WealthFocus Funds

WEALTHFOCUS PERPETUAL INDUSTRIAL SHARE FUND

May 2025

FUND FACTS

Investment objective: Aims to provide long-term capital growth and regular income through investment predominantly in quality Australian industrial shares.

FUND BENEFITS

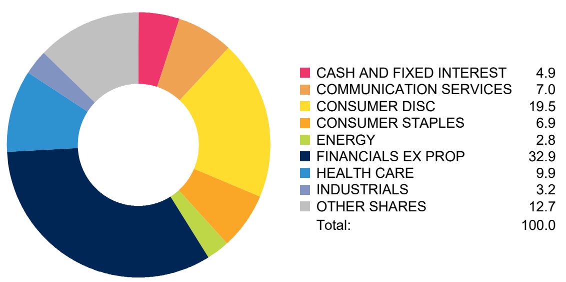
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares. Investors have been benefitting from this strategy since 1966.

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 300 Industrial Accum. Index
Inception Date:	December 1976
Size of Portfolio:	$453.96 million as at 31 Mar 2025
APIR:	PER0011AU
Management Fee:	1.23%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Five years or longer

PORTFOLIO SECTORS



TOP 10 STOCK HOLDINGS

	% of Portfolio
Commonwealth Bank of Australia	12.9%
Goodman Group	6.1%
Wesfarmers Limited	6.0%
Flutter Entertainment Plc	5.6%
National Australia Bank Limited	4.6%
EVT Limited	3.9%
Westpac Banking Corporation	3.8%
Suncorp Group Limited	3.8%
CSL Limited	3.6%
ANZ Group Holdings Limited	3.4%

NET PERFORMANCE - periods ending 31 May 2025

	Fund	Benchmark #	Excess
1 month	4.54	4.48	+0.06
3 months	2.77	4.60	-1.83
1 year	18.83	20.09	-1.27
2 year p.a.	16.77	17.43	-0.66
3 year p.a.	12.90	11.96	+0.95
4 year p.a.	9.98	9.17	+0.81
5 year p.a.	13.94	12.66	+1.27
7 year p.a.	8.60	9.28	-0.67
10 year p.a.	6.58	7.99	-1.40

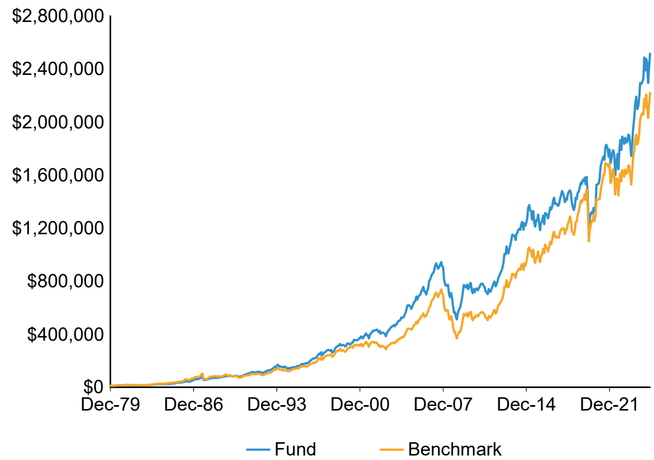
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	21.9	21.6
Dividend Yield*	2.8%	3.3%
Price / Book	2.6	2.5
Debt / Equity	48.2%	52.7%
Return on Equity*	11.3%	12.2%

^ 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



*Information on Management Costs (including estimated indirect costs) is set out in the Fund's PDS.

MARKET COMMENTARY

The S&P/ASX 300 Accumulation Index rose 4.2% in May, marking a strong rebound after April's tariff-driven sell-off. Global markets found relief as President Trump paused his sweeping tariff agenda, fuelling hopes the so-called "Trump put" - the tendency to reverse course after market weakness - remains intact. The rally was further supported by stronger-than-expected US earnings, with over 70% of S&P 500 companies beating estimates, helping risk sentiment recover. Locally, Information Technology (+18.8%) surged on AI optimism, while Energy (+8.7%) rebounded alongside firmer oil prices. Defensive sectors lagged as risk appetite returned, with Health Care (+1.4%), Consumer Staples (+1.2%) and Utilities (+0.3%) underperforming. Despite the rally, Australian forward earnings expectations softened further, and gains were driven by valuation expansion, with the market's P/E multiple returning to recent highs at 18.6x.While valuations have risen and local earnings forecasts remain more measured than global peers, the environment continues to present selective opportunities - particularly for investors focused on quality, resilient business models and disciplined capital allocation.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment PLC, EVT Limited and Goodman Group. The portfolio's largest underweight positions include Macquarie Group Ltd (not held), Telstra Group Limited (not held) and CSL Limited.

The portfolio's overweight to EVT Limited contributed to relative performance over may (+15.0%) as the stock continued to appreciate despite the lack of announced news. We took a position in EVT when the share price reflected only the value of its property portfolio and attributed little to its operating businesses. A recovery in cinema earnings is underway, supported by an improving box office pipeline and growing spend per visitor. Operating leverage in cinemas remains underappreciated, particularly given the fixed-cost nature of the model. Meanwhile, the company's hotel and property assets offer embedded value, with planned divestments and strategic reviews acting as near-term catalysts. As earnings momentum builds and asset-level transparency improves, we remain convicted in EVT and believe the market will narrow the valuation gap implied by its current trading levels.

Ramsay Healthcare contributed to performance over the month (+15.2%) as the stock reported third quarter earnings and Healthscope entered receivership, creating potential upside for Ramsay Healthcare through reduced sector capacity and targeted acquisition opportunities. Ramsay is contending with a slow recovery in domestic hospital volumes and sustained cost pressure from wage inflation. Despite growth in insured lives, overnight admissions remain below pre-COVID levels, reflecting structural shifts in utilisation, including growth in day procedures and a rise in exclusionary policies. This dynamic has constrained Ramsay's revenue recovery and limits near-term margin expansion. In parallel, elevated wage pressures from recent Enterprise Bargaining Agreement renewals and pending Fair Work Commission outcomes present additional headwinds. While indexation by insurers may offset some of these costs, sustainability remains uncertain. Offshore, Ramsay Sante continues to underperform, with divestment under review.

Premier Investments detracted from portfolio performance in May giving back -2.1% while the market rallied, despite the lack of stock specific news. Premier last updated the market in March where group performance remained within guidance, top-line growth was modest, weighed by international softness in the Smiggle brand. That said, momentum is improving into the second half, particularly in ANZ during the key back-to-school season. Peter Alexander continues to deliver strong performance, underpinned by store expansions and early success in the UK. We continue to like Premier for its world class retail management team, high quality brand-led strategy with global growth optionality and a strong balance sheet. The business is now more streamlined post divestment of non-core assets and remains well positioned to unlock value across its two key brands.

AP Eagers detracted from performance over the month of May (-6.0%) after providing a trading update which was commendable in it's continued strategic discipline of balancing volume, margin and capital efficiency in a market where affordability constraints are shaping consumer behaviour. The business is transitioning smoothly from a stimulus-driven demand cycle to a more sustainable operating rhythm. While new vehicle supply has improved, the mix remains uneven which is influencing brand and margin dynamics. Management's focus on disciplined cost control and allocation is helping to offset industry-wide headwinds including elevated interest rates and used vehicle normalisation. Investor concerns around peak cycle risks remain, but these are being countered by an improving supply backdrop and an embedded earnings base supported by strong OEM relationships. May saw a stabilisation in broader demand conditions while execution remained strong across key segments. In the month, AP Eagers also announced it had entered an extension of its long-term retail representation of BYD Australia. Although AP Eagers will lose its exclusivity, management has already secured the sites with the highest profitability for the brand and has locked in an element of certainty with the fast-growing brand. The business remains well positioned to navigate softer macro conditions through cycle-aware decision-making and their remains potential upside through the well flagged "accretive and material" opportunities both in Australia and overseas.

OUTLOOK

Markets are at a critical crossroads. Despite rising concern over the U.S. debt and deficit—highlighted by talk of another "big, beautiful bill" that would further increase liabilities—equity markets remain surprisingly resilient. Bond vigilantes are showing signs of returning, and fears about future inflation persist. Yet markets have quickly rebounded into growth and tech trades, reversing the sharp sell-off seen from February through early April. To be fair, some of this optimism is supported by strong fundamentals, such as Nvidia's continued robust revenue growth. However, a deeper shift appears to be underway. The global economy is entering a period of rebalancing, and markets normally follow. US equity markets are still trading near peak valuations, with peak profit margins and a peaking U.S. dollar—conditions that are rarely sustainable. Historically, such peaks in 1985 and 2000 have marked turning points where global capital begins to flow toward regions offering more attractive valuations, often in emerging markets. At the same time, the policy backdrop is shifting. The Trump administration is focused on opening up global market access and challenging the use of currency policy and regulation as tools of trade suppression. In parallel, both the U.S. and U.K. are moving toward banking deregulation to stimulate credit growth. Meanwhile, Germany is reflating its economy through structural reforms and a €500 billion defence and infrastructure fund. India is overtaking Japan to become one of the top three economies. Together, these forces point to an inflection point—for the global economy and for market leadership. Investors should be alert to the possibility that the next phase may look very different from the last, both for Australia and other world markets.

Benchmark prior to 1/4/2000 was the ASX All Industrials Accumulation Index. From 1/4/2000 to current the benchmark is S&P/ASX 300 Industrials Accumulation Index.

MORE INFORMATION

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