

WEALTHFOCUS PERPETUAL CONCENTRATED EQUITY

April 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth and income through investment predominantly in quality Australian industrial and resource shares.

FUND BENEFITS

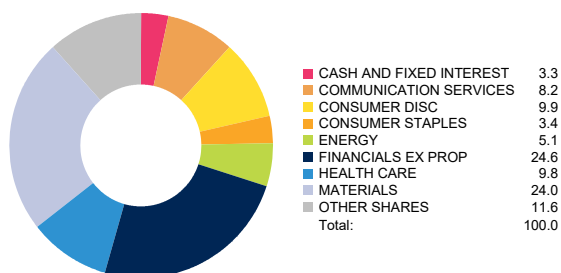
Provides investors with higher potential returns, through the active management of a portfolio of fewer stocks but with higher conviction, than our core Australian equity funds. This concentration may lead to increased short term volatility.

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 Accum. Index
Inception Date: November 2008
Size of Portfolio: \$32.16 million as at 31 Mar 2024
APIR: PER0488AU
Management Fee: 1.23%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

Stock Holding	% of Portfolio
BHP Group Ltd	7.3%
National Australia Bank Limited	6.5%
Commonwealth Bank of Australia	6.5%
Origin Energy Limited	6.0%
Goodman Group	5.2%
Insurance Australia Group Ltd	5.0%
CSL Limited	4.3%
Telstra Group Limited	3.7%
Rio Tinto Limited	3.1%
Iluka Resources Limited	3.1%

NET PERFORMANCE - periods ending 30 April 2024

	Fund	Benchmark #	Excess
1 month	-2.74	-2.92	+0.19
3 months	2.41	1.23	+1.18
FYTD	6.47	9.97	-3.50
1 year	5.25	9.04	-3.79
2 year p.a.	4.80	5.53	-0.73
3 year p.a.	8.16	7.05	+1.10
4 year p.a.	15.06	12.72	+2.34
5 year p.a.	7.47	7.98	-0.52
7 year p.a.	6.56	7.98	-1.42
10 year p.a.	6.17	7.77	-1.60

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

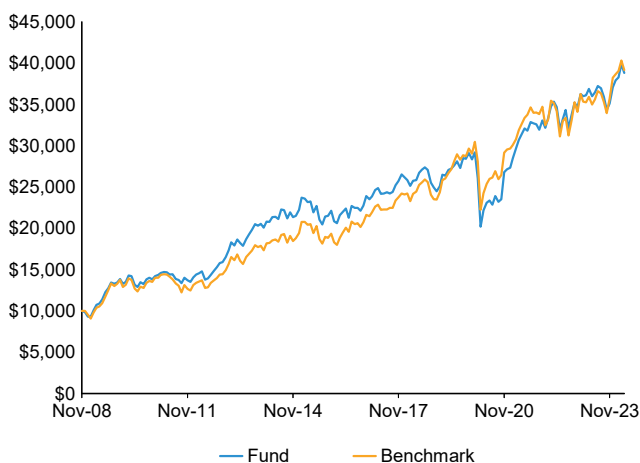
PORTFOLIO FUNDAMENTALS*

	Portfolio	Benchmark
Price / Earnings*	17.0	16.7
Dividend Yield*	3.3%	4.0%
Price / Book	2.2	2.0
Debt / Equity	30.4%	37.0%
Return on Equity*	12.7%	12.9%

* 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 April market sentiment shifted as 10 of the 11 main sectors experienced declines with the ASX 300 registering a -2.92% decline. March's top performers faced a downturn, contributing to overall market weakness. Rate-sensitive sectors suffered, reflecting diminished expectations of rate cuts and a growing anticipation of an RBA rate hike by year-end now nearing 60%. Heightened concerns over inflation arose from hotter-than-expected Q1 CPI data, further impacting market dynamics. Additionally, the Aus 10Y yield reached a five-month high at 4.56%. The market started weak and drifted lower with notable outflows from banks/financials and consumer discretionary stocks. Gold miners remained resilient while the ASX-200 VIX surged by +21.3%, signalling a shift from bullish sentiment.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Origin Energy Limited, Insurance Australia Group Ltd and Iluka Resources Limited. Conversely, the portfolio's largest relative underweight positions include Macquarie Group Ltd (not held), Woodside Energy Group Ltd (not held) and BHP Group Ltd.

Origin Energy contributed to portfolio returns in April (+5.98%) as the market lost -2.92%. While electricity prices have remained volatile (weak during summer before improving afterwards), ORG's portfolio of gas peakers provides the flexibility to manage market instability and optimise exposure. While the pure upstream energy plays have produced inconsistent operational performance, ORG's APLNG exhibited solid volumes and capex outcomes in the 3rd quarter report. Speculation is that the NSW government will now require Eraring to remain open a further 2 years on top of the original 2 years indicated beyond the planned shutdown next year which should deliver additional profits to ORG shareholders. Octopus, the least transparent but potentially highest growth business, is conducting a briefing session in early May which should provide greater clarity around both the retail and licencing economics and outlooks for the business.

The overweight position in Iluka Resources contributed to performance over the month as the stock rallied (+6.52%) post some volatility. This is largely due to the market digesting some lead indicators from downstream producers that demand was recovering which is supportive for the core feedstock side of the business where the company has idled some production to reduce output through a period of soft demand. Iluka is a major producer of rutile and synthetic rutile that is used to produce pigment (paint) and largest producer of zircon that is used to produce ceramics (tiles) and a recovery in these markets can be met by releasing excess inventory and reducing working capital before production is restarted. Iluka has a very strong balance sheet (net cash) and also owns a valuable stake in Deterra Royalties, which was spun-off in an IPO so is able to buffer these periods of demand distortion that is a feature of these markets.

The overweight to Whitehaven greatly contributed to performance over the month (+8.73%). Despite coal exports from Australia increasing due to less inclement weather and another mild winter in Europe has left utilities well supplied with LNG/coal, coal demand in South East Asia remains robust and prices have recovered to ~US\$145/t for the high energy content coal that Whitehaven produces. Whitehaven also recently concluded its US\$4.1b purchase of the Blackwater/Duania assets in Queensland from BHP. This transaction will increase the exposure to metallurgical coal used in steel making, but will move the company from a net cash to net debt position. A sell-down of a 20-30% interest in the Blackwater mine to a Joint Venture partner in the current quarter should allay some market concerns over the balance sheet by reducing debt when completed in the second half of 2024.

After a period of strong performance, the overweight position in Light & Wonder (-11.22%) detracted from the portfolio's performance. Despite the soft month, in March Light & Wonder delivered a result ahead of analyst expectations which was driven primarily by outperformance in the core land-based gaming division. The strong performance of one of its new release games Dragon Train, in the home Australian market is of particular note. Dragon Train is showing strong early signs of success with leading game performance translating to market share gains. Management highlighted in the result that the game will be imminently released into the larger US market, providing a solid foundation for anticipated earnings growth in 2024. Over the past few years, Light & Wonder has undergone a transformative journey resulting in a repositioned company with a robust balance sheet, an exceptional management team, creative talent and a clear strategic vision. Pleasingly, recent operational results suggest that the foundational changes made in the business are translating to better products for customers and ultimately better earnings and overall outcomes for shareholders.

After a period of very strong performance, our overweight in Premier detracted from performance over the month (-7.95%). Despite negative industry trends and heightened consumer pressures, Premier has demonstrated its strength through consistently robust trading outcomes. PMV has been a cornerstone of our core retail investments, renowned for its quality business model, fortified by a robust net cash balance and overseen by engaged and experienced executive leadership. PMV's strategic review signals proactive measures to assess and potentially enhance the corporate, operating, and capital structure, reinforcing its commitment to sustained excellence. The strategic review has resulted in a potential demerger and separate listings of its Smiggle and Peter Alexander brands. Although future outcomes are currently uncertain, they are expected to reflect Premier's commitment to maintaining its high-quality standing in the market.

After rallying 66.32% over the past 12 months, Goodman Group gave back some of its strong performance during April (-6.27%) as the real estate sector digested the potential for rates staying higher for longer. We took the opportunity to establish a position in Goodman Group late last year when the market was generally worried about large property groups' performance in a rising rate environment. Goodman Group's first quarter update for FY24 was largely uneventful however highlighted data centre development to start in late FY24. Additionally, management noted an uptick in acquisition opportunities as certain overly geared property owners have come under pressure. This presents an opportunity for well capitalised asset owners and operators such as Goodman Group.

OUTLOOK

The outlook remains clouded by uncertainty over the direction of the economy and markets. Investors are still unsure if the final outcome is recession, a soft landing or economic rebound. Strong commodity prices point to growth but other data, including employment, is mixed as the consumer labours under high rates. Fears are growing that inflation will rise either way, raising the prospect of stagflation. We continue to invest in a selection of quality businesses with good prospects and solid balance sheets trading at reasonable valuation.

The Ordinaries benchmark prior to 1/4/2000 was the ASX All Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Accumulation Index. This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. 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 PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that 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 any investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

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