

WealthFocus Super

WEALTHFOCUS PERPETUAL SMALLER COMPANIES

October 2024

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

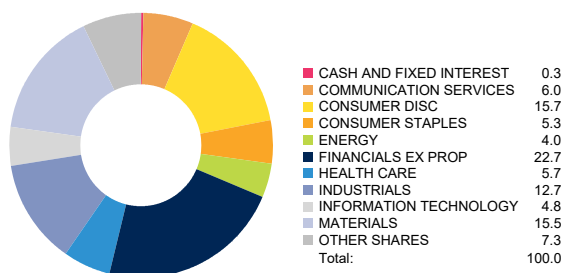
Provides investors with the potential to benefit from the growth of quality smaller or emerging companies, through active management by one of Australia's most experienced investment management teams.

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: June 1995
Size of Portfolio: \$169.19 million as at 30 Sep 2024
APIR: PER0025AU
Management Fee: 1.03%*
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
Pacific Current Group Ltd	7.4%
Capricorn Metals Ltd	3.1%
EQT Holdings Limited	2.8%
Premier Investments Limited	2.8%
Centuria Capital Group	2.8%

Class A has been operating since August 2014. In September 2020, Barrow Hanley, Mewhinney & Strauss, LLC commenced as Investment Manager of the Fund.

	Fund	Excess
1 month	0.00	
3 months	-	
1 year	-	
2 year p.a.	-	
3 year p.a.	-	
4 year p.a.	-	
5 year p.a.	-	
7 year p.a.	-	
10 year p.a.	-	-

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

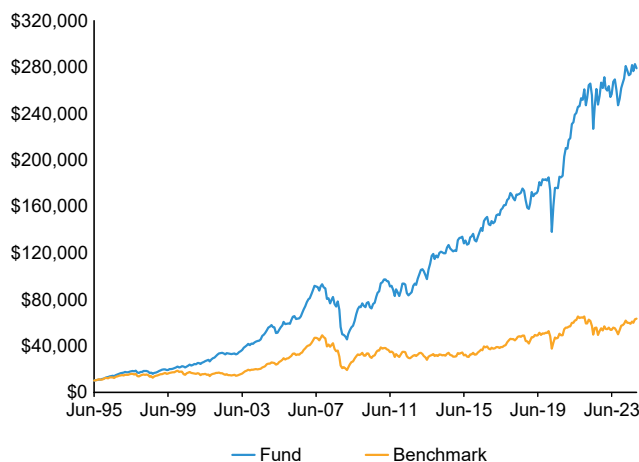
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	14.3	19.4
Dividend Yield*	4.5%	3.9%
Price / Book	1.5	1.7
Debt / Equity	24.5%	29.9%
Return on Equity*	11.5%	10.4%

[^] 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 posted a positive return while the S&P/ASX 300 Accumulation Index declined, clawing back some relative performance which has been weak for some time. Investor sentiment was initially buoyed by ongoing Chinese stimulus efforts and generally positive economic data. However, as the month progressed, enthusiasm waned regarding China's recovery due to limited details and concerns over potential tariffs, which dampened the rotation trade. Financials were a notable outperformer, with the sector up 8.9% for the month. In contrast, Consumer Discretionary and Real Estate underperformed.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Pacific Current Group Ltd, EQT Holdings Ltd and Universal Store Holdings Ltd. Conversely, the portfolio's largest underweight positions include Life360 Inc, Alcoa Corporation and Perseus Mining Limited, all of which are not held in the portfolio.

Vault Minerals Limited contributed to performance over October (+21.54%) as the price of gold continued its two year rally. Vault became an attractive opportunity to us post the merger between RED and SLR which created an investment opportunity which had both a strong balance sheet and extremely high-quality assets.

Gold Road Resources contributed to performance over October (+16.96%) largely driven by the continuing rally in the price of gold. The company continues to provide one of the lowest cost exposures to a gold miner on the ASX and with potential to unlock value from the DeGrey which is the largest gold development project in Australia.

Enero Group Limited detracted from performance over the month of October as the stock fell (-14.62%) as investors sentiment remained weak. Enero Group operates a collection of global performance media agencies & a high quality Australian creative media agency which should see tailwinds as business confidence & advertising markets improve. The company owns a 51% stake in a web based advertising arbitrage business OBMedia which has been an overhang on the stock across the last 12 months. The business is currently pursuing a strategy to divest this asset and unlock value for shareholders. We have had engagement with the incoming chair has been constructive. The balance sheet of the consolidated entity is net cash (\$43.7m - FY24) & the business has capacity to continue to manage the cost base given ongoing macro-economic conditions.

Centuria Capital Group detracted from performance over the month of October (-11.24%) largely on the back of a rally in the yield curve which impacted the whole REIT sector negatively. Despite the medium term market dynamics, with inflation slowly under control the sector will face a renewed optimism from investors and we believe Centuria to be best in class operators.

OUTLOOK

Market confidence remains fragile following further declines in early September, particularly in the U.S. tech sector, markets remain sensitive to economic indicators. Nvidia's share price, for instance, fell from \$130 on August 19 to \$106 in early September, impacted by weak manufacturing PMI data and a decline in job openings, raising concerns about a potential slowdown in the U.S. economy. In Australia, second-quarter GDP growth for 2024 was just 0.2%—the slowest rate of expansion since the early 1990s, excluding the COVID period—marking a sixth consecutive quarterly decline in GDP per capita. The economy has been buoyed by government spending and high migration rates, while consumers continue to face the pressures of persistent inflation and elevated interest rates. Adding to this complex outlook, U.S. 10-year bond yields have been rising in anticipation of higher economic growth and the potential return of inflation, with Australian bond yields climbing in tandem. This trend suggests a possible shift in equity markets toward cyclical stocks, likely bolstered by any Republican gains in the upcoming U.S. election. While markets remain near all-time highs, these dynamics underscore the importance of continued caution.

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.
The publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535 AFSL No 234426 and issued by Perpetual Superannuation Limited (PSL) ABN 84 008 416 831 AFSL No 225246 RSEL No L0003315. It 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 product disclosure statement (PDS) for the Perpetual WealthFocus Superannuation Fund ABN 41 772 007 500, issued by PSL, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees 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.

MORE INFORMATION

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