

# WEALTHFOCUS PERPETUAL ESG AUSTRALIAN SHARE

May 2025

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and regular income through investment predominantly in quality Australian shares that meet Perpetual's ESG and values-based criteria. Aims to outperform the S&P/ASX 300 Accumulation Index (before fees and taxes) over rolling three-year periods.

## FUND BENEFITS

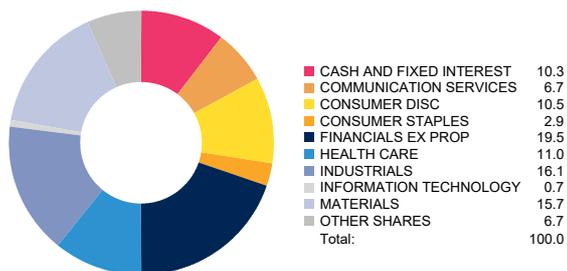
The Fund has two exclusion screens, with which we assess companies. A values-based exclusionary screen for involvement in certain activities, and a ESG exclusionary screen based on an evaluation of companies overall performance on ESG issues.

## 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:** December 2003  
**Size of Portfolio:** \$8.87 million as at 31 Mar 2025  
**APIR:** PER0146AU  
**Management Fee:** 1.18%\*  
**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
Deterra Royalties Ltd	5.8%
Reliance Worldwide Corp. Ltd.	5.2%
EVT Limited	5.1%
GWA Group Limited	4.6%
Brickworks Ltd	4.6%
CSL Limited	3.9%
Commonwealth Bank of Australia	3.9%
GPT Group	3.7%
National Australia Bank Limited	3.4%
Premier Investments Limited	3.0%

## NET PERFORMANCE - periods ending 31 May 2025

	Fund	Benchmark #	Excess
1 month	2.51	4.20	-1.68
3 months	2.24	4.34	-2.10
1 year	13.65	13.17	+0.48
2 year p.a.	13.41	13.00	+0.41
3 year p.a.	11.08	9.34	+1.74
4 year p.a.	9.65	8.16	+1.48
5 year p.a.	14.88	11.99	+2.89
7 year p.a.	9.60	8.99	+0.61
10 year p.a.	8.47	8.10	+0.37
Since incep. p.a.	11.53	8.93	+2.60

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

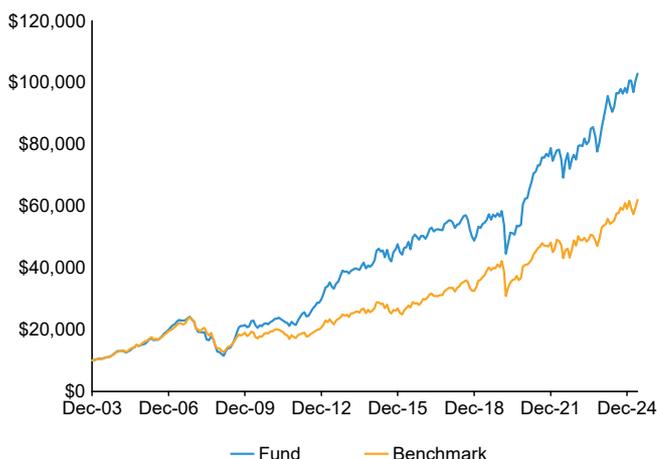
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	18.3	18.8
Dividend Yield*	3.2%	3.5%
Price / Book	1.9	2.3
Debt / Equity	30.1%	38.9%
Return on Equity*	10.1%	12.6%

<sup>^</sup> 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

The S&P/ASX 300 Accumulation Index rose 4.2% in May, marking a strong rebound after April's tariff-driven sell-off. Global markets found relief as President Trump paused his sweeping tariff agenda, fuelling hopes the so-called "Trump put" - the tendency to reverse course after market weakness - remains intact. The rally was further supported by stronger-than-expected US earnings, with over 70% of S&P 500 companies beating estimates, helping risk sentiment recover. Locally, Information Technology (+18.8%) surged on AI optimism, while Energy (+8.7%) rebounded alongside firmer oil prices. Defensive sectors lagged as risk appetite returned, with Health Care (+1.4%), Consumer Staples (+1.2%) and Utilities (+0.3%) underperforming. Despite the rally, Australian forward earnings expectations softened further, and gains were driven by valuation expansion, with the market's P/E multiple returning to recent highs at 18.6x. While valuations have risen and local earnings forecasts remain more measured than global peers, the environment continues to present selective opportunities - particularly for investors focused on quality, resilient business models and disciplined capital allocation.

## PORTFOLIO COMMENTARY

A feature of this portfolio is that it applies Perpetual's ESG process and values-based investment criteria. The portfolio's largest overweight positions include Deterra Royalties Ltd, EVT Limited and Reliance Worldwide Corporation. Conversely, the portfolio's largest underweight positions include BHP Group Ltd, Commonwealth Bank of Australia and Wesfarmers Limited (not held).

(+15.0%) as the stock continued to appreciate despite the lack of announced news. We took a position in EVT when the share price reflected only the value of its property portfolio and attributed little to its operating businesses. A recovery in cinema earnings is underway, supported by an improving box office pipeline and growing spend per visitor. Operating leverage in cinemas remains underappreciated, particularly given the fixed-cost nature of the model. Meanwhile, the company's hotel and property assets offer embedded value, with planned divestments and strategic reviews acting as near-term catalysts. As earnings momentum builds and asset-level transparency improves, we remain convicted in EVT and believe the market will narrow the valuation gap implied by its current trading levels.

Ramsay Healthcare contributed to performance over the month (+15.2%) as the stock reported third quarter earnings and Healthscope entered receivership, creating potential upside for Ramsay Healthcare through reduced sector capacity and targeted acquisition opportunities. Ramsay is contending with a slow recovery in domestic hospital volumes and sustained cost pressure from wage inflation. Despite growth in insured lives, overnight admissions remain below pre-COVID levels, reflecting structural shifts in utilisation, including growth in day procedures and a rise in exclusionary policies. This dynamic has constrained Ramsay's revenue recovery and limits near-term margin expansion. In parallel, elevated wage pressures from recent Enterprise Bargaining Agreement renewals and pending Fair Work Commission outcomes present additional headwinds. While indexation by insurers may offset some of these costs, sustainability remains uncertain. Offshore, Ramsay Sante continues to underperform, with divestment under review.

BlueScope detracted from portfolio performance in May as the stock fell -4.7% on the back of Trump finally giving the greenlight to the US Steel and Nippon "partnership". Nippon promised extensive investment in the US to get the deal approved, promising to build a new steel mill, preserve existing steelworker jobs and potentially add more unionised roles. The approval was granted despite the steel lobby indicating a US Steel, revitalised with Nippon capital, could force industry distress and lead to investment and job cuts from incumbents. This ultimately threatens the long term thesis based on industry rationality including capacity and pricing. Despite the noise, we are observing positive trends with hot-rolled coil steel prices increasing. BlueScope remains one of the highest quality steel producers globally, with a capable management team, a significant asset in Port Kembla, and the Colorbond brand, which not only boosts margins but also represents a substantial overseas opportunity.

Premier Investments detracted from portfolio performance in May giving back -2.1% while the market rallied, despite the lack of stock specific news. Premier last updated the market in March where group performance remained within guidance, top-line growth was modest, weighed by international softness in the Smiggle brand. That said, momentum is improving into the second half, particularly in ANZ during the key back-to-school season. Peter Alexander continues to deliver strong performance, underpinned by store expansions and early success in the UK. We continue to like Premier for its world class retail management team, high quality brand-led strategy with global growth optionality and a strong balance sheet. The business is now more streamlined post divestment of non-core assets and remains well positioned to unlock value across its two key brands.

## OUTLOOK

Markets are at a critical crossroads. Despite rising concern over the U.S. debt and deficit—highlighted by talk of another "big, beautiful bill" that would further increase liabilities—equity markets remain surprisingly resilient. Bond vigilantes are showing signs of returning, and fears about future inflation persist. Yet markets have quickly rebounded into growth and tech trades, reversing the sharp sell-off seen from February through early April. To be fair, some of this optimism is supported by strong fundamentals, such as Nvidia's continued robust revenue growth. However, a deeper shift appears to be underway. The global economy is entering a period of rebalancing, and markets normally follow. US equity markets are still trading near peak valuations, with peak profit margins and a peaking U.S. dollar—conditions that are rarely sustainable. Historically, such peaks in 1985 and 2000 have marked turning points where global capital begins to flow toward regions offering more attractive valuations, often in emerging markets. At the same time, the policy backdrop is shifting. The Trump administration is focused on opening up global market access and challenging the use of currency policy and regulation as tools of trade suppression. In parallel, both the U.S. and U.K. are moving toward banking deregulation to stimulate credit growth. Meanwhile, Germany is reflating its economy through structural reforms and a €500 billion defence and infrastructure fund. India is overtaking Japan to become one of the top three economies. Together, these forces point to an inflection point—for the global economy and for market leadership. Investors should be alert to the possibility that the next phase may look very different from the last, both for Australia and other world markets.

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# 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. The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document 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 information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting [www.perpetual.com.au](http://www.perpetual.com.au). Neither PIML, ETSL nor any of their related parties guarantee 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.

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## MORE INFORMATION

Investor Services 1800 022 033  
Email [PerpetualUTqueries@cm.mpms.mufg.com](mailto:PerpetualUTqueries@cm.mpms.mufg.com)  
[www.perpetual.com.au](http://www.perpetual.com.au)

