

# WEALTHFOCUS PERPETUAL SMALLER COMPANIES

March 2026

## 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

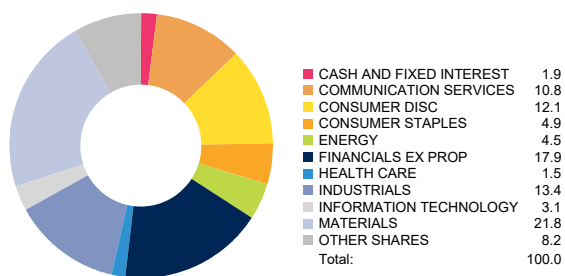
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

## 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:** May 1995  
**Size of Portfolio:** \$211.07 million as at 31 Dec 2025  
**APIR:** PER0039AU  
**Management Fee:** 1.28%\*  
**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
News Corporation	3.5%
Capricorn Metals Ltd	3.3%
Centuria Capital Group	2.9%
EVT Limited	2.8%
Servcorp Limited	2.8%

## NET PERFORMANCE - periods ending 31 March 2026

	Fund	Benchmark #	Excess
1 month	-10.56	-10.96	+0.41
3 months	-10.06	-10.87	+0.80
1 year	14.30	13.65	+0.65
2 year p.a.	5.81	5.93	-0.13
3 year p.a.	6.62	8.50	-1.88
4 year p.a.	4.13	2.62	+1.52
5 year p.a.	7.64	3.99	+3.65
7 year p.a.	9.68	5.57	+4.11
10 year p.a.	9.20	7.29	+1.92

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

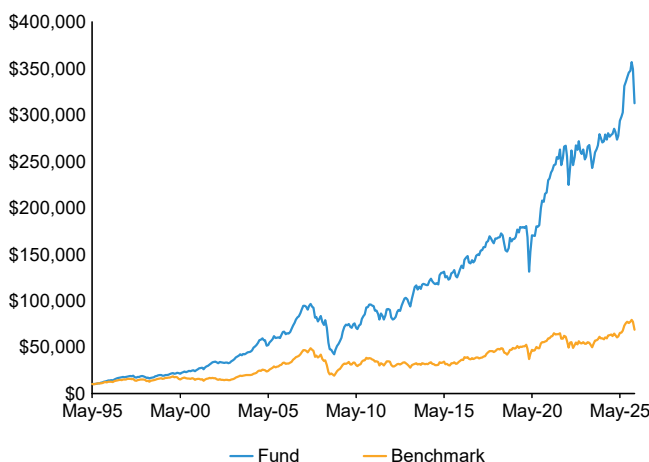
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	12.7	14.8
Dividend Yield*	4.4%	4.2%
Price / Book	1.6	1.6
Debt / Equity	24.1%	33.8%
Return on Equity*	13.3%	12.7%

<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



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

## MARKET COMMENTARY

The S&P/ASX Small Ordinaries declined 10.9% over the March quarter, significantly underperforming the broader market as the risk off environment that developed through the period weighed disproportionately on smaller companies. The market rallied modestly through January and February, with some commodity linked names benefiting from broad strength in Materials and Energy, before a sharp reversal in March erased those gains and more, recording one of the worst monthly drawdowns in recent years. Technology and Materials small caps were among the hardest hit, extending an already painful de-rating as AI disruption concerns, valuation pressures, and deteriorating sentiment compounded losses. The RBA tightened policy twice during the quarter, lifting the cash rate to 4.10%, as persistently elevated inflation and a resilient labour market left the board with little room to pause. This tightening backdrop proved particularly challenging for smaller, more rate sensitive businesses, and the divergence between large and small caps was a defining feature of the quarter, with large caps offering meaningful relative shelter as risk appetite deteriorated. By quarter end, sentiment had shifted materially, with volatility surging and investors rotating toward the perceived safety of larger, more liquid names.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Capricorn Metals Ltd, News Corporation and Servcorp Limited. Conversely, the portfolio's largest underweight positions include Ventia Services Group, Alcoa Corp and Liontown Ltd, all of which are not held in the portfolio.

Wagners continued to contribute positively to Fund performance over the period. Prior to the onset of the US-Iran conflict, the share price had risen by nearly 30%, and despite the broader equity market selloff in March, the stock finished the quarter up 16.2%. The core Construction Materials business in Southeast Queensland is benefitting from excellent underlying demand, driven by residential and infrastructure activity, and a rational pricing environment, well before any Brisbane Olympics infrastructure spending begins to flow through. The company is also executing well on the expansion of its concrete batching network, which should further support growth and margin outcomes. Perhaps most encouragingly, it is becoming increasingly apparent that the CFT poles business has hit an inflection point. Approximately 8,000 poles were sold in the first half of FY26, double the volume delivered across the entirety of FY25. Reflecting this momentum, Wagners upgraded full year FY26 EBIT guidance by 18% at the midpoint, having already provided an effective upgrade at its AGM in late 2025.

Clover Corporation (CLV) made a strong positive contribution to performance over the quarter, with the share price rising 26.6% in Q3 FY26 to a more than two year high. The rally was driven by a solid interim result in March, with the company delivering strong year on year 1H FY26 EPS growth and announcing an increased interim dividend of AU\$0.01 per share, up from AU\$0.0075 a year earlier. The dividend uplift signalled management's confidence in earnings momentum. Sentiment was further supported by guidance for FY26 revenue of \$92 to 96 million, which would represent a record outcome if achieved. We continue to hold CLV given its attractive strategic positioning. As a supplier of DHA into food and infant milk formula (IMF), the company provides leveraged exposure to IMF volumes, particularly at key customers such as A2 and Danone. Recent IMF recalls linked to a competitor's ARA product create an opportunity for CLV to gain meaningful market share in the near term. Longer term tailwinds for CLV include the opportunity to benefit from the growth in the nutritional foods industry, and the launch of a new choline product which has seen significant interest from IMF companies.

The Qualitas (QAL) share price declined 33.5% over the period, making it a significant detractor for the quarter. The sell off was driven by intensifying concerns around the broader private credit sector in the early part of the year. Several large credit providers, including Blue Owl, imposed redemption limits, which unsettled investors and attracted increased regulatory scrutiny. At the same time, market attention focused on potential stress in lower quality software related loans, as fears around AI disruption dominated investor discourse during January and February. QAL experienced further weakness in March following the escalation of the US-Iran conflict, which lifted inflation expectations and raised concerns around higher interest rates. This created a more challenging outlook for real estate exposed assets, with the broader real estate sector falling 11.3% over the month, further weighing on sentiment toward QAL. The Fund increased its position in QAL as the share price weakened and valuations became more attractive. We believe the stock has been unfairly caught up in negative sentiment toward private credit more broadly. QAL is differentiated by its aligned and experienced management team, rigorous credit underwriting, stable institutional capital base and dedicated focus on real estate lending. In a more challenging credit environment, the company is well positioned to gain market share, supported by the significant runway for private credit penetration in Australia relative to more mature markets such as the US and Europe.

Following an exceptionally strong calendar year in 2025, during which Aspen Group (APZ) rose more than 120% and made a significant contribution to the Fund's one year returns, the stock gave back some of those gains in Q3. In March APZ fell 27%, reflecting a sharp deterioration in risk appetite for housing related equities amid heightened inflation concerns, the prospect of further interest rate increases and weakening consumer sentiment. This move was consistent with the wider real estate sector, which fell 11.3% over the month. However, we maintain a positive outlook on the stock. Feedback from listed peers has been constructive, with no meaningful demand response following the RBA's initial rate rise and pricing remaining stable. APZ is a best in class operator with a strong track record of shareholder value creation through disciplined capital allocation and capital recycling. Importantly for APZ, affordable housing has historically proven more resilient during economic slowdowns and high interest rate environments, supported by essential demand and structurally low vacancy rates, in contrast to more cyclical segments such as luxury residential, office and hospitality. This resilience is evident in APZ's own operating performance: at its half year results, management highlighted that vacancy rates remain minimal, with the rental portfolio close to fully occupied on a long term basis, reinforcing the stability and defensiveness of its rental earnings.

## OUTLOOK

With tensions escalating rapidly in the Middle East, comparisons to past crises – particularly the 1970s oil shocks – are inevitable. Like then, equity markets entered this period on elevated valuations. While the selloff has been meaningful, it still reflects a base case that avoids worst case outcomes – and valuations remain stretched. The US market, at 19.3x forward P/E, sits at a 17.3% premium to its 20 year average (around the 78th percentile). Australia, at 17.2x, appears more modest, but for a resources and financials heavy market, this still represents a 15.8% premium – near the 84th percentile. We continue to favour real business with quality balance sheets and hard assets over financial leverage and growthier names.

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# 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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## MORE INFORMATION

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