WealthFocus Allocated Pension

WEALTHFOCUS PERPETUAL INDUSTRIAL SHARE

January 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth and regular income through investment predominantly in quality Australian industrial shares. The fund aims to outperform the S&P/ASX 300 Industrials Accumulation Index (before fees and taxes) over rolling three-year periods.

FUND BENEFITS

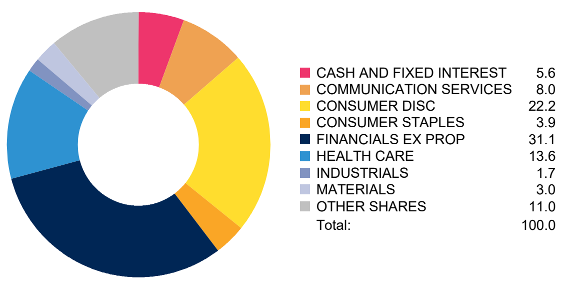
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares.

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:	S&P/ASX 300 Industrial Accum. Index
Inception Date:	August 1995
Size of Portfolio:	$42.08 million as at 31 Dec 2023
APIR:	PER0010AU
Management Fee:	0.98%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	11.0%
Flutter Entertainment Plc	7.2%
Suncorp Group Limited	6.3%
CSL Limited	6.3%
Goodman Group	5.8%
National Australia Bank Limited	5.3%
Wesfarmers Limited	5.0%
ANZ Group Holdings Limited	4.5%
Sonic Healthcare Limited	3.6%
Premier Investments Limited	3.5%

NET PERFORMANCE - periods ending 31 January 2024

	Fund	Benchmark #	Excess
1 month	5.02	2.91	+2.11
3 months	17.33	17.14	+0.19
FYTD	11.30	10.42	+0.88
1 year	9.49	9.20	+0.29
2 year p.a.	11.07	7.79	+3.28
3 year p.a.	11.27	8.03	+3.24
4 year p.a.	7.57	4.57	+3.00
5 year p.a.	9.62	8.76	+0.86
7 year p.a.	7.45	7.54	-0.09
10 year p.a.	7.58	8.07	-0.49

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

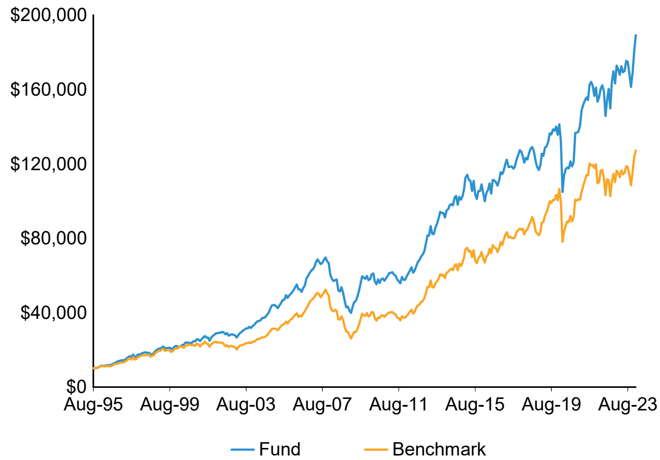
PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	19.9	18.9
Dividend Yield*	3.1%	3.8%
Price / Book	2.1	2.1
Debt / Equity	29.2%	52.9%
Return on Equity*	10.4%	11.6%

^ 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



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

In January, the S&P/ASX300 exhibited a 1.1% rise. Notably, the Energy and Financial sectors demonstrated robust recoveries which countered the dominance of growth dominated sectors like healthcare and interest rate-sensitive stocks such as REIT's that characterised the closing quarter of 2023. Key players in the Materials sector such as BHP and Rio Tinto, experienced a decline as previously strong iron ore prices began to weaken. The market dynamics shifted with growth and bond proxies rallying strongly into Christmas in response to the Federal Reserve's indication of potential rate cuts. However as January unfolded, uncertainties arose regarding the timing and magnitude of these rate cuts. Economic data surpassed expectations and the late 2023 market rally coupled with improved financial conditions, led to increased questioning of the immediate necessity for rate cuts.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment PLC, Suncorp Group Limited and Premier Investments Limited. The portfolio's largest underweight positions include Macquarie Group Ltd, Woolworths Group Ltd, and Transurban Group Ltd all of which are not held.

Flutter PLC strongly contributed to performance as the stock rose (16.82%) over the calendar month. The share price rose in response to a positive trading update in mid-January and in the lead up to the dual listing of FLTR on the NYSE that went live in late January. The trading update highlighted a strong Q4 performance for the key US asset FanDuel where market share increased sequentially in both online sports and online casino betting. Flutter acquired FanDuel (its flagship U.S. brand) in 2018 and since then has realised substantial returns through brand growth, customer acquisition, and market share expansion. This outcome was a timely reminder to investors of the dominant position FanDuel holds in the rapidly growing US market. Flutter PLC also announced it is planning to move its primary listing to the US later this year. We are supportive of the move to list in the US given the increasing materiality of FanDuel's value to the overall valuation of company.

A2 Milk contributed to returns during January (+13.38%). The out-performance was largely driven by better than expected Chinese 2023 birth-rate data in combination with an improving outlook for births and marriages across China as we enter the Dragon year, supportive of IMF sales. In addition, Kantar market share data continues to show A2 gaining market share in both offline and online channels. A2 has transitioned from a fast-growing start-up to an established and professional operator with a brand that resonates well with Chinese consumers. Management of inventory and pricing is sound, and we have growing confidence its investment in marketing is generating solid returns. The company's balance sheet is rock solid with over $800m in cash, providing it with optionality when navigating the challenging macroeconomic backdrop.

The overweight to Sonic Healthcare Limited detracted from performance in January despite largely trading sideways (-0.19%) as the portfolio finished the month strongly up. The largest concern the market has had for Sonic is around the higher cost base brought upon by COVID-19 which we expect to unwind in FY25 as management initiatives are realised. The base business is returning well with Sonic enjoying a strong portion of specialist work, which has higher reimbursement from Medicare. Additionally, the overseas exposure has better economics and returns. We continue to see Sonic as a well-managed company, with emphasis on medical leadership as well as reasonably under-levered balance sheet and unrealised value in its investment in Harrison.ai.

The overweight to HMC Capital detracted from performance over the month as it finished the month flat as the rest of the portfolio outperformed the market. HMC Capital successfully raised $800 million in June for its first Last Mile Logistics Fund which further helped legitimise the firm in the eyes of investors. It was originally listed on the ASX in 2019 as a highly geared property fund that owned Master's sites and had a complicated capital structure. Since then, they have bought into healthcare assets and large format retail sites and set up a listed property trust. Targeting $20b in Funds Under Management over five years, the business continues to evolve.

OUTLOOK

Current market focus centres on the economic trajectory, with concerns about an imminent recession gradually diminishing. Instead, attention is directed towards assessing whether the Federal Reserve has successfully orchestrated a soft landing, no landing, or potentially a cyclical recovery. Interpretations vary, with some pointing to the robust performance of US tech as indicative of a late 1990s growth market while others underscore the risks associated with a 1970s-like environment characterised by escalating energy costs, geopolitical instability, and shorter economic cycles. In the backdrop, significant challenges persist. These include the potential for higher interest rates and lingering issues in the financial system, such as troubled commercial property loans and fallout from the 2023 US banking crisis.

Benchmark prior to 1/4/2000 was the ASX All Industrials Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Industrials Accumulation Index.

MORE INFORMATION

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