

# WEALTHFOCUS PERPETUAL SMALLER COMPANIES

April 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

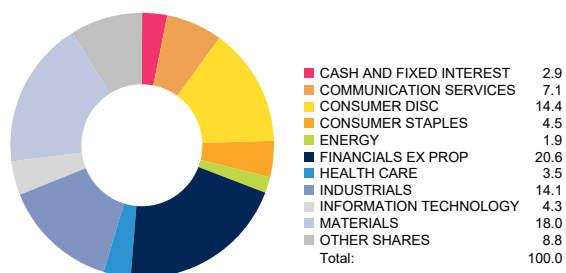
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

## 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:** May 1995  
**Size of Portfolio:** \$188.60 million as at 31 Mar 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

	% of Portfolio
Capricorn Metals Ltd	3.0%
EVT Limited	2.7%
EQT Holdings Limited	2.7%
Vault Minerals Limited	2.6%
FleetPartners Group Limited	2.5%

## NET PERFORMANCE - periods ending 30 April 2025

	Fund	Benchmark #	Excess
1 month	1.44	1.84	-0.40
3 months	-2.69	-4.58	+1.89
1 year	0.72	3.73	-3.01
2 year p.a.	2.74	5.53	-2.79
3 year p.a.	1.30	0.29	+1.01
4 year p.a.	4.81	0.94	+3.88
5 year p.a.	12.72	7.73	+4.99
7 year p.a.	7.53	4.36	+3.17
10 year p.a.	7.86	6.33	+1.53

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

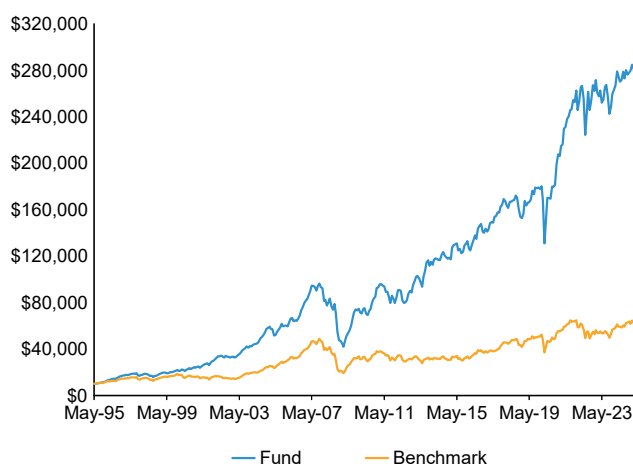
## PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	13.6	16.3
Dividend Yield*	4.7%	4.1%
Price / Book	1.6	1.6
Debt / Equity	28.0%	31.8%
Return on Equity*	12.0%	11.2%

^ 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

The S&P/ASX Small Ordinaries rose 1.84% in April, navigating a volatile month marked by geopolitical shocks and shifting investor sentiment. Volatility spiked early in the month following “Liberation Day” on 2 April, when the Trump Administration imposed harsher-than-expected tariffs, sparking the sharpest global equity sell-off since the COVID-19 crash. Markets struggled to price in the broad and indiscriminate nature of the tariffs, with a temporary tariff pause announced mid-month doing little to calm investor nerves. Despite the external chaos, domestic markets were buoyed by a flight to safety. Commonwealth Bank extended its strong performance (10.4%) as investors rotated into high-quality, defensive names. Gold prices continued to climb amid safe-haven demand, while oil prices slumped sharply, reflecting mounting concerns over global growth. Sector performance was mixed. Industrials (4.5%) and Communication Services (3.1%) led gains as investors sought structural growth and defensive earnings. In contrast, Energy (-1.9%) and Health Care (0.70%) lagged, hurt by falling commodity prices and weakening sentiment toward cyclicals.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include EQT Holdings Ltd, Servcorp Limited and FleetPartners Group Limited. Conversely, the portfolio's largest underweight positions include Perseus Mining Limited, Netwealth Group Ltd and Regis Resources Limited, all of which are not held in the portfolio.

Nick Scali (+12.7%) was a strong contributor to performance in April, despite the absence of material stock-specific news. The company continues to offer attractive exposure to a founder-led retailer with a strong track record of navigating soft consumer conditions. Its capital-disciplined entry into the UK market via the acquisition of Fabb Furniture presents a compelling long-term growth opportunity, particularly through the implementation of Nick Scali's best-in-class operational standards, which should support margin expansion. Encouragingly, UK household data shows signs of meaningful deleveraging, while recent government policy shifts have begun to stimulate housing demand both of which are likely to support Fabb's performance and reinforce our positive outlook on the business.

Eagers Automotive Limited rallied 23.15% in April, boosting portfolio returns. While the broader automotive sector remains under pressure, Eagers' partnerships with Toyota and BYD have sustained sales. Its relentless focus on digitisation has driven operational efficiency, positioning the group to capitalise on trough margins during this cyclical downturn. Selective acquisitions at distressed valuations and potential overseas expansion underpin its growth outlook. Taken together, these factors support a strong earnings trajectory and justify its premium valuation multiple.

Servcorp detracted from portfolio performance in April (-9.5%) after a period of extremely strong performance with the stock going from under \$3 in late 2023 to over \$5 while paying out strong dividends for shareholders. The company continues to perform well operationally despite volatile business conditions globally. Although management has backed away from the Middle East spin off, the strong cash generation profile of the business allows it to continue to engage in returning cash to shareholders through dividends. Its strong balance sheet with significant cash backing represents further appeal to investors.

Light & Wonder (-6.25%) detracted from portfolio performance in April, as litigation concerns weighed on sentiment despite otherwise solid operational performance. The company updated the market during the month, confirming that Aristocrat had filed a second amended complaint with the Nevada District Court. While Light & Wonder stated it would vigorously defend the claims, the update raised renewed concerns around potential legal and financial risk. These developments overshadowed continued growth in U.S. gaming operations and stable i-gaming results. The voluntary removal of 150 U.S. machines added to market unease, though the issue appears isolated and predates recent disputes. Despite governance and litigation headwinds, Light & Wonder continues to gain market share and is guided toward double-digit EBITDA growth.

## OUTLOOK

Equity markets have entered a structurally more volatile regime under the Trump presidency, as geopolitical tensions escalate and policy unpredictability becomes a defining feature of the investment landscape. Initial hopes that tariff rhetoric was merely strategic posturing have faded, replaced by the realisation that protectionist measures may be both broader in scope and more disruptive in execution than previously anticipated. This uncertainty has contributed to heightened risk aversion and a more reactive market environment. In the U.S., we are seeing the early stages of a meaningful rotation out of high-momentum growth stocks, where fundamentals had often been overlooked in favour of narrative-driven price appreciation. This shift marks a healthy rebalancing, with markets beginning to reward quality, valuation discipline, and tangible earnings delivery. While elevated volatility may feel uncomfortable, we believe it is fertile ground for active management. Dislocations are already emerging, and we are capitalising on these opportunities by leaning into high-conviction positions where long-term fundamentals are being mispriced. Our portfolio remains positioned to benefit from a more rational market regime one in which investors are once again distinguishing between price and value.

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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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