

WEALTHFOCUS PERPETUAL SMALLER COMPANIES

January 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

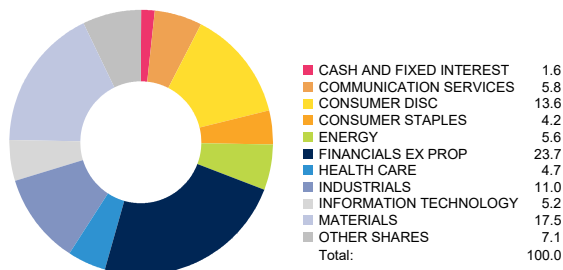
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

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: August 1995
Size of Portfolio: \$29.42 million as at 31 Dec 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	7.9%
Gold Road Resources Ltd	3.2%
Capricorn Metals Ltd	3.1%
Centuria Capital Group	2.6%
EQT Holdings Limited	2.6%

NET PERFORMANCE - periods ending 31 January 2025

	Fund	Benchmark #	Excess
1 month	2.35	4.59	-2.23
3 months	3.48	2.70	+0.78
1 year	9.18	12.32	-3.14
2 year p.a.	3.52	7.09	-3.57
3 year p.a.	6.18	3.10	+3.08
4 year p.a.	9.53	3.98	+5.55
5 year p.a.	10.71	4.25	+6.45
7 year p.a.	9.06	5.13	+3.94
10 year p.a.	10.40	7.66	+2.73

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

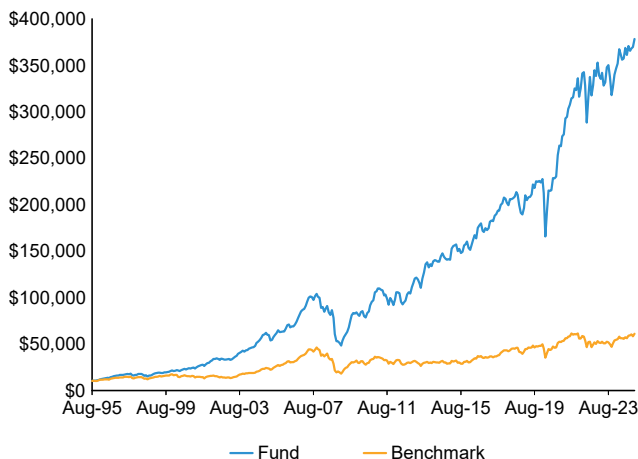
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	14.2	18.9
Dividend Yield*	4.3%	3.8%
Price / Book	1.5	1.7
Debt / Equity	18.7%	28.6%
Return on Equity*	11.6%	11.0%

[^] 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

Markets surged in January, with the S&P/ASX Small Ordinaries delivering a strong 4.59% return, driven largely by Materials, which contributed nearly half of the month's gains. Energy (+7.62%) and Healthcare (+6.96%) were among the strongest-performing sectors, while Information Technology (-0.53%) was the weakest and only sector to post a negative return. December NAB Business Conditions improved to +6 from +3 in November, while the labour market remained resilient, with employment rising by 56,300—well ahead of expectations. Headline inflation fell to its lowest level since early 2021, with the trimmed mean reaching a three-year low. This drove increased speculation of interest rate cuts, leading to a decline in the Australian dollar.

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 Life360 Inc, De Grey Mining Ltd and Perseus Mining Limited, all of which are not held in the portfolio.

Just like much of the past year, Gold Road Resources continued to contribute to relative performance (21.0%) as the price of gold continued its historical rally. Gold Road Resources also updated the market in January providing guidance for the next three years which surprised with higher than expected costs. Despite the higher than expected costs, Northern Stars favourable bid for De Grey which Gold Road owns a substantial stake and the potential for capital management to shareholders drove the stock to the all time high it's at today.

Liberty Financial Group contributed to performance over January (+19.9%) despite a lack of stock specific news. Liberty Financial Group remains an attractively priced financials exposure in a market where the major banks are at historical peak valuations which could be deemed unsustainable. Although near term loan growth is likely to be pressured by increased non-bank competition, the potential for improved funding margins present an opportunity and rate cuts would also be a net positive for the company.

The overweight to Myer detracted from portfolio performance (-35.1%) during January as the company released a mid-month trading update which highlighted operating cost pressure and issues at the new distribution centre. Despite the noise, the company completed its combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E. 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.

Webjet Group Limited detracted from portfolio performance over the month of January (-12.6%) despite the lack of stock specific news. Domestic travel conditions in Australia remain tough although increased international flights into the country providing downward price pressure and aiding volumes remain an attractive growth opportunity for the business. Webjet remains an attractively priced way to play a rebound in travel and has a strong balance sheet with the potential for significant capital management.

OUTLOOK

After an initial embrace of Trumponomics, market focus is shifting to the challenges of execution and the risk of inflation returning in 2025. The new administration must navigate deregulation, tax relief, and spending cuts while managing the budget deficit—an ambitious mix that bond markets will closely scrutinize. U.S. equities remain exuberant, with valuations echoing the Dotcom peak in 2000 and the post-COVID surge in 2021. While some Australian sectors appear stretched, overall valuations are more measured, especially in resources, which trade near multi-year lows. China remains the key uncertainty as its economy flirts with deflation. The question is whether authorities can deliver sustained stimulus, akin to QE3 in 2012, to restore confidence and support growth—an outcome with broad implications for global markets.

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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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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