

# WEALTHFOCUS PERPETUAL SMALLER COMPANIES

May 2025

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and income through investment in quality Australian industrial and resource shares which, when first acquired, do not rank in the S&P/ASX 50 Index.

## FUND BENEFITS

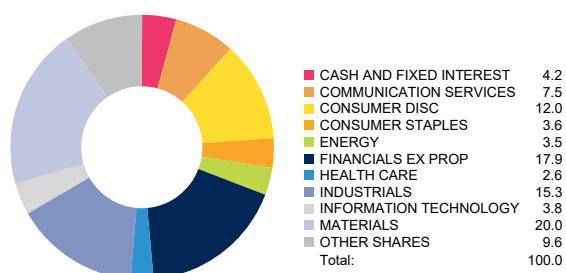
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

## 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:** S&P/ASX Small Ordinaries Accum. Index  
**Inception Date:** May 1995  
**Size of Portfolio:** \$188.60 million as at 31 Mar 2025  
**APIR:** PER0039AU  
**Management Fee:** 1.28%\*  
**Investment style:** Active, fundamental, bottom-up, value  
**Suggested minimum investment period:** Five years or longer

## PORTFOLIO SECTORS



## TOP 5 STOCK HOLDINGS

	% of Portfolio
Genesis Minerals Limited	3.7%
Capricorn Metals Ltd	3.3%
EVT Limited	2.8%
Ventia Services Group Limited	2.7%
Vault Minerals Limited	2.7%

## NET PERFORMANCE - periods ending 31 May 2025

	Fund	Benchmark #	Excess
1 month	5.83	5.76	+0.06
3 months	4.22	3.83	+0.40
1 year	8.55	9.76	-1.21
2 year p.a.	7.88	10.34	-2.46
3 year p.a.	4.72	4.68	+0.04
4 year p.a.	6.13	2.29	+3.84
5 year p.a.	11.51	6.77	+4.74
7 year p.a.	8.40	4.65	+3.74
10 year p.a.	8.40	6.68	+1.73

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

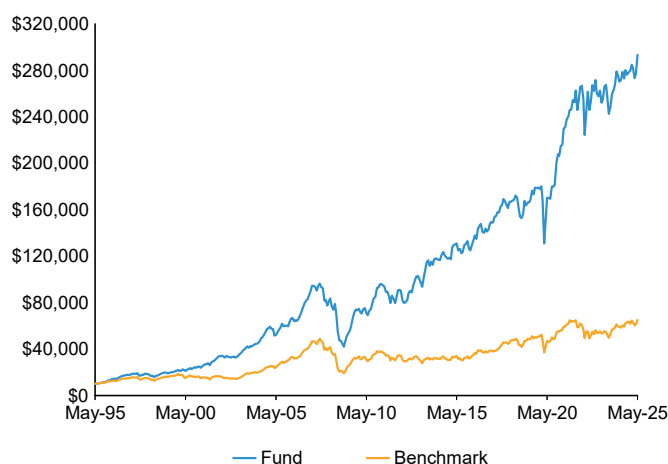
## PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	14.3	17.1
Dividend Yield*	4.5%	3.9%
Price / Book	1.7	1.7
Debt / Equity	28.0%	32.5%
Return on Equity*	11.9%	11.2%

^ 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



## MARKET COMMENTARY

The S&P/ASX Small Ordinaries Index rose 5.8% 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 (+9.2%) surged on AI optimism, while Energy (+11.7%) rebounded alongside firmer oil prices. Defensive sectors lagged as risk appetite returned, with Health Care (+1.1%) and Consumer Staples 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

The portfolio's largest overweight positions include Servcorp Limited, EQT Holdings Ltd and FleetPartners Group Limited. Conversely, the portfolio's largest underweight positions include Perseus Mining Limited, Netwealth Group Ltd and Regis Resources Limited, all of which are not held in the portfolio.

Webjet Group contributed strongly to portfolio performance over the month of May as the stock rallied 39% on the back of potential takeover news. Both BGH and Helloworld notified the ASX that they own more than 10% of WJL. The Webjet brand is one of the most recognised brands in the Australian corporate landscape and the company's balance sheet is extremely well capitalised with over \$100 million cash and no debt. The OTA division is currently in the midst of a cyclical downturn which is further exacerbated by cost of living pressures however we see material upside to earnings should the cycle turn with some green chutes from international volumes already starting to increase.

The portfolio's overweight to EVT Limited contributed to relative performance over May (+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.

EQT Holdings detracted from portfolio performance over the month of May (-2.4%) despite the lack of stock specific news. Equity Trustees is a specialist trustee business that services private clients, corporates, and superannuation funds. The business has some excellent attributes including sticky, long-term client relationships, a stable, enduring brand cultivated over 135 years, and pre-tax profit margins exceeding 30%. The growth of the trustee services industry is underpinned by an ageing population, intergenerational wealth transfer, and the growth of the investment management and superannuation sectors. The industry structure has become increasingly consolidated, especially following EQT's acquisition of AET in late 2022. Barriers to entry also continue to increase as a result of regulation. We believe that EQT is well placed to continue to take market share given its commitment to focussing on trusteeship, as well as a solid leadership team with significant skin in the game.

Infomedia Ltd detracted from relative performance in May (-2.4%) following on from a year of underwhelming performance. Infomedia is a global automotive software provider with a suite of products across parts cataloguing (Microcat), aftersales quoting and inspections (Superservice), data analytics (Infodrive), and e-commerce (SimplePart). It shares key characteristics of high-quality software businesses, including strong recurring revenue, attractive margins, and robust cash flow generation. The company's offshore opportunity remains significant, given under-penetration in key markets and historical execution challenges. These have included limited integration with dealer software and a lack of OEM engagement, particularly in Europe. The 2022 appointment of Jens Monsees as CEO has been a key catalyst. With a strong automotive background, he has taken steps to address these issues, and early progress is evident in improved financial performance. Revenue has grown steadily while margins have expanded, and we believe IFM is now better positioned to scale internationally and re-rate from current levels.

## 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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# Benchmark prior to 1/4/2000 was the ASX Small Ordinaries Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX Small Ordinaries Accumulation Index.

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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)

