

Perpetual Pure Series Funds

PERPETUAL PURE VALUE  
SHARE FUND - CLASS P

March 2025

FUND FACTS

**Investment objective:** Aims to provide investors with long-term capital growth and income through investment in quality shares. Whilst the Fund has no formal benchmark, for reporting purposes the Fund is measured against the S&P/ASX 300 Accumulation Index.

FUND BENEFITS

Provides investors with higher potential returns, through the active management of a concentrated portfolio of quality, high conviction stocks. Shares are selected on quality and value, without reference to indices or benchmarks.

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.

**Inception Date:** April 2024

**APIR:** PER7814AU

**Management Fee:** 0.75%\*

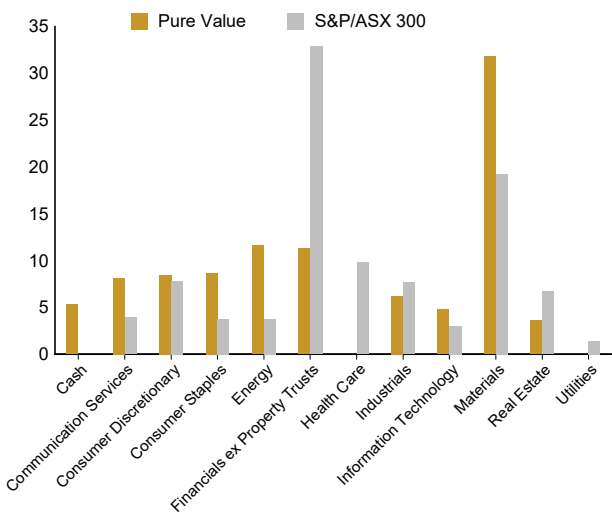
**Performance Fee:** 15% of outperformance\*

**Performance Hurdle:** S&P/ASX 300 Accumulation Index

**Investment Style:** Active, fundamental, bottom-up, value

**Suggested minimum investment period:** Seven years or longer

PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Flutter Entertainment Plc	8.5%
EVT Limited	8.1%
Bluescope Steel Limited	6.8%
GWA Group Limited	6.2%
Whitehaven Coal Limited	6.2%

\*Information on Management Costs (including estimated indirect costs) and a full description of the Fund's performance fee is set out in the Fund's PDS.

SIZE BREAKDOWN

	% of Portfolio
% of S&P/ASX 20	4.3%
% of S&P/ASX 50 less 20	18.6%
% of S&P/ASX Mid 50	22.1%
% of S&P/ASX Small Ords	41.1%
% of Ex-Index	8.5%
% Cash	5.3%

NET PERFORMANCE- periods ending 31 March 2025

	Fund	S&P/ASX 300 Accumulation Index
1 month	-6.03	-3.34
3 months	-3.21	-2.85
1 year	-	-
2 year p.a.	-	-
3 year p.a.	-	-
4 year p.a.	-	-
5 year p.a.	-	-
7 year p.a.	-	-
10 year p.a.	-	-

Past performance is not indicative of future performance. The Perpetual Pure Value Fund is constructed without reference to any benchmark and doesn't form part of the fund's investment objective. The S&P/ASX 300 Accumulation Index is used for comparison purposes only.

PORTFOLIO FUNDAMENTALS^

	Portfolio
Price / Earnings*	14.9
Dividend Yield*	3.8%
Price / Book	1.4
Debt / Equity	25.8%
Return on Equity*	9.8%

^Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating Perpetual'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

## MARKET COMMENTARY

Australian equities ended the March quarter lower -2.85% despite a strong rally in January driven by Financials and improved economic data. Optimism faded in February as earnings season brought volatility, with cautious outlooks triggering sharp declines in several large-cap names. Defensive sectors like Utilities held up, while growth sectors such as Technology and Healthcare lagged. March saw further weakness as concerns over US tariffs, political uncertainty, and a widening federal deficit weighed on sentiment. While the RBA's February rate cut lifted consumer and business confidence modestly, these gains were overshadowed by broader macroeconomic risks. Overall, the quarter reflected a sharp shift in sentiment—from early enthusiasm to growing caution—highlighting increased investor sensitivity to both domestic and global developments. Information Technology was the worst performing sector down -18.2% over the period while Industrials was the best performing up 2.5%.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment PLC, EVT Limited and BlueScope Steel Limited. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, BHP Group Ltd and CSL Limited, all of which are not held in the portfolio.

A2 Milk strongly contributed to portfolio performance over the quarter (+38.5%) after reporting a healthy result in February. The management team has proven its ability to execute strategically through supply constraints and other external and market headwinds. The company reported a stronger than expected first half 25 result and Financial Year 2025 guidance was upgraded and implies that A2 Milk sales and margins will accelerate and expand further in the second half of the year. We remain optimistic about A2 Milk, given its strong balance sheet, ongoing expansion into tier 2 and 3 cities in China, as well as its entry into the U.S., all of which present substantial growth opportunities.

Despite significant volatility in Steel over the quarter, BlueScope Steel contributed to performance up 15.3% as the company outlined its medium-term plan which outlined Free Cash Flow stepping up materially from FY27. We were encouraged by management delaying midstream investment options which we believe could allow the firm to take advantage of opportunistic situations. In the US, Steel pricing has reached a level where there is an asymmetric upside potential, and we are observing positive competitive 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.

Orora detracted from portfolio performance in the March quarter, falling -21.8% despite ongoing share buybacks. The company delivered a disappointing first-half result, highlighting a weak near-term demand outlook through a closure of a significant plant and was caught up in added uncertainty from US tariffs. We initially built an overweight position when analyst forecasts began to better reflect the risks of the Saverglass acquisition. At that point, we believed investors were paying fair value for the core Australasian and North American businesses, with Saverglass effectively acquired at a discount. Assuming the sale of the North American business proceeds as expected, we see investors left with a high-quality global packaging platform and a relatively under-gearred balance sheet, positioning the Board to consider capital management opportunities.

The overweight position in Iluka Resources detracted from performance over the March quarter (-22.4%) off the back of an unloved update to the market in January. The company updated the market with ongoing soft zircon sales and a commitment to inject capital into the rare earth refinery where the market was expecting a less capital intensive outcome. Iluka is a major producer of rutile and synthetic rutile that is used to produce pigment (paint) and largest producer of zircon that is used to produce ceramics (tiles) and a recovery in these markets can be met by releasing excess inventory and reducing working capital before production is restarted. Iluka has a very strong balance sheet (net cash) and also owns a valuable stake in Deterra Royalties, which was spun-off in an IPO so is able to buffer these periods of demand distortion that is a feature of these markets.

## OUTLOOK

Initial market optimism was buoyed by the new administration's promises of tax and spending cuts, deregulation, and increased energy production—policies broadly viewed as supportive of growth. Early fears surrounding tariffs were largely dismissed as strategic posturing aimed at renegotiating global trade terms, particularly in response to perceived unfair practices. However, sentiment has shifted as it becomes increasingly clear that President Trump's commitment to protectionist measures may be more deeply rooted than previously believed. The risk now lies not only in the imposition of tariffs themselves, but in the potential for their execution to be disorderly and more economically disruptive than anticipated. Until markets gain greater clarity on the long-term direction of policy, volatility is likely to remain elevated.

# 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.

## MORE INFORMATION

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