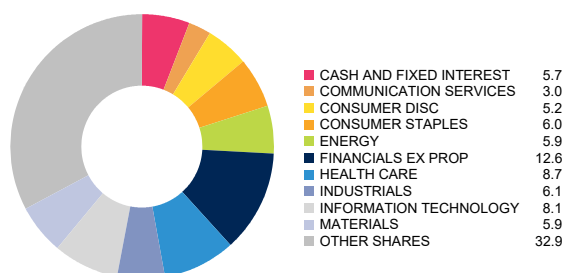
**APIR:** PER0109AU

**Management Fee:** 0.55%\*

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

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

## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

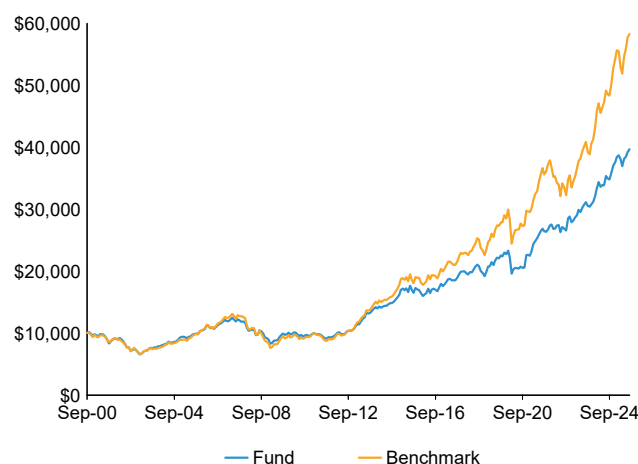
|                         | % of Portfolio |
|-------------------------|----------------|
| Chevron Corporation     | 1.2%           |
| Microsoft Corporation   | 1.2%           |
| Sanofi SA               | 1.1%           |
| Bank of Nova Scotia     | 1.1%           |
| Merck & Co., Inc.       | 1.0%           |
| Newmont Corporation     | 0.9%           |
| Apple Inc.              | 0.9%           |
| Standard Chartered PLC  | 0.8%           |
| Exxon Mobil Corporation | 0.8%           |
| Carnival Corporation    | 0.7%           |

## PERFORMANCE- periods ending 31 August 2025

|              | Fund  | Historical <sup>1</sup> Performance | Benchmark | Excess |
|--------------|-------|-------------------------------------|-----------|--------|
| 1 month      | 1.12  | -                                   | 0.92      | +0.20  |
| 3 months     | 4.02  | -                                   | 6.62      | -2.60  |
| 1 year       | 13.47 | -                                   | 20.06     | -6.59  |
| 2 year p.a.  | 12.83 | -                                   | 19.45     | -6.61  |
| 3 year p.a.  | -     | 13.85                               | 20.30     | -6.45  |
| 4 year p.a.  | -     | 10.22                               | 12.31     | -2.09  |
| 5 year p.a.  | -     | 13.87                               | 16.05     | -2.19  |
| 7 year p.a.  | -     | 9.47                                | 12.66     | -3.19  |
| 10 year p.a. | -     | 8.89                                | 12.15     | -3.25  |

<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

Stronger than anticipated corporate earnings and continued monetary policy easing buoyed global financial markets through August. This was in spite of softening macroeconomic data – notably US labour print.

- Japanese Equities (+4.1%) led the pace of gains in developed markets, extending its rally from its early-April 2025 low on the back of resilient corporate earnings, a weaker Yen and supportive Q2 growth and inflation prints.
- The ASX 300 (+3.2%) advanced on the back of a reasonable local earnings season which kept investor sentiment intact, another rate cut by the RBA, rising commodity prices and rising consumer confidence.
- US equities (+2.0%) continued to strengthen despite concerns around weaker-than-expected jobs data, tariffs and their impact on inflation. Markets were supported by dovish commentary from Fed chair Powell's speech at Jackson Hole Economic Symposium which strengthened expectations of lower rates at the next FOMC meeting in September.
- Value sectors and stocks outperformed as the Information Technology sector lost momentum on the back of an MIT report that highlighted the low success rate of corporate projects to implement generative AI.
- UK shares (+1.2%) benefitted from another 25bps rate cut from the Bank of England however above expectation inflation print limits the likelihood of further near-term rate cuts.
- European shares (+0.7%) continued to trail the broader developed market with declines in Germany (-0.7%) and France (-0.9%) where political instability weighed on performance as French prime minister Bayrou called for a vote of no confidence after struggling to gain support for budget cuts.
- Outside of developed markets, Emerging markets (+1.6%) rose, led by Latin American markets and China (+4.2%) reflecting the softening US dollar, the positive effect of recently announced stimulus and capital rotation out of the US. In contrast, lower energy prices weighed on the equity performance of Middle Eastern markets.
- Bond markets were mixed with domestic 10-year bonds rising very marginally (+2bps) while the US yield curve steepened sharply as 2-year yields fell 33bps, which added to performance.

The US non-farm payrolls was the key economic data moving markets. The report was soft for July (+73k vs expectations of +105k) but May and June gains were revised down heavily by a collective -258k, the sharpest downward revision outside the pandemic period since the 1970s. This changed the narrative about the US labour market and sparked concerns about recession. In contrast, US second quarter GDP was revised up by +0.3% to +3.3%QA. While the US equity market seems complacent about risk, we remain cautious about the outlook and there will be a growth payback from the front running of US tariffs in H1'25 which supported growth which is likely to leave growth at quiet an anaemic level over the remainder of 2025. While we are yet to see the full inflation impact, real consumer spending growth has already slowed, and could soften further as the erosion of real spending power will intensify when tariffs are passed onto end-consumers. While risks of a synchronised global recession have declined, we anticipate 2025 global GDP growth to be around a 10-year low excluding the pandemic.

The dovish tone of monetary policy commentary from Jackson Hole tempered some of the concerns arising from the jobs report with Chair Powell noting that a weakening labour market could justify a shift in policy, which amplified market conviction that further rate cuts were imminent. A cut at the upcoming mid-September FOMC meeting is fully priced in, but the key for the markets is guidance of what's likely beyond this decision. While August saw renewed concerns around the independence of the Fed following the firing of Governor Lisa Cook (shortly after the dismissal of the head of the Bureau of Labour Statistics) we continue to view the risks here as low as the FOMC is a committee not an autocracy.

As markets parsed labour and GDP revisions in August, US trade policy was less prominent than recent periods with fewer trade deal announcements. Elevated reciprocal tariffs were levied against a small number of trade partners in August including a 50% tariff on India to dissuade the purchase of Russian oil. There is some conjecture around the legality of the Trump administration's use of emergency powers to enact the liberation day tariffs, as the US Court of Appeals for the Federal Circuit ruling that the International Emergency Economic Powers Act does not permit the executive from enacting tariffs. The tariffs will remain in place until October, but there are numerous alternative paths for the tariffs to be enacted and viewed as legal by the courts including an appeal to the US Supreme Court.

Meanwhile, the outlook for European growth in FY26 remains marginally above trend with most of the growth backloaded. Turmoil in the French parliament rattled markets during August, as the Prime Minister called for a vote of no confidence after failing to garner support for budget cuts. While equity valuations are less eye watering in Europe relative to the US and Australia – they remain expensive relative to history (78th percentile relative to the last 20 years).

The RBA resumed its gradual easing path at its August meeting contributing to improved consumer sentiment. Data suggests that the Australian economy has cyclically improved but the longer-term trend outlook looks tepid with households not spending tax cuts, businesses remaining cautious about any material rise in investment and per capita GDP growth in negative territory for 8 of the past 9 quarters. The Federal government embarked on a stakeholder discussion group to improve sluggish productivity which morphed into thoughts on taxation, intergenerational equity and the impact of AI.

## PORTFOLIO COMMENTARY

Newmont Corporation positively contributed to relative performance during the month following a strong rebound in its second-quarter results. The gold miner benefitted from record-high gold prices and delivered better-than-expected earnings, supported by higher production volumes and strong free cash flow. Operational efficiency and disciplined capital spending helped the company beat expectations on both output and cost control. Newmont also returned significant capital to shareholders, including a sizable buyback and dividend payout, while announcing a new \$3B repurchase program. With improving fundamentals, low net debt, and favorable commodity price trends, the company appears well-positioned to deliver strong results in the second half of the year.

The Bank of Nova Scotia positively contributed to relative performance during the month following a strong set of earnings results that exceeded expectations across multiple metrics. As one of Canada's largest diversified financial institutions, the company benefitted from higher net interest income and fee generation, while also managing to reduce both credit costs and operating expenses. The bank's capital position improved, reflecting prudent balance sheet management and a more disciplined approach to risk. Since CEO Scott Thomson introduced a refreshed strategic direction in late 2023, execution has been solid, though prior quarters were weighed down by elevated credit costs, partly tied to U. S. tariff-related exposures. With credit costs now trending lower and net interest margins continuing to expand, the outlook for earnings revisions has become more constructive, potentially helping the bank close its valuation gap versus peers.

Fidelity National Information Services, Inc. detracted from relative performance during the month following a sharp post-earnings call sell-off. The company, which provides financial technology solutions to banks and capital markets firms, reported results that were broadly in line with expectations, including modest beats on revenue and EBITDA. However, investor concerns centered on weaker-than-expected margins and a third-quarter guidance that pushes out fundamental improvement to the fourth-quarter, raising doubts about execution. Management attributed margin softness to foreign exchange impacts and reiterated confidence in pricing discipline, pushing back on competitor claims of aggressive discounting. While full-year guidance was raised slightly, some of the upside was driven by a small acquisition and timing shifts, rather than core business strength.

NICE Ltd. detracted from relative performance during the month as investors reacted to a mixed set of results and guidance. The company, which provides cloud-based customer engagement and analytics software, reported solid top-line and operating income growth, but the quality of revenue was questioned due to lumpiness in product sales. Margins compressed slightly year-over-year, driven by ongoing investment in cloud and AI capabilities, which also weighed on gross margin. While EPS beat consensus and cloud metrics like net retention and AI-related annual recurring revenue (ARR) showed strength, the underperformance of the LiveVox acquisition and a light Q3 revenue outlook raised concerns. Management reiterated full-year guidance and highlighted strategic moves to expand internationally, but the modest beat and reliance on lower-quality drivers like interest income and share repurchases tempered enthusiasm.

## OUTLOOK

Elevated valuations, a lacklustre longer term domestic economic outlook, average corporate performance, and heightened uncertainty about how much additional policy support the RBA can provide represents a challenging backdrop for local investors. Meanwhile, government bonds are offering less reliable diversification in the face of rising government debt and a likely to rise in US inflation in coming months.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of the equity market and complementing this with option protection where it has been attractively priced to implement. These include S & P 500 put spreads, a call spread on the VIX, call options on the GBP against the US dollar, and a USD call option versus the Hong Kong Dollar.

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