

# WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

April 2025

## FUND FACTS

**Investment objective:** Aims to provide long-term capital growth and outperform the MSCI World ex Australia Net Total Return Index (AUD) with lower risk (before fees and taxes) over rolling three-year periods.

## FUND BENEFITS

Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment 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:** MSCI World Ex Australia Net Total Return Index (AUD) - since 1st October 2022

**Inception Date:** November 2008

**Size of Portfolio:** \$18.85 million as at 31 Mar 2025

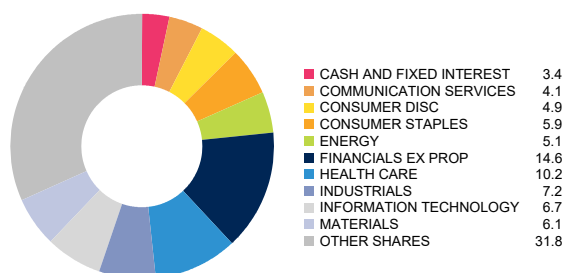
**APIR:** PER0496AU

**Management Fee:** 0.80%\*

**Investment style:** Active, fundamental, disciplined, value

**Suggested minimum investment period:** Five years or longer

## PORTFOLIO SECTORS



## TOP 10 STOCK HOLDINGS

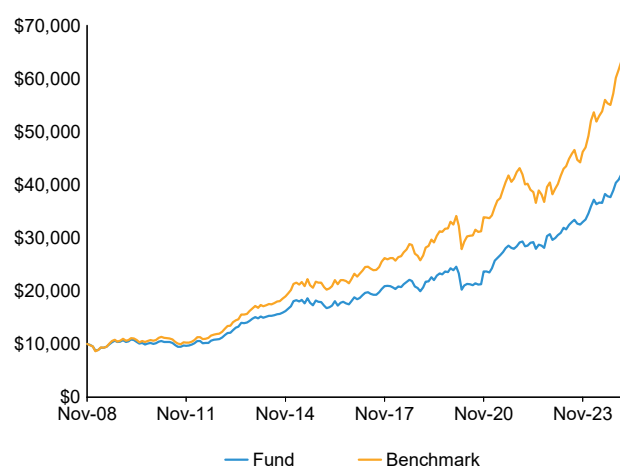
	% of Portfolio
Sanofi SA	1.3%
Merck & Co., Inc.	1.1%
Bank of Nova Scotia	1.0%
National Grid PLC	0.8%
Microsoft Corporation	0.8%
BAE Systems plc	0.8%
Exxon Mobil Corporation	0.7%
VINCI SA	0.7%
Verizon Communications Inc.	0.7%
Public Storage	0.7%

## PERFORMANCE- periods ending 30 April 2025

	Fund	Historical <sup>1</sup> Performance	Benchmark	Excess
1 month	-3.19	-	-1.84	-1.35
3 months	-4.28	-	-6.76	+2.48
1 year	10.89	-	13.89	-3.01
2 year p.a.	12.34	-	17.25	-4.91
3 year p.a.	-	11.47	14.81	-3.34
4 year p.a.	-	11.35	12.45	-1.09
5 year p.a.	-	13.91	15.10	-1.19
7 year p.a.	-	9.90	12.22	-2.32
10 year p.a.	-	8.37	10.81	-2.44

<sup>1</sup>Effective 1 October 2022 the Fund Investment strategy has changed; including the investment objective, investment approach and benchmark of the Fund. Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

## GROWTH OF \$10,000 SINCE INCEPTION



## MARKET COMMENTARY

US President Trump's 'Liberation Day' Tariff announcements were the key factor influencing markets during April. Volatility among equities, bonds, credit and commodities spiked in early April before moderating over the remainder of the month.

- Developed market equities (-0.3%) declined led by US stocks (-0.7%) as risk exposures sold off sharply in early April before rallying over the second half of the month. The decline in growth sectors began in February and March, which enabled these companies to outperform in April as energy, materials and financials sectors recorded among the largest sector declines for the month.
- Australian Equities (+3.6%) shook off a tariff related selloff in the first week to rally strongly over the month in response to the US's 90-day tariff pause and signs that the domestic economy was improving, albeit slowly.
- European shares were mixed with Germany (+1.5%) performing well as the new government proposed a major rise in government spending, whereas France (-2.0%) declined given rising political instability.
- Meanwhile, UK equities (-0.7%) were weaker as the services sector contracted for the first time in 18 months, but domestic focused midcaps outperformed the more global focused FTSE 100.
- Emerging markets (-0.2%), were also lower weighed down by China (-4.5%) as markets priced escalating tariff announcements.
- US bonds saw elevated volatility with an early April rally giving way to a sharp spike in long term bond yields driven by technical factors and concerns around demand for treasuries, before rallying again to end the month lower.
- Gold (+6.0%) reached a new all-time high as investors looked to safety as volatility spiked.

The 'Liberation Day' tariff announcement included a minimum flat 10% tariff being imposed on all countries, with higher import taxes inserted on sectors such as steel and aluminium, and taxes on strategically important sectors such as pharmaceuticals and microchips yet to be determined and announced. After some product related exemptions on items such as smartphones, Chinese goods imported into the US are subject to circa 97% taxes. whereas Australia – by virtue of our trade deficit with the US – was only levied a 10% tariff.

The immediate aftermath of the 'Liberation Day' announcements saw the VIX index spike to a level last seen during the Covid selloff. US equities corrected before a relief rally over the second half of the month and equity performance was characterized by large intraday moves. The moves in the bond market were also significant. US ten-year bond yields fell below 4% as risk appetite deteriorated in early April. The rally gave way to a sharp spike in long term bond yields driven by technical factors and concerns around demand for treasuries, before rallying again to end the month lower.

Further compounding the volatility in US markets were rising recession concerns – GDP contracted 0.3% in the March quarter on the back of surging imports – and fears around the ongoing independence of the US Federal Reserve. While markets have been unsettled by the trade war, President Trump has shown a willingness to respond to market pressures and now seems to be focused on trade deals which benefit the US and would improve the growth outlook. However, these are yet to be agreed to and signed. Another concern is the unsustainable path US fiscal policy is on with the deficit of -6.4% of GDP despite a fully employed economy, and this is set to widen as President Trump implements his election agenda which, in turn, raises concerns about the long-term trajectory of US government debt.

Year-to-date, European equities have outperformed all major markets, while GDP for the region grew +0.4%Q in the first quarter. The European Central Bank cut interest rates by 25 basis points (bps) and said the outlook for growth had deteriorated given the US tariff announcement. While the path to normalization of trade policy is uncertain ECB President Lagarde said of tariffs, 'probably it's going to be disinflationary more than inflationary' anticipating Chinese goods surpluses. European forward indicators are finely balanced with PMIs marginally in expansionary territory. It is likely that European growth will remain positive this year but show no significant improvement compared to 2024.

## PORTFOLIO COMMENTARY

Rheinmetall AG & BAE Systems PLC positively contributed to relative performance during April, continuing an outperformance trend for European defense companies. The stocks have been strong following the U.S. presidential election given that leaders across Europe are calling for increased spending and reduced barriers to production and trade to create more self-sufficient defense environments. The diplomatic incident that occurred at the White House during Ukrainian President Zelensky's visit should also benefit Rheinmetall and other defense companies given European leaders' promises to increase defense spending. Both companies continue to deliver results as the world adjusts to changing assumptions from week to week.

VINCI SA positively contributed to relative returns in April, primarily driven by its trading statement. The release and guidance showed continued solid performance with group revenue of €16.1bn, up 4% year-on-year, driven by an 8% increase in concessions. Despite a 11% drop in order intake, the order book reached a record high of €72bn, up 8% year-on-year, and 2025 guidance for revenue and net income growth was confirmed.

Hess Corporation and Halliburton Company both detracted from relative returns in April. The companies were hurt by falling oil prices due to macroeconomic uncertainty driven by tariff news. The price of oil fell 21% during the month with Brent crude falling from \$77 to \$61 per barrel. In spite of the concerns, Haliburton did report quarterly results during the month in line with expectations. Hess continues to wait for its arbitration process to play out regarding its Guyana asset stake in order to complete a merger with Chevron later in the year.

Avantor Inc. reported quarterly results, and that CEO Michael Stubblefield is stepping down, which is a positive. While Q1 results showed slight revenue and margin misses, EPS was in-line and guidance was reiterated despite lower organic growth. NIH funding uncertainties impacted the Lab business, and increased competitive intensity reduced volumes with some customers. The bioprocessing recovery continues with strong orders, though growth was less robust than expected due to temporary headwinds. Management increased targeted cost cuts to \$400M by year-end 2027, and the board is expediting the search for a new CEO.

## OUTLOOK

We have observed a volatile start to the year as disruption to international trade regimes and growth concerns collided with rich valuations, to spark a correction in numerous equity markets. Valuations remain stretched however, and alongside elevated market concentration and the preponderance of passive investment continue to contribute to elevated sensitivity of equity markets. The underperformance of US equities and crucially, large cap tech names reinforced the risks of momentum-based passive strategies in an increasingly concentrated market and the importance of diversity in regional and sector allocations.

We continue to manage downside risks by maintaining little or no exposure to the most expensive parts of the equity market and complementing this with option protection where it has been attractively priced to implement. These include put options on the S&P 500, call options on the GBP against the US dollar, USD calls versus the Hong Kong Dollar and a put option on the USD against the Japanese Yen.

During the month the Fund also added a call option on a very long dated US government bond index as yields and the price of bond options had not reacted with the same ferocity as other markets.

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Cash levels have not been calculated on a look-through basis. The underlying investments of the fund will also have a proportion of their assets invested in liquid assets. The publication has been prepared and issued by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426, as promoter for the Perpetual WealthFocus Superannuation Fund. The information contained in this document is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The information contained in this document is in addition to and does not form part of the product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund. The PDS for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by Equity Trustees Superannuation Limited (ETSL) ABN 50 055 641 757, AFSL 229757, RSE L0001458, should be considered before deciding whether to acquire or hold units. The PDS and Target Market Determination can be obtained by calling 1800 011 022 or visiting [www.perpetual.com.au](http://www.perpetual.com.au). Neither PIML, ETSL nor any of their related parties guarantee 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

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email [investments@perpetual.com.au](mailto:investments@perpetual.com.au)

[www.perpetual.com.au](http://www.perpetual.com.au)

