

WealthFocus Allocated Pension

WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

January 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

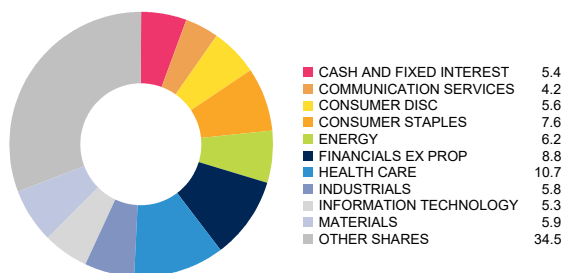
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Management Fee: 0.55%*

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

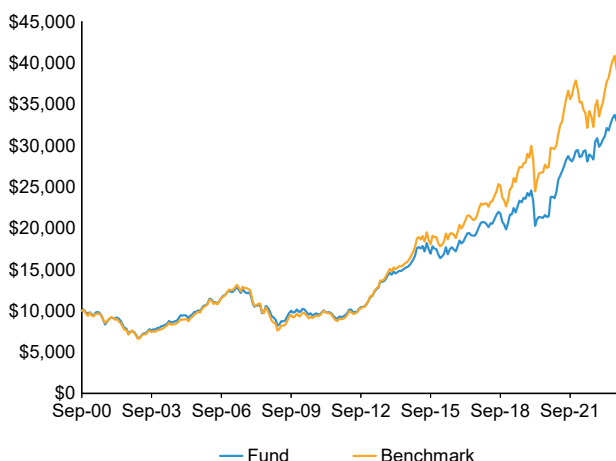
Stock Holding	% of Portfolio
Comcast Corporation Class A	1.4%
Merck & Co., Inc.	1.4%
Microsoft Corporation	1.0%
Qualcomm Incorporated	1.0%
Danone SA	0.9%
Air Products and Chemicals, Inc.	0.9%
Verizon Communications Inc.	0.8%
CRH public limited company	0.8%
Medtronic Public Limited Company	0.8%
Aramark	0.8%

PERFORMANCE- periods ending 31 January 2024

Period	Fund	Historical ¹ Performance	Benchmark	Excess
1 month	3.39	-	4.52	-1.13
3 months	6.40	-	11.16	-4.75
FYTD	6.84	-	9.59	-2.76
1 year	15.52	-	25.09	-9.57
2 year p.a.	-	-	8.30	+0.48
3 year p.a.	-	13.85	13.46	+0.39
4 year p.a.	-	9.15	9.58	-0.43
5 year p.a.	-	11.15	13.03	-1.88
7 year p.a.	-	9.80	11.67	-1.87
10 year p.a.	-	9.29	11.33	-2.04

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 month of 2024 marked a continuation of many themes observed in 2023. Global markets pushed nominally higher with the MSCI World and MSCI All Country World indexes both up 1.2% and 0.6%, respectively. This built on the sharp reversal from December, but the returns were not evenly distributed across the globe. Unlike last quarter, growth stocks generally led value stocks, except in Japan and emerging markets. In the MSCI World Index, sector performance was mixed. The top performing sectors were in more growth-oriented sectors such as Communication Services, Information Technology, and Health Care. The worst performing sectors – Materials, Utilities, and Real Estate – are more interest rate-sensitive sectors, hurt by the realization that interest rates may fall slower than previously expected.

PORTFOLIO COMMENTARY

Vertiv Holdings Co. Class A positively contributed to relative performance during the month due to continued bullish sentiment surrounding AI stocks. As a leading supplier of cooling equipment and technology to data centers, the company stands to benefit from increased spending on digital infrastructure for expansion and upgrades. Company management continues to execute its strategy to improve margins, reversing the cost headwinds from the prior year, and delivering on operational improvements and greater free cash flow conversion. Backed by sustainable growth in their end markets, Vertiv continues to trade at an attractive valuation and remains well positioned for future earnings growth. Merck & Co. performed strongly in January on news that the pharmaceutical company's blockbuster drug, Keytruda, could see its patent life extended with combination treatments to target other types of cancer. Overall, this builds on positive momentum for the company and is part of the larger thesis that Keytruda will be a larger driver of growth for longer than the market currently expects. The company trades at 14.8x forward earnings with a dividend yield of 2.8%.

Humana Inc. underperformed in January on continued higher utilization rates for its health insurance products. The higher utilization trends in 2023 do not appear transitory, leading Humana to slash its earnings guidance to half of the level previously predicted for 2024. While managed care organizations continue to struggle, Humana remains an attractive asset that may be oversold on pessimism.

DuPont de Nemours, Inc. underperformed in January due to guidance surrounding a deeper trough in the cycle, continued destocking, and weak demand from China. The company guidance for the next two quarters was well below consensus. Overall, the company still has a strong portfolio of assets, but cyclical impacts continue to challenge the company.

OUTLOOK

The continuation of the market rally in January pushed some markets toward highs. The strong returns over the past year may have gotten ahead of the fundamentals as inflation remains above the 2% targets favoured by central banks. Markets remain hopefully positioned that 2024 will be the year in which inflation is under control and monetary policy is more accommodative. We still do not understand the longer-term ramifications of the Quantitative Easing experiment, as business and economic cycles have been prolonged beyond historical norms. One gauge for this is unprofitable companies within the Russell 2000 Index. This tends to peak just after recessionary periods and tends to fall fairly quickly over the ensuing 2-3 years. In the dotcom recession, the percentage was just above 30%, falling to approximately 15% by 2006. In the Global Financial Crisis recession, the percentage of unprofitable companies increased to approximately 40% before falling to a higher 20%+ in 2012 then steadily increased to approximately 45% post the COVID recession. However, nearly two years later, unprofitable companies constitute roughly 40% of the total index. What might be the ramifications of this returning to a more normal level of less than 20%?

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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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

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