WealthFocus Funds

WEALTHFOCUS PERPETUAL INDUSTRIAL SHARE FUND

February 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

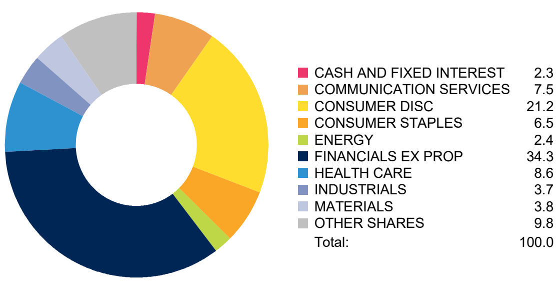
Provides investors with the potential for capital growth and consistent, tax effective income through the active management of quality industrial shares. Investors have been benefitting from this strategy since 1966.

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:	$484.79 million as at 31 Dec 2024
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	11.3%
Flutter Entertainment Plc	6.4%
Wesfarmers Limited	5.8%
CSL Limited	5.7%
Goodman Group	5.1%
ANZ Group Holdings Limited	4.6%
Westpac Banking Corporation	4.1%
National Australia Bank Limited	3.6%
EVT Limited	3.5%
Suncorp Group Limited	3.2%

NET PERFORMANCE - periods ending 28 February 2025

	Fund	Benchmark #	Excess
1 month	-1.23	-3.94	+2.70
3 months	-1.64	-2.45	+0.82
1 year	15.00	14.59	+0.42
2 year p.a.	14.45	14.37	+0.08
3 year p.a.	12.47	11.01	+1.46
4 year p.a.	11.69	10.57	+1.12
5 year p.a.	10.57	8.65	+1.91
7 year p.a.	7.90	8.51	-0.61
10 year p.a.	6.09	7.37	-1.28

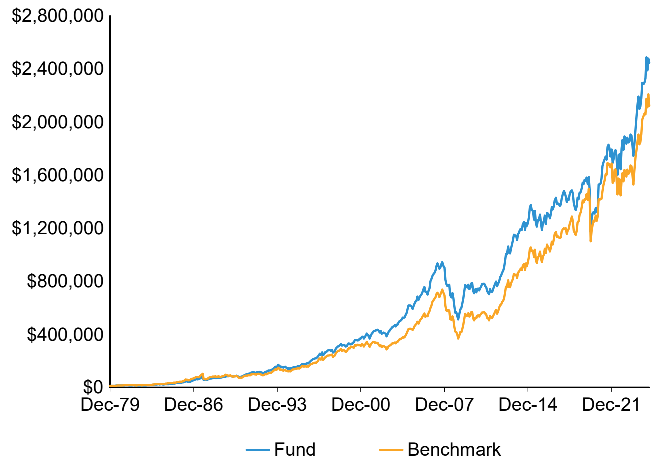
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	21.5	20.6
Dividend Yield*	3.1%	3.5%
Price / Book	2.4	2.4
Debt / Equity	39.9%	51.8%
Return on Equity*	11.4%	12.3%

^ 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/ASX300 fell -3.79% in February buffeted by wild swings as company results were reported. Large caps in particular disappointed, often in relation to outlook rather than reported results. It also marked a major break in momentum with many companies that had had a strong run in the previous year struggling. Amongst the biggest reversals were NAB (-12.1%), Wisetech (-27.7%), Cochlear (-19.0%) and Fortescue (-11.1%). On a sector basis Utilities (+3.2%), Communications (+2.8%) and Consumer Staples (+1.4%) performed best. Information Technology (-12.3%) was the worst sector. Healthcare (-7.6%) and Real Estate (-6.2%) were also laggards. The sell-off in the market accelerated in the last half of the month in sympathy with a declining US market which increasingly worried about the frenetic and sometimes disruptive pace of White House initiatives, particularly in relation to tariffs.

PORTFOLIO COMMENTARY

The portfolio's largest overweight positions include Flutter Entertainment PLC, EVT Limited and a2 Milk Company Limited. The portfolio's largest underweight positions include Telstra Group Limited, Aristocrat Leisure Limited and Transurban Group Ltd.

A2 Milk contributed strongly to returns in February, with the stock rising by 35.3%. The management team has proven it's ability to execute strategically through supply constraints and other external and market headwinds. The company reported a stronger than expected first half 25 result and Financial Year 2025 guidance was upgraded and implies that A2 Milk sales and margins will accelerate and expand further in the second half of the year. We remain optimistic about A2 Milk, given its strong balance sheet, ongoing expansion into tier 2 and 3 cities in China, as well as it's entry into the U.S., all of which present substantial growth opportunities.

EVT contributed to portfolio performance (+23.4%) after delivering a strong result with net profit significantly ahead of expectations. The outperformance was driven by stronger-than-expected earnings from both the hotel and cinema divisions. This should support a potential rerating, with asset sales, strategic reviews, improvements in film content, hotel earnings growth, and upside from Thredbo all acting as potential catalysts. Despite this, EVT continues to trade at a lower premium to its net tangible assets compared to historical levels. Cinema earnings have shown clear signs of recovery after a challenging start to the year, easing concerns about structural declines. Hotels demonstrated strong performance, benefiting from an increased focus on high-margin managed agreements, improved cost efficiencies, and steady revenue growth. EVT also announced plans to divest 525 George Street, with proceeds likely to be reinvested in hotels, while a special dividend and further strategic moves for key assets are under consideration.

Goodman Group detracted to relative performance over the month (-14.10%) after raising $4 billion. This raise was one of the largest raising on ASX history, allowing it to fund it's aggressive push into data centres internally thus retaining a larger share of the development economics than initially expected. We took the opportunity to establish a position in Goodman Group in late 2022 when the market was generally worried about large property groups' performance in a rising rate environment. Goodman Group's first quarter update for FY24 was largely uneventful however highlighted data centre development to start in late FY24. Additionally, management noted an uptick in acquisition opportunities as certain overly geared property owners have come under pressure. This presents an opportunity for well capitalised asset owners and operators such as Goodman Group.

The overweight to Myer detracted from portfolio performance (-17.4%) during February. Despite the noise, we believe cost synergies are highly likely from the announced combination which could come from debt refinancing, COGS sourcing, rent reductions, and CODB efficiencies, with additional optionality from internal margin initiatives. Revenue synergies, while harder to realise, could stem from integrating Apparel Brands online, expanding MyerOne, and store consolidation. Despite the noise, we view the combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E as favourable. The combination has created a leading omni-channel retail platform that brings enhanced scale and significant operating leverage benefits. Myer will also benefit from the expected addition of Retail Stalwart Solomon Lew's potential addition to the board.

OUTLOOK

Equity markets had looked expensive going into February with Australian growth stocks, like their US counterparts, had been trading at elevated P/E ratios. Many of these stocks bore the brunt of the sell-off as the world market potentially enters a new phase. Markets had broadly welcomed the pro business Trump administration choosing to focus on a welcome agenda of tax cuts, de-regulation and budget savings which they expected would boost economic growth whilst also containing inflation. Meanwhile Trumps much vaunted love of tariffs was widely considered to be, in the most part, a bargaining tool in trade negotiations. However there are some fears that headline-grabbing cuts to government spending could be increasingly hurting consumer sentiment whilst on-and-off tariffs on allies and close trading partners could be having a more profound pre-emptive impact on business confidence and supply side chains than fully appreciated.

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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