WealthFocus Allocated Pension

WEALTHFOCUS PERPETUAL DIVERSIFIED GROWTH

May 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment in a diversified portfolio of growth and income assets; and outperform a composite benchmark (before fees and taxes) reflecting its allocation to the various asset types over rolling three-year periods.

FUND BENEFITS

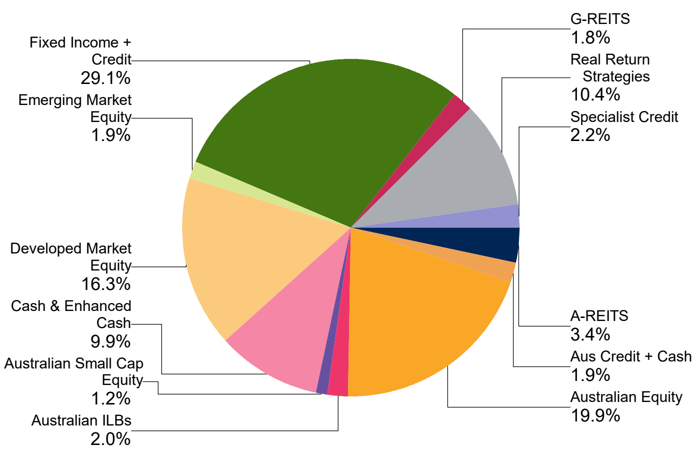
Provides investors with an equal mix of growth and income assets, for long-term capital growth, but with a significant exposure to defensive assets to reduce volatility. Strategic and tactical asset allocation techniques are employed in order to further enhance the fund's returns and manage risk.

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 consideredbefore 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:	Moderate Growth Index (Internally generated composite)
Inception Date:	May 2002
APIR:	PER0129AU
Management Fee:	0.71% p.a.
Investment style:	Active, fundamental, disciplined, value
Suggested minimum investment period:	Three years or longer

PORTFOLIO SECTORS



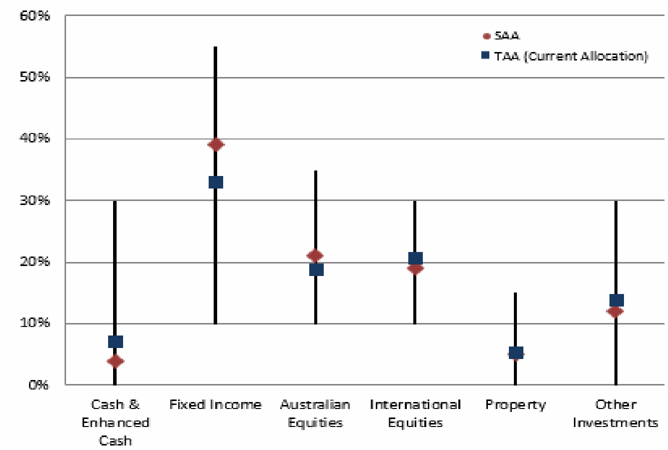
NET PERFORMANCE- periods ending 31 May 2024

	Fund	Benchmark	Excess
1 month	0.5	1.0	-0.5
3 months	0.9	0.8	0.1
FYTD	6.4	8.5	-2.1
1 year	6.0	9.0	-3.0
2 year p.a.	4.0	6.0	-2.0
3 year p.a.	4.0	3.2	0.8
5 year p.a.	5.2	4.8	0.4
10 year p.a.	5.0	5.9	-0.9

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

ASSET ALLOCATIONS AND INVESTIBLE RANGES

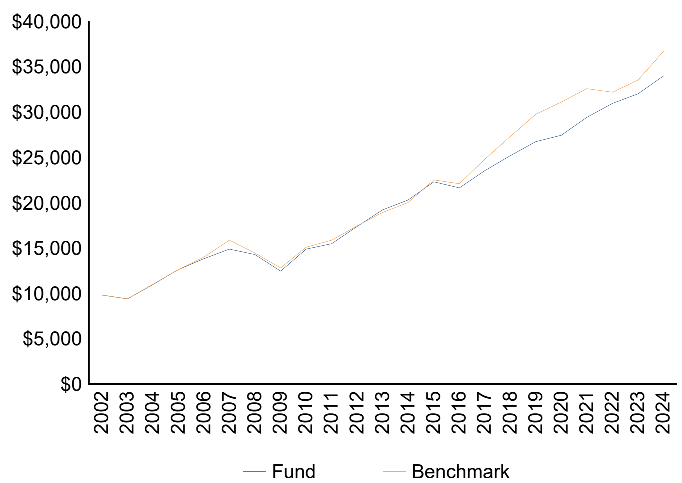
FUND TACTICAL AND STRATEGIC ALLOCATIONS INCLUDING ALLOWABLE MAXIMUM AND MINIMUM RANGES



STRATEGIC AND TACTICAL ASSET ALLOCATIONS

The Strategic Asset Allocation (SAA) is the neutral allocation acting as an anchor for active positioning, while the Tactical Asset Allocation (TAA) process adjusts the asset allocation according to market opportunities and risks.

GROWTH OF $10,000 SINCE INCEPTION



MARKET COMMENTARY

Equity markets rebounded in May despite continued anticipation of higher-for-longer rate regimes.
- Developed market equities (+4.1%) performed well led by the US (+5.0%) where large cap tech companies continued to drive share market returns as falling bond yields and strong corporate earnings results contributed to the rally. The Magnificent 7 collectively, and Nvidia especially substantially outperformed the broader market.
- In developed non-US markets, the ASX 300 (+0.9%) generated positive returns despite trailing the broader developed market with Information Technology leading the pace of gains, the UK (+2.1%) market recorded its third straight month of gains for the first time in two years as investors reacted positively to the large amount of share buybacks currently underway. European equities (+2.4%) rose solidly, led by Germany (+3.2%) as economic data continued to surprise to the upside.
- Meanwhile, Emerging Market (+0.5%) recorded a fourth straight month of gains but trailed developed market returns even though Chinese equities (+2.5%) continue to benefit from supportive government policy and improvements in the economic outlook.
- Meanwhile, US bond yields declined during May with 10-year (-19bps) and 2-year (-17bps) recording double-digit declines as investors continued to hope that the Fed will be easing rates later this year given a softer than expected 0.25% month-on-month increase in the US core CPI for April. Other developed market yields – including Australia – traded within the range of recent levels as growth and inflation data provided few hints about the policy path ahead.
- Lastly, commodity markets were mixed with energy prices falling including Brent Crude Oil (-7.1%) and Coking Coal (-6.9%) generally lower, but these losses were offset by increases in gold (+1.0%) and agricultural commodities such as corn (+1.5%) and Soybeans (+5.1%). .

While equity valuations recommenced their rally during May, there remains uncertainty around the near-term path of monetary policy with consensus rate expectations oscillating throughout this year as initial central bank optimism was persistently watered down by resilient monthly core inflation results which sparked expectations of higher-for-longer rates. Some of the tail risks highlighted at the start of the year around inflation and economic have growth have subsided somewhat and what is left is more mundane cycle of trend growth around 3% with persistent and above-target inflation also around 3%.

The global growth outlook has broadened somewhat with US growth moderating from a high base, whereas regional growth outside the US is accelerating from a low level. European growth indicators continue to improve led by robust service sector PMIs, with the growth outlook also supported by highly dovish ECB guidance which cemented market expectations of a June -0.25% rate cut even though regional core inflation and wages growth remain a considerable distance away from levels aligned with the ECB's official target. In contrast, US partial indicators have softened led by retail sales () and industrial production (%), but labour markets continue to be characterised by resilience even though the monthly pace of jobs growth is well down from the past recorded 12 months ago. While the US economy's resilience in the wake of the most aggressive Fed tightening cycle in 40 years has been impressive, we expect to see restrictive policy increasingly weigh on growth in the second half of 2024.

Despite recent improvements in Europe and resilient US data, it remains hard to see a significant global growth acceleration this year, as the fiscal impulse is negative, there is very little spare capacity, restrictive monetary policy remains a headwind, employment growth is slowing, and the global credit impulse is at a post-GFC low. While traditional leading indicators – such as yield curve inversion – have been unreliable this cycle, sentiment, macroeconomic and financial indicators point to lower near term recession risk. While resilient growth is supportive for equities, the soft-landing scenario and some rate cuts have already been priced in which increases the vulnerability to downside surprises from earnings, geopolitical shocks and any re-pricing in global fixed interest markets or central bank expectation.

In addition, the final mile of bringing inflation in line with central bank targets remains a challenge as all developed economies are struggling with price gains associated with insufficient aggregate supply given diminishing globalisation and most economies having extremely tight labour markets which are generating wages growth well above levels required to get core inflation sustainably back to 2%. In contrast to the ECB, we do not expect the RBA to reduce interest rates this year, given elevated and rising wages growth, which could make for a challenging time for Australia's slowing economy.

As equities rebounded during May, the Fund's global equity allocation was the biggest contributor to absolute return. Stock selection among global and domestic equities detracted however as growth sectors and securities outperformed and the Fund's bias towards quality and value were not rewarded. The Fund is close to benchmark weight across Australian and global equities. All equity exposures retain their long-standing quality and value bias which we expect to outperform the broad index given their more conservative valuation and higher earnings resilience.

The Fund remains marginally underweight fixed income, with its exposure predominantly centred on US 2-year government bonds.

The Fund's defensive posture is bolstered by its elevated exposure to cash. The Fund maintains a significant foreign exchange exposure, diversified across a number of developed and emerging market currencies. The sharp rise in central bank overnight rates since March 2022 has increased the yield on cash-type investments and their remains significant optionality in holding cash.

The Fund maintains its position in the Diversified Real Return Fund which continues to deliver low volatility absolute returns while retaining a relatively low correlation to equity markets. The fund's allocation to uncorrelated sources of return (including the Diversified Real Return Fund) detracted marginally during May as risk assets rallied.

OUTLOOK

Despite an improving growth outlook, the uncertain path of inflation and central bank policy alongside high starting valuations provide a challenging environment for markets to negotiate. Equity market performance has been very strong thus far in 2024 with elevated valuations predicated on soft landing and dovish interest expectations. With so much good news already priced in, we maintain caution and our equity exposure remain primarily in high quality markets which have more attractive valuations and where earnings growth expectations have the potential to rise once the economy finds a stronger base. As always, we are also looking for markets with attractive valuations and that have elevated dividend yields which tend to have much volatility than earnings growth.

MORE INFORMATION

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