

# WEALTHFOCUS PERPETUAL SMALLER COMPANIES

May 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

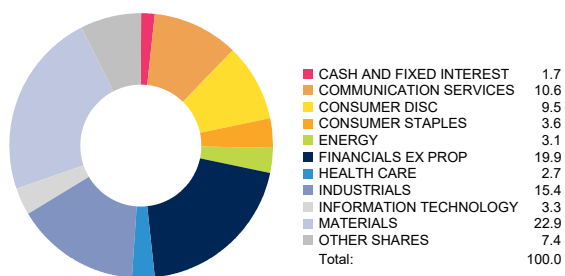
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

## 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:** \$187.18 million as at 31 Mar 2026  
**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
Capricorn Metals Ltd	4.1%
News Corporation	3.2%
FleetPartners Group Limited	2.9%
Qualitas Limited	2.8%
Servcorp Limited	2.7%

## NET PERFORMANCE - periods ending 31 May 2026

	Fund	Benchmark #	Excess
1 month	2.97	2.03	+0.95
3 months	-5.42	-6.13	+0.71
1 year	12.59	11.25	+1.34
2 year p.a.	10.55	10.50	+0.05
3 year p.a.	9.43	10.64	-1.21
4 year p.a.	6.64	6.29	+0.35
5 year p.a.	7.39	4.03	+3.37
7 year p.a.	10.28	5.95	+4.33
10 year p.a.	9.14	7.10	+2.04

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

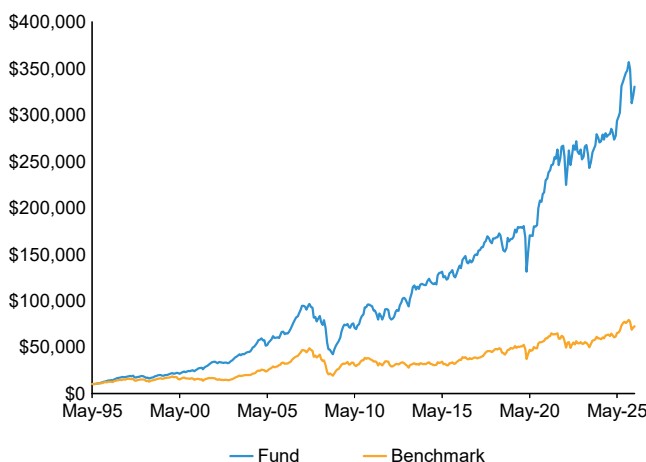
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	13.6	15.2
Dividend Yield*	4.0%	4.0%
Price / Book	1.7	1.7
Debt / Equity	24.5%	33.0%
Return on Equity*	13.6%	13.5%

<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

Australian equities edged higher in May, with the S&P/ASX300 advancing +1.25% against a backdrop of geopolitical uncertainty and a pivotal domestic policy shift. The federal budget introduced significant changes to capital gains tax and negative gearing arrangements from July 2027, generating sector rotation and weighing on bank sentiment. Global markets continued to track developments in the Middle East, with oil price volatility an uncertain outlook a dominant driver of equity moves. On the macro side, the RBA raised the cash rate 25 basis points to 4.35 %, citing persistent inflation pressures amplified by elevated oil prices. April employment data disappointed, with the unemployment rate rising to 4.5 %, while headline CPI eased to 4.2% – aided by the government's fuel excise cut – though trimmed mean inflation ticked higher to 3.4%, keeping rate expectations unsettled through month end.

## PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Capricorn Metals, Qualitas and Servcorp. Conversely, the portfolio's largest relative underweight positions include Liantown Limited, Ventia Services Group and Codan Limited, all of which were not held.

A 15.4% return in May made OML a top contributor to the fund for the second consecutive month. The stock had been under pressure for much of CY26 amid concerns over softer advertising conditions driven by higher for longer inflation expectations, with the share price falling more than a third year to date to a low of \$0.85 in late April. We started increasing our position again below \$1.00, believing OML was significantly undervalued – a view validated by Nine's \$850m acquisition of rival QMS Media on 1 April and subsequently by private equity non binding indicative offers of \$1.40–\$1.45 per share, which sent the stock up 32.94% in a single session on 29 April. Looking ahead, we believe the Out of Home advertising market will continue to take share from traditional media formats. As the largest player in this market, OML is well positioned to benefit – and a stabilisation in contract churn suggests the business should deliver meaningful earnings growth alongside moderating development capital expenditure, supporting a re rating toward a stronger multiple.

McMillan Shakespeare was a strong contributor in May, returning 15.8% for the month. The federal budget provided regulatory clarity on the existing FBT exemption for EVs, which is a significant positive for the novated leasing industry, with the current legislation remaining largely unchanged for the next three years before being wound back from 1 April 2029. This gives industry participants a clear and stable operating runway. Separately, the spike in oil prices arising from the Middle East conflict appears to have acted as a catalyst for a step change in EV purchases. This is beginning to show in new vehicle delivery data, though the shift from ICE to EV is perhaps most evident in feedback from dealers on the ground. Notably, EVs have historically attracted novated leasing penetration rates of around 50 %, compared to just 5–10% for ICE vehicles – a structural dynamic that positions novated lease providers to benefit disproportionately from the ongoing transition. We believe the industry is entering a period of strong structural growth and that McMillan Shakespeare is well placed to capture it. The stock remains attractively priced at 11–12x earnings, the balance sheet is in good shape and management continues to demonstrate a high standard of execution.

Eagers Automotive was a top portfolio detractor, returning -12.96% for the month. At its AGM trading update on 27 May, APE issued H1 CY26 guidance that came in well below expectations, prompting full year consensus PBT downgrades of approximately 5%. The stock fell 9.71% the following session. More broadly, APE has faced headwinds from softening new vehicle sales sentiment, driven by a deteriorating macroeconomic outlook in the wake of the US Iran conflict. Despite near term pressures, we remain constructive on the longer term thesis. APE's scale provides a structural competitive advantage, and its exposure to key new energy vehicle brands – where it holds greater than 33% market share – positions it well to benefit from continued strong electric vehicle demand. Looking further ahead, APE has recently completed the acquisition of a high performing dealership group in Canada, where management is well placed to replicate the operational model that has driven its success in Australia.

IRE detracted modestly from the portfolio, declining 10.4% in May. Broader negative sentiment toward software companies, driven by concerns over AI disruption, has weighed on the sector year to date, and IRE has not been immune. We view this selloff as indiscriminate, with the market failing to distinguish between businesses with genuine competitive moats and those more structurally exposed to AI displacement. Iress holds significant market share across its core APAC Financial Advice and Trading and Market Data segments. Its products are complex to develop and carry high switching costs, underpinning a strong and durable competitive position. Recent leadership change adds further conviction. The incoming management team is focused on harnessing AI driven efficiency gains to reinvest in product and expand margins, a path we expect to translate into strong earnings growth over time. We increased our position in mid May at the lows, taking IRE to one of our largest active weights, and were encouraged to see the share price recover from there to finish the month back above \$6.00.

## OUTLOOK

Markets may be traversing the most acute period of uncertainty in recent memory. Investor sentiment lurches almost daily on Middle East negotiation headlines, while supply anxiety around energy markets has reignited fears not seen in years. Closer to home, Australian consumers are navigating a tough budget and auction clearance rates have fallen sharply – all this coming after years of steadily rising cost of living pressures. Signs of shaky confidence are also emerging in private markets, with some funds moving to limit redemptions. Yet set against these headwinds, the global technology boom rolls on and US equities continue to trade at record levels. How these competing realities resolve is the central question. As always we own a balance of quality as well as value to mitigate risk of either scenario. Active managers who hold discipline on valuation are positioned to benefit as clarity emerges – and periods of peak uncertainty have historically marked the most consequential entry points for long term investors.

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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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