

WealthFocus Investment Advantage

WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

October 2024

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: \$34.82 million as at 30 Sep 2024

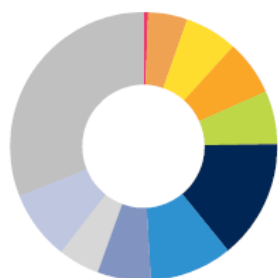
APIR: PER0496AU

Management Fee: 0.80%*

Investment style: Active, fundamental, disciplined, value

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



CASH AND FIXED INTEREST	0.0
COMMUNICATION SERVICES	4.4
CONSUMER DISC	5.2
CONSUMER STAPLES	6.1
ENERGY	6.0
FINANCIALS EX PROP	9.6
HEALTH CARE	8.5
INDUSTRIALS	5.4
INFORMATION TECHNOLOGY	4.6
MATERIALS	5.2
OTHER SHARES	45.0

TOP 10 STOCK HOLDINGS

	% of Portfolio
Comcast Corporation Class A	1.1%
Sanofi	1.1%
Bank of Nova Scotia	1.0%
Merck & Co., Inc.	1.0%
Entergy Corporation	0.9%
Air Products and Chemicals, Inc.	0.9%
Enbridge Inc.	0.9%
Microsoft Corporation	0.8%
Exxon Mobil Corporation	0.8%
Danone SA	0.7%

PERFORMANCE- periods ending 31 October 2024

	Fund	Historical ¹ Performance	Benchmark	Excess
1 month	3.30	-	3.92	-0.62
3 months	1.67	-	2.14	-0.47
1 year	19.75	-	29.31	-9.55
2 year p.a.	13.33	-	20.19	-6.86
3 year p.a.	-	11.74	11.64	+0.11
4 year p.a.	-	16.31	16.36	-0.05
5 year p.a.	-	10.61	12.48	-1.87
7 year p.a.	-	9.70	12.22	-2.52
10 year p.a.	-	9.38	11.94	-2.56

¹Effective 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



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

MARKET COMMENTARY

October was marked by significant activity as the U.S. election season concluded, while geopolitical concerns persisted. Early in the month, U.S. job openings declined to three-year lows, and job additions were minimal at 12,000, impacted by weather and strikes. Following the Federal Reserve's 50-basis-point rate cut in September, U.S. yields rose over inflation and deficit concerns. Globally, western central banks continued rate cuts, except for Japan, which raised rates. The U.S. economy demonstrated resilience with 2.8% growth in Q3, while Europe saw 0.4% growth but still faces demand challenges, prompting the European Central Bank to adopt a more accommodative stance. In Asia, China issued additional bonds to address local debt, though markets anticipate more stimulus for sustained recovery. Geopolitics intensified as Israel's potential response against Iran initially raised oil prices, though they later stabilized as fears eased. The Russia-Ukraine conflict remains an ongoing flashpoint for markets. While October concluded with a negative global equity performance, November's U.S. election results spurred some optimism. Donald Trump's victory, alongside a unified government, suggests possible large-scale policy shifts. Uncertainty looms over trade, particularly with China and Mexico, with potential tariffs on the horizon.

PORTFOLIO COMMENTARY

Entergy Corporation positively contributed to relative performance after reporting strong earnings and revised growth estimates. The company raised its growth targets from a 6-8% to 8-10% CAGR based on data center growth mixed with positives from industrial and chemical growth. They signed a large deal with hyperscaler Amazon in Mississippi, in addition to another deal with an unnamed partner in Louisiana. Data center demand is extremely strong in Louisiana due to cheap gas, a positive regulatory environment for electricity, and a lot of excess fiber capacity (which data centers need).

Carnival Corporation positively contributed to relative performance after the cruise line reported strong earnings. The industry as a whole is thriving as it still serves as the value vacation as pricing remains a constraint for many consumers. When paired with positive currency trends, lower fuel prices, and continued strong demand, the setup for the company going forward remains strong.

Humana Inc. detracted from relative performance in October as the health insurance company on fears that its star rating would fall for its Medicare Advantage plans. Those fears materialized on October 2nd as the company announced that only 25% of participants were in plans rated 4 stars, which is down significantly. The star rating impacts reimbursement rates from Medicare, which will depress Humana's margins going forward and push out the earnings recovery further in the future. Given what we believe are longer-term challenges facing the company, we sold the position in the month in favor of higher risk/reward opportunities.

Aptiv PLC detracted from relative performance during the month of October. The company fell on another tough earnings report where the company missed market expectations. In particular, Aptiv is struggling from the slowdown in EV sales, and new cars generally, as it has curbed demand for its integrated power and safety systems as some OEMs found themselves with too much inventory. While GDP and geopolitics remain risks for the company, the market is normalizing while the company is still likely to grow above market rates.

OUTLOOK

Given the muted market returns and increased volatility that continued in October, a sentiment shift may be afoot, as we have seen material rotations over the past couple of months mixed with elections playing out. Surprisingly resilient economic numbers and stagnant inflation over the last few months will be an interesting combination for the Fed. The expectation is for a rate cut in November, but the pace and magnitude of cuts going forward remains a question – especially given the political context. While the market continues to look for more cuts, expansionary fiscal policy could force the Fed to slow down if inflation remains above its target and the economy remains healthy. A few areas to watch going forward in the U.S. are policy initiatives, who is part of the new administration, and whether or not the next jobs report confirms that October's weakness was an aberration.

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.

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The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that 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 any investor's capital. Total return shown for the fund(s) 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 contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

MORE INFORMATION

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