

# WEALTHFOCUS PERPETUAL INDUSTRIAL SHARE FUND

April 2024

## FUND FACTS

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

## FUND BENEFITS

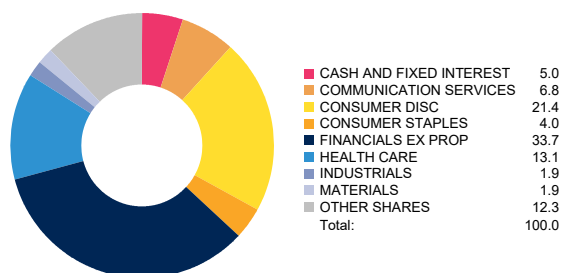
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares. Investors have been benefitting from this strategy since 1966.

## 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:** December 1976  
**Size of Portfolio:** \$544.40 million as at 31 Mar 2024  
**APIR:** PER0011AU  
**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	10.4%
Suncorp Group Limited	6.6%
Flutter Entertainment Plc	6.2%
Goodman Group	6.2%
CSL Limited	6.0%
Wesfarmers Limited	5.8%
National Australia Bank Limited	5.5%
ANZ Group Holdings Limited	4.7%
Westpac Banking Corporation	3.9%
Premier Investments Limited	3.7%

## NET PERFORMANCE - periods ending 30 April 2024

	Fund	Benchmark #	Excess
1 month	-4.22	-3.99	-0.23
3 months	2.77	2.23	+0.55
FYTD	13.20	12.88	+0.32
1 year	11.50	11.47	+0.03
2 year p.a.	8.32	5.50	+2.81
3 year p.a.	7.38	6.31	+1.07
4 year p.a.	13.34	11.61	+1.73
5 year p.a.	7.46	7.13	+0.33
7 year p.a.	5.65	6.58	-0.93
10 year p.a.	5.86	7.52	-1.67

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

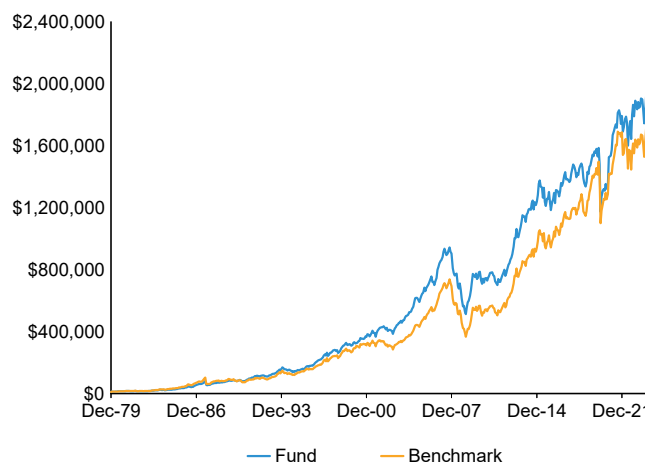
## PORTFOLIO FUNDAMENTALS\*

	Portfolio	Benchmark
Price / Earnings*	20.0	19.0
Dividend Yield*	3.1%	3.8%
Price / Book	2.2	2.2
Debt / Equity	28.5%	52.0%
Return on Equity*	10.6%	11.8%

\* 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

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 Flutter Entertainment PLC, Suncorp Group Limited and Premier Investments Limited. The portfolio's largest underweight positions include Woolworths Group Ltd (not held), Transurban Group Ltd (not held) and Macquarie Group Ltd.

The overweight position in financial services provider Suncorp Group (+1.47%) contributed to relative performance. The stock's recent performance has been impressive and the Australian Competition Tribunal's decision to grant authorisation of the proposed sale of Suncorp bank at the end of February buoyed the stock price in a negative month for the market.

Origin Energy (ORG) 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.

After a period of very strong performance, our overweight in Premier (PMV) 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 a recession, a soft landing or an 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 All Industrials Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Industrials Accumulation Index.

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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](http://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.

## MORE INFORMATION

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