

# PERPETUAL SHARE-PLUS LONG-SHORT

January 2025

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and income through investment in quality shares and taking short positions predominantly in selected Australian shares.

## FUND BENEFITS

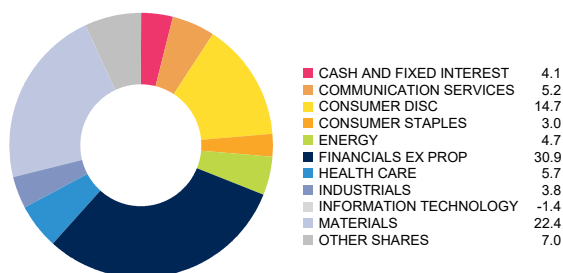
Offers broad market exposure with the potential for higher returns through the use of shorting (taking short positions) within a risk-controlled environment, and actively managed by one of Australia's most experienced investment management teams.

## 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.

|   |                                       |
|---|---------------------------------------|
| <b>Benchmark:</b>                           | S&P/ASX 300 Accum. Index              |
| <b>Inception Date:</b>                      | November 2003                         |
| <b>Size of Portfolio:</b>                   | \$26.73 million as at 31 Dec 2024     |
| <b>APIR:</b>                                | PER0224AU                             |
| <b>Management Fee:</b>                      | 0.98%*                                |
| <b>Investment style:</b>                    | Active, fundamental, bottom-up, value |
| <b>Suggested minimum investment period:</b> | Five years or longer                  |

## PORTFOLIO SECTORS



## TOP 5 STOCK HOLDINGS

|                                | % of Portfolio |
|--------------------------------|----------------|
| BHP Group Ltd                  | 10.0%          |
| Commonwealth Bank of Australia | 7.0%           |
| Flutter Entertainment Plc      | 6.0%           |
| Westpac Banking Corporation    | 5.5%           |
| Goodman Group                  | 5.1%           |

## MARKET EXPOSURE

|       | % of Portfolio |
|-------|----------------|
| Long  | 115.9%         |
| Short | -20.0%         |
| Net   | 95.9%          |

## NET PERFORMANCE - periods ending 31 January 2025

|              | Fund  | Benchmark # | Excess |
|--------------|-------|-------------|--------|
| 1 month      | 2.66  | 4.46        | -1.80  |
| 3 months     | 3.79  | 4.98        | -1.19  |
| 1 year       | 10.59 | 15.09       | -4.50  |
| 2 year p.a.  | 7.15  | 10.80       | -3.64  |
| 3 year p.a.  | 10.61 | 11.07       | -0.46  |
| 4 year p.a.  | 12.63 | 10.70       | +1.93  |
| 5 year p.a.  | 9.86  | 7.88        | +1.98  |
| 7 year p.a.  | 8.47  | 9.15        | -0.68  |
| 10 year p.a. | 8.19  | 8.65        | -0.46  |

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

## GEOGRAPHIC LOCATION

The underlying fund holds no single international asset representing more than 10% of the underlying fund's net asset value.

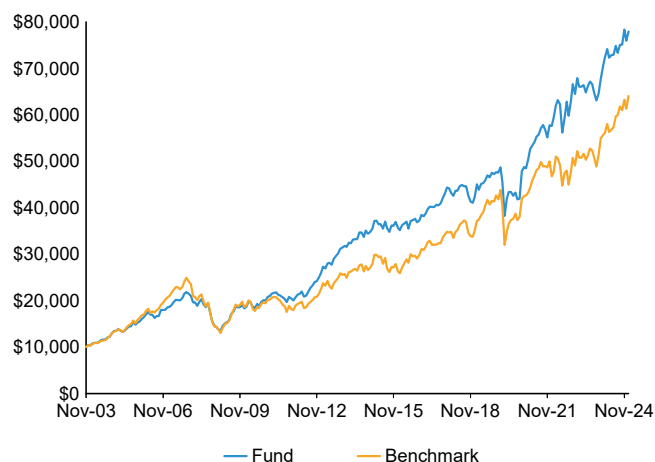
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

|                   | Portfolio | Benchmark |
|-------------------|-----------|-----------|
| Price / Earnings* | 18.3      | 18.5      |
| Dividend Yield*   | 3.2%      | 3.5%      |
| Price / Book      | 2.2       | 2.3       |
| Debt / Equity     | 28.2%     | 36.7%     |
| Return on Equity* | 12.7%     | 12.9%     |

<sup>^</sup> 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

Markets surged in January, with the S&P/ASX 300 Accumulation Index delivering a strong 4.46% return, driven largely by Financials, which contributed nearly half of the month's gains. The major banks rallied, with NAB surging 8.19% and ANZ adding 7.29%, while CBA and Westpac rose 4.77% and 4.36%, respectively. Macquarie Group also posted a notable 8.64% gain, and Wesfarmers added 7.09%. Consumer Discretionary (+6.07%) and Real Estate (+4.60%) were among the strongest-performing sectors, while Utilities (-2.40%) was the weakest, weighed down by a 4.13% decline in Origin Energy. Consumer Staples saw only modest gains, rising 0.77%. Despite continued tariff threats from the White House, major miners BHP and Rio Tinto remained flat. 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 Flutter Entertainment Plc, Suncorp Group Limited and Cobram Estate Olives. Conversely, the portfolio's largest underweight positions include Commonwealth Bank of Australia, CSL Limited and Aristocrat Leisure Limited (not held).

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.

BlueScope Steel Limited contributed to performance in January (+13.9%) as the industry experienced multiple positive news points including a joint Cleveland-Cliffs Inc and Nucor Corp bid for US Steel. The valuation disparity between BlueScope and its US peers became obvious and eventuated in a rally. While short-term steel spread dynamics remain challenging, we believe the share price movement aligns with the longer-term opportunity. 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.

The overweight position in Iluka Resources detracted to performance over January (-12.5%) following an unloved quarterly update. The company updated the market with ongoing soft zircon sales and a commitment to inject capital into the rare earth refinery. 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.

Premier Investments suffered a setback during January (-4.20%) after issuing a surprisingly disappointing trading update halfway through the month which was below consensus. The combination of Myer and Premier's Apparel Brands business comprising Just Jeans, Jay Jays, Portmans, Jacqui E and Dotti presented a material growth opportunity for shareholders and the transaction was completed at the end of the month. This will be materially beneficial for both businesses as additional quality sales are incorporated under a cheaper rental format and with strong retail management expertise.

## 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.

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The performance fee is equal to 13.98% of daily outperformance over the hurdle rate of return. The current hurdle rate is the S&P/ASX 300 Accumulation Index + 2%pa. Performance fees are accrued daily however will only be paid in the event that the Fund's return over the performance fee calculation period is positive and the performance fee accrual is positive. For further information on the calculation of the performance fee please consult the Fund's PDS.

# 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.

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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](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 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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