WealthFocus Investment Advantage

WEALTHFOCUS PERPETUAL INDUSTRIAL SHARE

February 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

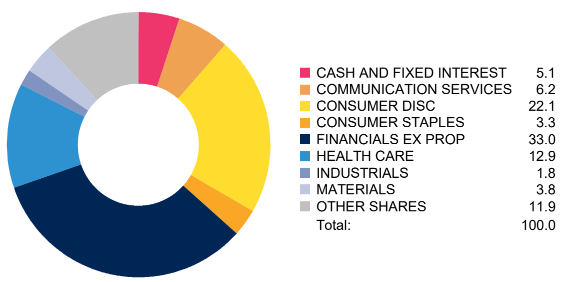
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares.

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:	May 1995
Size of Portfolio:	$464.56 million as at 31 Dec 2023
APIR:	PER0028AU
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

	% of Portfolio
Commonwealth Bank of Australia	10.6%
Flutter Entertainment Plc	6.9%
Suncorp Group Limited	6.5%
CSL Limited	5.9%
Goodman Group	5.6%
Wesfarmers Limited	5.6%
National Australia Bank Limited	5.3%
ANZ Group Holdings Limited	4.3%
Premier Investments Limited	3.7%
Westpac Banking Corporation	3.6%

NET PERFORMANCE - periods ending 29 February 2024

	Fund	Benchmark #	Excess
1 month	4.22	3.42	+0.80
3 months	16.45	13.89	+2.56
FYTD	14.88	14.19	+0.69
1 year	14.05	14.15	-0.10
2 year p.a.	11.30	9.26	+2.04
3 year p.a.	10.61	9.26	+1.35
4 year p.a.	9.44	7.22	+2.23
5 year p.a.	8.22	8.27	-0.04
7 year p.a.	6.55	7.55	-1.00
10 year p.a.	6.22	7.92	-1.70
Since incep.	9.53	9.52	+-

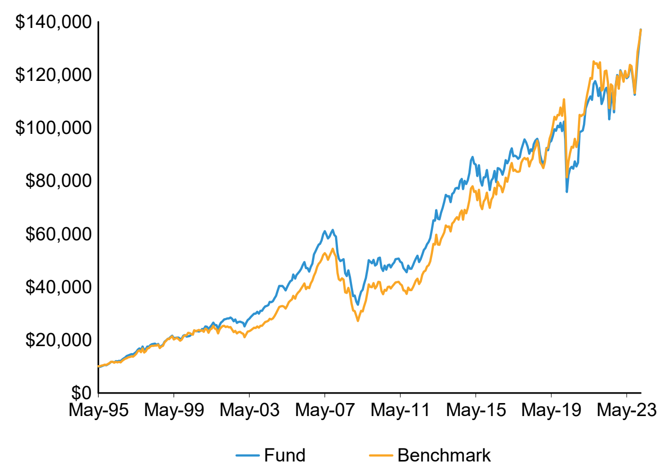
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	20.0	19.2
Dividend Yield*	3.1%	3.7%
Price / Book	2.2	2.2
Debt / Equity	27.7%	52.7%
Return on Equity*	10.6%	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 February, the S&P/ASX 300 experienced a 0.98% increase. The dominating theme throughout the month was the reporting season, where key focus areas included the challenges of rising costs and the resilience of the consumer. Amidst this, traditional value sectors such as Energy (-5.9%) and Materials (-4.8%) faced difficulties, grappling with uncertainties surrounding China's economic growth. In contrast, the relatively modest but lively IT sector recorded a remarkable surge of +19.7%, mirroring the tech boom observed internationally. The performance of significant resource players like Fortescue (-9.6%), Woodside (-6.3%), and Rio (-8.1%) exerted downward pressure on the index. Conversely, sectors such as Consumer, Real Estate, and Financials emerged as strong performers during this period.

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 Transurban Group Ltd (not held), Woolworths Group Ltd (not held) and Macquarie Group Ltd.

Goodman Group continued to significantly contribute to our relative performance for the month, posting a robust 16.80% increase, supported by a favourable half-yearly update and the potential inclusion into the North American REIT index (NAREIT). The shares experienced a positive re-rate driven by a stronger than expected result and increasing optimism surrounding the company's data centre strategy. Despite the current relatively full valuation compared to our initial position, the investment in data centres offers additional upside potential for future earnings. Our decision to establish a position in Goodman Group late last year proved prescient, capitalising on market concerns about the performance of large property groups in a rising rate environment. In contrast to some overly leveraged property owners facing challenges, we believed GMG's positioning within key growth sectors in the property industry, its development-driven model and strong management team would enable the company to outperform its peers.
A2 Milk significantly contributed to our returns in February (+19.88%). This outperformance can be attributed to a strong 1H24 result where sales and operating margin held despite the backdrop of a shrinking China IMF market. A2 upgraded full year FY24 forecast fuelled by robust sales in mother-baby stores and cross-border e-commerce. Moreover, Kantar market share data underscores A2's increasing market presence in both offline and online channels. A2 Milk has successfully evolved from a rapid-growth startup to a well-established, professionally managed entity with a brand that resonates with Chinese consumers. The company exhibits adept inventory and pricing management, and our confidence in the returns generated from its marketing investments is growing. With a robust balance sheet boasting over $790 million in cash, A2 is well-positioned for strategic manoeuvring in the face of the challenging macroeconomic landscape.

In February, EVT experienced a decline of 7.14%, primarily attributed to disappointing results in the cinema business. This is a business with substantial operating leverage and a lack of content late in 2023 meant a weak result relative to expectations. Despite cinema's underperformance, the hotels segment exhibited strong results and earnings growth. This division will be boosted further by the recent redevelopment of Rydges Melbourne, as this property matures toward targeted earnings levels over coming years. This site is among the largest contributors to the hotels division. The company's diversified property portfolio adds resilience to the company and supports valuations in excess of the current share price.
The overweight to Sonic Healthcare Limited detracted from performance in February (-6.78%) as the company disappointed over reporting season. This was largely due to interest expense increasing further than expected as well as excess depreciation. The base business is returning well with Sonic enjoying a strong portion of specialist work, which has higher reimbursement from Medicare. We are encouraged by Sonics strong topline growth across most regions and their initiatives to get more productivity out of their cost base. We continue to like Sonic given management's strong track record, disciplined acquisitions, and strong balance sheet. We believe the market continues to undervalue Sonic's holdings in Harrison.ai and Franklin.ai and we are at the cusp of seeing machine learning deployed into Anatomical pathology which will benefit Sonic greatly through its stake in Franklin.ai.

OUTLOOK

Considerable uncertainty looms on the horizon. Despite appearing subdued in the US, inflation is displaying renewed vigour, potentially serving as a precursor to further inflationary pressures in Australia. Consequently, inquiries about the Federal Reserve (Fed) and Reserve Bank of Australia (RBA) contemplating rate cuts are gaining prominence, introducing elements of uncertainty regarding their timing and pace. Australia finds itself more vulnerable to the unpredictable growth trajectory in China, where policymakers grapple with subdued consumer sentiment and an enduring property downturn. Additionally, geopolitical and policy risks add complexity to the landscape. In navigating these turbulent waters, our strategy remains centred on identifying high-quality businesses with reasonable valuations.

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

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

Perpetual