

# WEALTHFOCUS PERPETUAL GEARED AUSTRALIAN

March 2025

## FUND FACTS

**Investment objective:** Aims to enhance long-term capital growth through borrowing (gearing) to invest predominantly in quality Australian industrial and resource shares.

## FUND BENEFITS

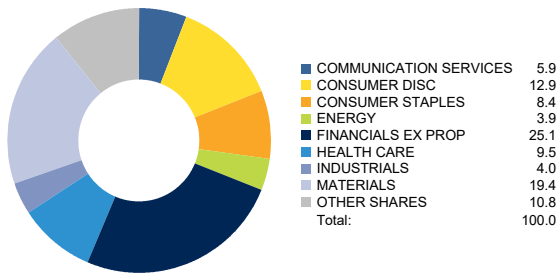
Provides investors with broad market exposure with the potential for higher returns through the use of gearing (borrowing within the fund) and actively managed by one of Australia's most experienced investment management teams.

## 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 300 Accum. Index  
**Inception Date:** November 2003  
**Size of Portfolio:** \$59.23 million as at 31 Dec 2024  
**APIR:** PER0223AU  
**Management Fee:** 0.98%\*  
**Investment style:** Active, fundamental, bottom-up, value  
**Suggested minimum investment period:** Seven years or longer

## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

	% of Portfolio
BHP Group Ltd	9.0%
Commonwealth Bank of Australia	8.7%
Flutter Entertainment Plc	5.5%
CSL Limited	4.3%
ANZ Group Holdings Limited	4.1%
a2 Milk Company Limited	4.0%
Wesfarmers Limited	3.8%
Westpac Banking Corporation	3.6%
Washington H. Soul Patt.	3.4%
Bluescope Steel Limited	3.2%

## NET PERFORMANCE - periods ending 31 March 2025

	Fund	Benchmark #	Excess
1 month	-9.57	-3.34	-6.23
3 months	-8.47	-2.85	-5.62
1 year	-9.98	2.64	-12.62
2 year p.a.	-0.14	8.36	-8.51
3 year p.a.	1.58	5.30	-3.72
4 year p.a.	8.06	7.70	+0.36
5 year p.a.	24.86	13.23	+11.63
7 year p.a.	8.38	8.56	-0.18
10 year p.a.	5.93	7.15	-1.22

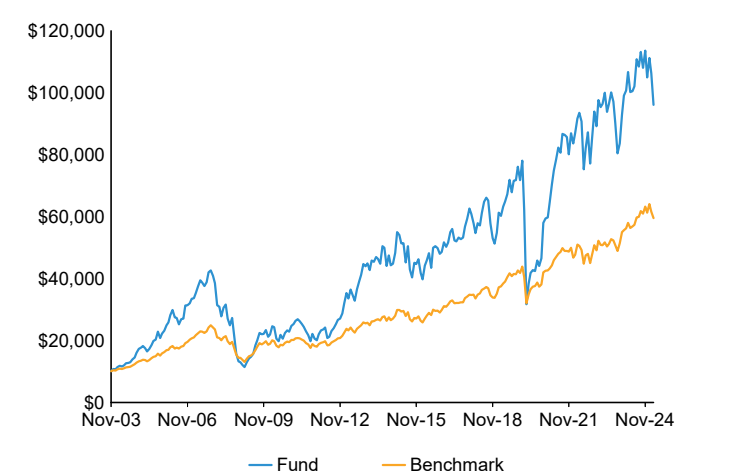
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

## PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	17.4	17.2
Dividend Yield*	3.4%	3.8%
Price / Book	1.9	2.1
Debt / Equity	29.0%	37.8%
Return on Equity*	10.7%	12.7%
Gearing Level	51.7%	

^ 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.

## GROWTH OF \$10,000 SINCE INCEPTION



\*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

## 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, BHP Group Ltd and a2 Milk Company Limited. Conversely, the portfolio's largest underweight positions include Telstra Group Limited (not held), Woodside Energy Group Ltd (not held) and Macquarie Group Ltd.

A2 Milk strongly contributed to portfolio performance over the quarter (+38.5%) after reporting a healthy result in February. The management team has proven it's 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 it's entry into the U.S., all of which present substantial growth opportunities.

Select Harvests Limited contributed to portfolio performance over the quarter (+16.9%) as almond prices continued to surge on strong sales and declining crop receipts. The California Almond bloom has not been ideal and there is speculation that the 2025 crop may also be under pressure. Additionally the EU added almond to a list of US imports that could face retaliatory tariffs (~25%). The stronger balance sheet has allowed for more disciplined pre-sales of almonds which gives Select Harvest more exposure to the rising almond price. Over the medium term, we would like to see Select Harvest focus on underlying operational execution to leverage strong pricing into earnings growth and cash flow generation.

Premier Investments detracted from portfolio performance over the past quarter (-20.0%). While 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.

The overweight to Myer detracted from portfolio performance over the quarter (-7.80%) as the company was weighed on by a trading update in January which highlighted operating cost pressure and issues at the new distribution centre. Despite the noise we believe cost synergies are highly likely from the announced combination which could come from debt refinancing, COGS sourcing, rent reductions, and CODB efficiencies, with additional optionality from internal margin initiatives. Revenue synergies, while harder to realise, could stem from integrating Apparel Brands online, expanding MyerOne, and store consolidation. Despite the noise, we view the combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E as favourable. The combination has created a leading omni-channel retail platform that brings enhanced scale and significant operating leverage benefits. Myer will also benefit from the expected addition of Retail Stalwart Solomon Lew's potential addition to the board.

## 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.

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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

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