

WEALTHFOCUS PERPETUAL SMALLER COMPANIES

April 2024

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

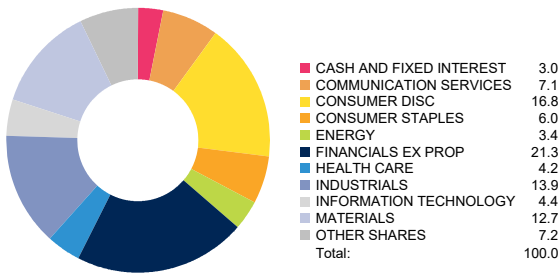
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

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: August 1995
Size of Portfolio: \$32.68 million as at 31 Mar 2024
APIR: PER0008AU
Management Fee: 1.03%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

Stock Holding	% of Portfolio
Pacific Current Group Ltd	6.6%
Graincorp Limited	3.2%
EQT Holdings Limited	3.0%
Light & Wonder, Inc.	2.8%
Capricorn Metals Ltd	2.6%

NET PERFORMANCE - periods ending 30 April 2024

	Fund	Benchmark #	Excess
1 month	-1.36	-3.06	+1.70
3 months	4.59	3.33	+1.26
FYTD	9.25	10.94	-1.69
1 year	6.02	7.36	-1.34
2 year p.a.	2.85	-1.39	+4.24
3 year p.a.	7.38	0.02	+7.35
4 year p.a.	17.11	8.75	+8.36
5 year p.a.	11.74	3.93	+7.81
7 year p.a.	10.27	6.36	+3.91
10 year p.a.	10.02	6.49	+3.53

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

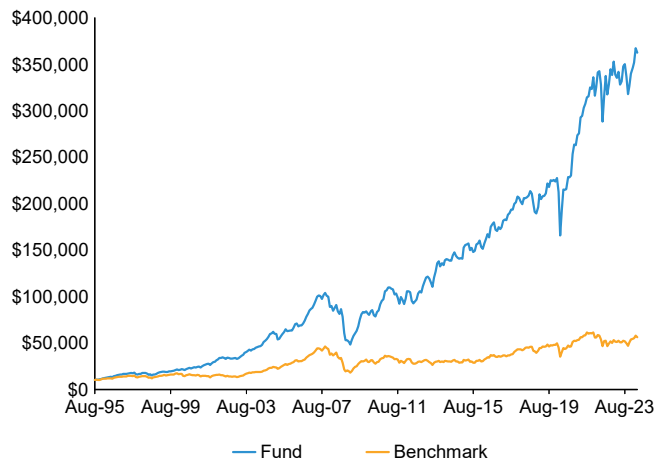
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	14.5	18.4
Dividend Yield*	4.4%	3.9%
Price / Book	1.6	1.3
Debt / Equity	30.2%	32.4%
Return on Equity*	11.6%	10.4%

[^] 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 Pacific Current Group Ltd, EQT Holdings Ltd and Universal Store Holdings Ltd. Conversely, the portfolio's largest underweight positions include Sandfire Resources Ltd, CSR Limited and Telix Pharmaceuticals Ltd, all of which are not held in the portfolio.

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. Whitehaven recently received initial approvals for its Winchester South project that is adjacent to Daunia, which has delayed the sell down of that asset as it will take a couple of years to work through an integration proposal for those assets.

The overweight position in omni channel apparel retailer Universal Store Holdings contributed to performance as the stock rose 7.85% as the Small Ordinaries fell -3.06%. This was following the strong half year update provided in March with sales more resilient than feared and cost controls well managed resulting in stronger than anticipated profitability. There was also a noticeable improvement in gross margin reflecting the higher contribution of the private label products. This was a particularly pleasing result in the context of highly promotional competitor environment where Universal Store stuck to the strategy of keeping inventory holdings nimble and the product offering relevant to drive sales, rather than simply matching competitors through discounting. Universal Store Holdings remains well-managed, high-quality fashion retailer with an attractive market position. The opportunity to expand the private label offering through the Perfect Stranger and Cheap THRILLS Cycles (CTC) businesses, along with a continued store rollout further enhance the medium term earnings growth potential of Universal Stores. While near-term challenges exist, the company's disciplined strategy and growth prospects make it a compelling long-term portfolio holding.

After a period of strong performance, the overweight position in Light & Wonder (-11.22%) detracted from the portfolios performance. Despite the soft month, in March Light & Wonder delivered a result ahead of analyst expectations, 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. Despite the recent re-rate, we maintain that the company trades at an attractive valuation relative to its attainable growth prospects.

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.

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.

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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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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