

# WealthFocus Investment Advantage

# WEALTHFOCUS PERPETUAL DIVERSIFIED GROWTH

March 2026

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and income through investment in a diversified portfolio of growth and income assets; and outperform a composite benchmark (before fees and taxes) reflecting its allocation to the various asset types over rolling three-year periods.

## FUND BENEFITS

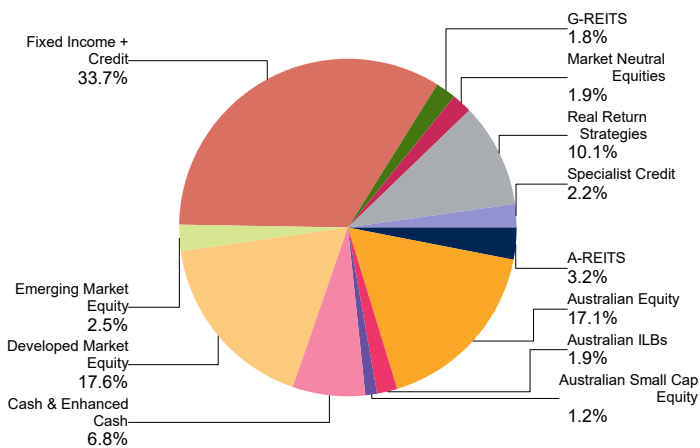
Provides investors with an equal mix of growth and income assets, for long-term capital growth, but with a significant exposure to defensive assets to reduce volatility. Strategic and tactical asset allocation techniques are employed in order to further enhance the fund's returns and manage risk.

## 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:** Moderate Growth Index (Internally generated composite)
- Inception Date:** November 2008
- APIR:** PER0489AU
- Management Fee:** 0.96% p.a.
- Investment style:** Active, fundamental, disciplined, value
- Suggested minimum investment period:** Three years or longer

## PORTFOLIO SECTORS



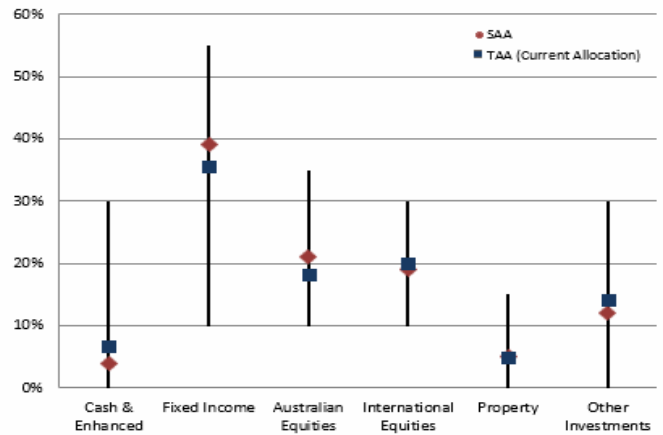
## NET PERFORMANCE- periods ending 31 March 2026

	Fund	Benchmark	Excess
1 month	-3.5	-3.7	0.2
3 months	-1.6	-2.0	0.4
1 year	4.8	6.5	-1.7
2 year p.a.	3.7	5.6	-1.9
3 year p.a.	4.8	7.3	-2.5
5 year p.a.	4.5	5.1	-0.5
10 year p.a.	5.0	6.2	-1.2

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

## ASSET ALLOCATIONS AND INVESTIBLE RANGES

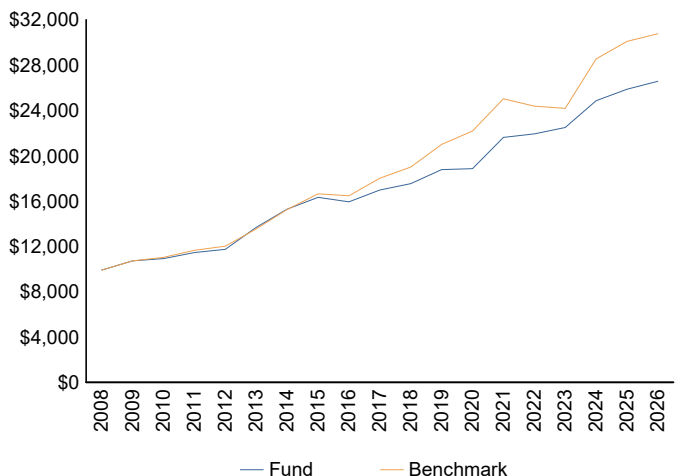
FUND TACTICAL AND STRATEGIC ALLOCATIONS INCLUDING ALLOWABLE MAXIMUM AND MINIMUM RANGES



## STRATEGIC AND TACTICAL ASSET ALLOCATIONS

The Strategic Asset Allocation (SAA) is the neutral allocation acting as an anchor for active positioning, while the Tactical Asset Allocation (TAA) process adjusts the asset allocation according to market opportunities and risks.

## GROWTH OF \$10,000 SINCE INCEPTION



## MARKET COMMENTARY

The dominant theme for markets was the Middle East conflict, which sent oil prices surging and shifted investor focus firmly toward inflation, growth and monetary policy risks with equities and bonds selling off in tandem. The early months of the quarter also saw a broadening of investment market returns as large cap US tech and software providers faced increased scrutiny. After US military strikes began, several crowded trades began to reverse including gold and emerging market equities sold off and the US dollar strengthened on safe-haven flows.

- Global shares (-3.2%) declined in the March quarter as markets reacted sharply to the commencement of strikes in Iran and the US market (-4.3%) underperformed given its rich starting valuation and high sensitivity to rising bond yields.
- The March quarter saw a broadening of investment market returns with the MSCI World Value (+1.8%) outperforming the growth index (-8.0%) as markets repriced expectations for software companies in the face of disruption from agentic AI.
- Japanese equities (+3.6%) remained positive, reflecting Yen weakness and anticipated pro-growth policies following the landslide victory of the LDP in the February election.
- UK equities (+3.4%) were also resilient as the FTSE100 composition is largely defensive and this tailwind was supported by a depreciating Sterling which increased the attractiveness of dividends, 55% of which are paid in USD.
- Emerging markets (+2.1%) advanced, supported by strong performance from technology hardware driven markets Taiwan and Korea alongside energy sensitive economies, while Chinese equities declined reflecting global growth concerns.
- Australian shares (-2.0%) declined while outperforming the broader developed market as investors fretted over elevated valuations and the impact of slowing growth being amplified by higher oil prices and recent rate hikes (with the risk of more). While Australia is a net energy exporter, the composition of these exports is skewed to coal and LNG. Reliance on offshore oil means that the supply shock remains a threat to economic activity.
- Short and long-duration global bond yields rose in March as investors priced a potential stagflationary environment where growth slows, inflation rises, monetary policy tightens to combat higher prices, and fiscal policy is used to address growth concerns.
- Commodity markets were dominated by the sharp increase and elevated volatility of energy prices in March. Precious metals continued their advance in January and February before declining in March as investors raised liquidity, and the rally in the USD reversed capital flows.

Geopolitical uncertainty was the key focus for markets throughout the March quarter, culminating in the commencement of US & Israeli strikes on Iran and the closure of the strait of Hormuz. Earlier in the quarter, the US's capture of Venezuelan President Maduro, increased US tensions with NATO allies over Greenland, and civil unrest in Iran shaped market sentiment. While the Middle East situation remains highly fluid, market sentiment and economic risks are currently centred on traffic of oil tankers and the impact of damage to energy infrastructure in the region. The key driver is not how high energy prices go, but rather where they stay, but prices sustained over \$120 per barrel for an extended period would be expected to trigger a material decline in consensus global growth and a rise in global inflation expectations. The inflation rise would be much stronger in headline price gauges than the core inflation basket which is what central bank's target and history indicates that the price increase here is about one-quarter of the rise recorded in the headline index. The US Federal Reserve is well placed to be able to wait and see given the continued disinflationary process currently underway in the services sector, whereas their Australian, European and UK counterparts have fewer degrees of freedom, and their most recent guidance was clearly hawkish.

The US Federal reserve kept interest rates steady at their January and March FOMC meetings and maintained their one rate cut outlook in 2026. However, the FOMC January meeting minutes

(released in February) signalled a more hawkish tilt, with several policymakers indicating that further rate increases may be warranted if inflation does not ease. This was prior to the spike in oil prices as a result of the conflict in Iran. The shift reflects internal forecasts showing unemployment falling below its long run sustainable level by year end while inflation remains above the Federal Reserve's 2% target. Elsewhere, the Bank of Japan also signalled that they are more concerned about inflation risks as opposed to growth risks arising from rising energy costs, and this suggests that rates will be tightened possibly in the June quarter.

The bear case for risk markets would be if oil prices were to remain elevated for the remainder of the year, thereby threatening the duration of the business cycle. However, the bar for an oil spike threatening the business cycle is high given the development of large services industries, the world's reduced energy intensity, the strong state of global corporate balance sheets and more diversified energy supply across regions and energy types. The two 1970s oil shocks saw oil prices at least doubled with high prices persisting for over a year, but the global economy is today less oil price sensitive than it was 50 years ago.

While events in the Middle East dominated headlines and market sentiment during March, there were also material developments on the US trade policy front during the quarter. The US Supreme Court ruled against the use of the International Economic Emergency Powers Act to justify the April 2025 "liberation day" tariffs. The decision has potential fiscal implications with reduced receipts and ~US\$175 billion in duties potentially subject to refunds contingent on litigation. While the administration has used Section 122 to reinstate a 10% across the board tariff for 150 days, the Supreme Court's ruling has complicated the Trump administration trade policy strategy, although several avenues remain open for the Administration to implement import taxes.

The March quarter also saw increased stress in US private credit markets reflecting rising concerns around loan quality and liquidity terms. A private credit manager was forced to change redemption terms on one of its retail funds prompting a wider run on private credit funds, and a selloff in listed managers. Meanwhile in the UK a specialist property finance lender MFS entered administration amid allegations of fraud with creditors and administrators citing double pledging of assets as collateral to secure financing. This highlights liquidity and transparency risks within the industry and raises questions about poorly vetted security in other parts of the ecosystem. Contagion risk exists between private credit markets and the regulated banking sector, as poor collateral means banks are potentially levered in their private credit exposure. The Fund currently has no exposure to illiquid assets including private credit. While illiquids can provide diversification when return drivers are truly distinct, private markets are currently characterised by heavy capital inflows, elevated valuations, high transaction and implementation costs, and low visibility and transparency.

Meanwhile, concerns around software as a service (SAAS) exposures in private credit were also reflected in equity markets where a dichotomy emerged between strong performing supply chain and hardware companies and weakening SAAS and platform names. Market weakness during January and February reflected a shift in leadership as expectations for long duration themes such as digital transformation and AI were reassessed after years of strong price gains, prompting capital to rotate toward companies, sectors and markets with more reasonable valuations and which are under-owned and have beatable EPS expectations. Notwithstanding a rebound for large cap tech stocks in March, we continue to have concerns around the quality and expected rates of return from the trillions of dollar currently being pledged for capital expenditure in the AI sector, considering the sector is characterised by broad competition. While AI technology itself is transformative, we see some parallels to the first tech boom and question how AI service companies will be able to meet the egregious profit expectations which are baked into forward

looking valuations. We look for opportunities outside this cohort.

Notwithstanding the nascent rotation in equity markets, valuations are expensive relative to history in most regions and elevated market concentration, and the preponderance of value-agnostic passive funds, have made regional equity markets increasingly vulnerable to geopolitical, economic and monetary policy shocks. The Fund is close to benchmark weight in equities with a marginal underweight in Australian stocks. All equity exposures remain focused on stock selection alpha opportunities and exposure to equity beta remains carefully managed.

Equity stock selection among global equities contributed strongly as value sectors and securities outperformed the broader market. The Fund's allocation to Barrow Hanley Value and a dividend weighted equity strategy via the Global Allocation Alpha Fund were material contributors to performance alongside emerging markets where underweight exposure to China was rewarded. This was partially offset by negative stock selection alpha from Australian equities.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of the global equity and credit markets and have zero exposure to private markets given their liquidity and valuation risks, where a left tail event could spark vulnerabilities and contagion. The Fund complements this with option protection where it has been attractively priced to implement. These include cost-effective S&P 500 put options, risking only premiums if markets rise, while protecting against downturns without predicting timing. The Fund also maintains a USD call option versus the Hong Kong Dollar which provides cheap protection against geopolitical risks. These explicit downside protection positions have performed well since the commencement of strikes in Iran and continue to provide the fund with protection and convexity.

The Fund remains slightly below benchmark weight in fixed income, with the exposure primarily focused on 10-year Australian government bonds alongside domestic credit and a small allocation to inflation linked bonds.

During a period where equities and bonds declined in tandem, the Diversified Real Return Fund performed well generating positive absolute return. The Fund maintains its position in the strategy which continues to deliver low volatility absolute returns while retaining a relatively low correlation to equity markets.

## OUTLOOK

Rising geopolitical, inflation and growth risks are set against a backdrop of still elevated equity market valuations. Meanwhile, government bonds are offering less reliable diversification and are signalling a less certain path for inflation. We continue to carefully manage the Fund's exposure to global equities and maintain diversity in regional and sector allocations.

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The Diversified Growth Fund gains its exposure to Australian Shares by investing in an underlying Australian Share Fund/s which primarily invests in Australian listed or soon to be listed shares but may have up to 20% exposure to stocks outside Australia. The investment guidelines showing the Fund's maximum investment in international shares do not include this potential additional exposure. Short positions may be part of the underlying Australian Share Fund's strategy. Currency hedges may be used from time to time.

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## MORE INFORMATION

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