

WealthFocus Allocated Pension

WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

March 2024

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: \$0.69 million as at 31 Dec 2023

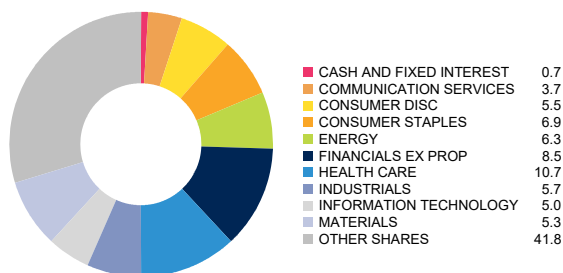
APIR: PER0108AU

Management Fee: 0.55%*

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

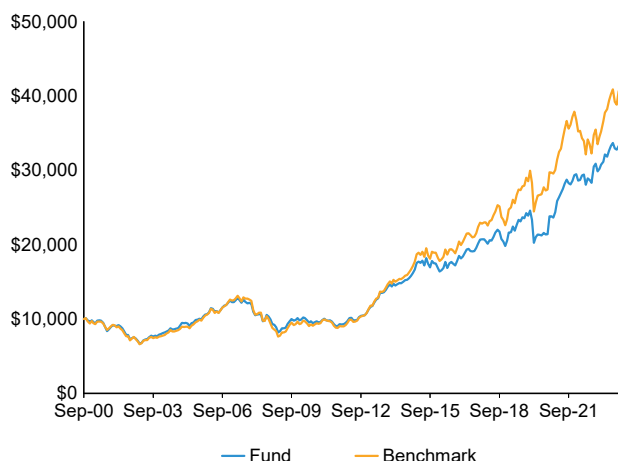
Stock Holding	% of Portfolio
Merck & Co., Inc.	1.3%
Comcast Corporation Class A	1.2%
Qualcomm Incorporated	1.0%
Microsoft Corporation	1.0%
Sanofi	0.9%
Enbridge Inc.	0.9%
Wells Fargo & Company	0.8%
Danone SA	0.8%
Aramark	0.8%
BAE Systems plc	0.8%

PERFORMANCE- periods ending 31 March 2024

Period	Fund	Historical ¹ Performance	Benchmark	Excess
1 month	3.59	-	3.02	+0.57
3 months	11.28	-	14.06	-2.78
FYTD	14.98	-	19.59	-4.61
1 year	20.59	-	28.72	-8.13
2 year p.a.	-	-	15.53	-1.17
3 year p.a.	-	13.24	14.43	-1.19
4 year p.a.	-	16.68	17.83	-1.15
5 year p.a.	-	11.64	13.53	-1.88
7 year p.a.	-	10.32	12.30	-1.98
10 year p.a.	-	9.98	12.13	-2.14

¹Effective 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

The first quarter of 2024 took off from the starting line quick, adding another consecutive quarter of strong equity returns for global indexes with the MSCI World Index up more than 8%. A combination of continued hope for central bank rate cuts and declining fears over a recession fueled the global equity rally. Markets made new all-time highs not just in the U.S., but across Europe and Japan as well. While the top-level index returns were strong, under the hood, much of those gains were driven by a narrow handful of high momentum and mega-tech companies. Although some modest broadening occurred, the concentrated nature of the markets continued to reach greater extremes as the weight of the highest momentum stocks in the MSCI World Index reached new highs. Buoyed in part by the euphoria for artificial intelligence (AI), this small cohort continued to drive the overall U.S. and global indices even as most stocks have not kept pace with the torrid move higher to start the year.

PORTFOLIO COMMENTARY

Rheinmetall AG positively contributed to relative performance during the quarter after the German automotive supplier and defense contractor saw strong news flow on contract awards throughout the quarter. Rheinmetall released solid quarterly results as profit and free cash flow were ahead of expectations and 2024 guidance ahead of consensus expectations. Management provided additional comments on order outlook and cash conversion that is even stronger than previously communicated with high visibility. The company has a strong balance sheet supported by the desire in Europe to build up domestic defense production through increased expenditure as NATO countries push spending toward 2% of GDP.

BAE Systems plc positively contributed to relative performance during the quarter as the UK defense contractor posted quality quarterly results. Revenue continues to grow and was higher than consensus expectations on strength across all segments. A strong order intake mixed with positive comments on the overall demand environment continue to push the stock higher, along with the broader European defense industry. The company trades at 18x forward earnings with a dividend yield of 2.1%.

Humana Inc. detracted from relative performance and was weak for the second quarter in a row. Humana came under pressure last quarter because a perfect suitor, Cigna, had just walked away from a bid. This quarter it emerged that Humana is suffering from unprecedented level of excess utilization in their Medicare Advantage (MA) book. Humana is a rational actor and has already indicated that pricing actions are coming for 2025. The bid timeline in the MA business is a bit more elongated than the commercial market, and therefore

Air Products and Chemicals, Inc. detracted from relative performance in the quarter after missing earnings estimates and slowing down guidance as the demand growth rate for renewables starts to slow. There were some idiosyncratic end market issues that other specialty chemical companies faced, but the company still grew earnings during the quarter. Overall, the company remains a best-in-class operator, and the stock price began recovering at the end of the quarter on hopes of increased visibility on long-term contracts for underway projects. Overall, the company still has a large backlog of projects that should fuel future growth and is trading near a trough valuation multiple of 18x forward earnings while paying a dividend yield of 3%.

OUTLOOK

As the year began, investor expectations were for roughly six rate cuts from the Fed. That now stands at just three for 2024 after Fed Chair Powell's remarks tempered expectations. The more things change, the more they stay the same—in this instance—after failing to call the ceiling for rates, now investors have overestimated the potential for rate cuts in short order. The path of interest rates remains incredibly challenging to forecast given the shifting dynamics at play. The majority of the last decade and a half since the '08-'09 Global Financial Crisis (GFC) has been dominated by the central banks and their ultra-low interest rate policies. Chairman Powell kicked off the normalization with the fastest rate hiking cycle in history in 2022, however, as quickly as “higher for longer” entered the lexicon of investors, it was replaced by “soft landing” and debates over rate cuts. The newest wrinkle is that this most recent bit of uncertainty is being driven by the fiscal side of the ledger.

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 by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426 and issued by Perpetual Superannuation Limited (PSL) ABN 84 008 416 831 AFSL No 225246 RSEL No L0003315. It 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 product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by PSL, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees 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.

MORE INFORMATION

Adviser Services 1800 062 725
Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

