WealthFocus Investment Advantage

WEALTHFOCUS PERPETUAL GLOBAL ALLOCATION ALPHA

December 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

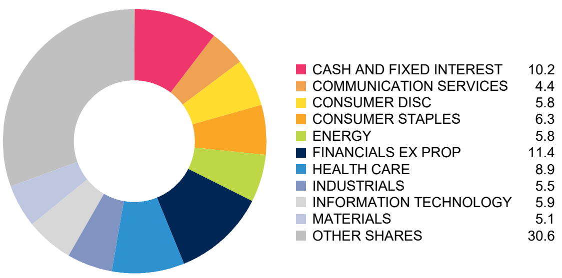
Provides investors with long-term growth opportunities across global equities. The fund is run by high quality investment teams.

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



TOP 10 STOCK HOLDINGS

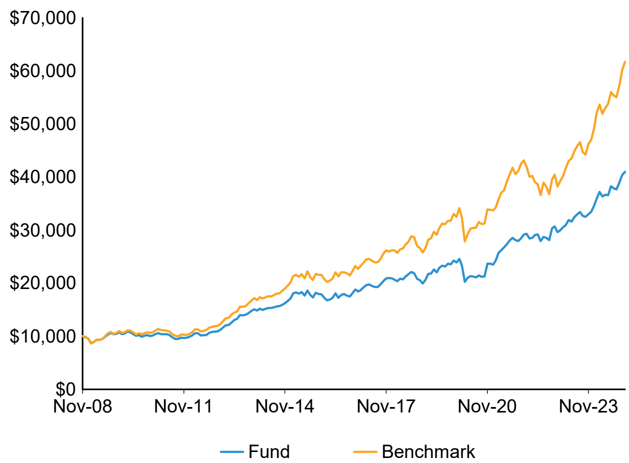
	% of Portfolio
Merck & Co., Inc.	1.2%
Sanofi	1.2%
Bank of Nova Scotia	1.0%
Comcast Corporation Class A	1.0%
Microsoft Corporation	0.9%
Exxon Mobil Corporation	0.7%
Apple Inc.	0.7%
Danone SA	0.7%
National Grid PLC	0.7%
Air Products and Chemicals, Inc.	0.7%

PERFORMANCE- periods ending 31 December 2024

	Fund	Historical[1] Performance	Benchmark	Excess
1 month	1.52	-	2.58	-1.05
3 months	8.78	-	12.12	-3.34
1 year	22.54	-	31.18	-8.64
2 year p.a.	17.61	-	27.14	-9.53
3 year p.a.	-	12.05	12.67	-0.62
4 year p.a.	-	14.74	16.26	-1.52
5 year p.a.	-	11.40	13.70	-2.30
7 year p.a.	-	10.07	13.17	-3.10
10 year p.a.	-	9.43	12.22	-2.78

[1]Effective 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

he fourth quarter capped another strong year for asset class returns, particularly in equities. The MSCI World Index rose 19% in 2024, driven by U.S. markets, where the S&P 500 gained 25% and surpassed 6000 in mid-December. Despite solid performances from China (+19%) and tech-focused Taiwan (+34%), emerging markets underperformed their developed counterparts, with the MSCI Emerging Market Index returning a more modest 8%. Outside the third quarter, a narrow group of stocks, including the Magnificent 7, drove markets higher, fueled by growth, momentum, and mega-cap factors. This trend was especially pronounced in the U.S., which recorded its best two-year period since the late 1990s, driven by a handful of technology-related stocks at increasingly high valuations. This narrow market environment has left many sectors undervalued, presenting compelling opportunities for value investors. In Europe, 2024 results were mixed. Germany (+10%) and Italy (+11%) posted strong gains, the UK saw moderate returns (+8%), and France struggled (-5%). We have observed a clear shift from value to growth stocks since early 2023, spurred by expectations that interest rates had peaked, easing inflation, and normalizing supply chains. However, only a narrow set of AI/tech-related stocks and Financials delivered outsized returns, as investors avoided more controversial areas of the market. Despite this concentration, we remain confident that our contrarian, value-focused approach is well-positioned for a market environment where fundamentals regain prominence.

PORTFOLIO COMMENTARY

Carnival Corporation positively contributed to relative performance during the quarter as cruise demand trends remain robust. In late December, Carnival also reported strong earnings with continued execution from the relatively new CEO. Despite the recent outperformance, we still see good value in Carnival as it trades at 14x forward earnings for a business that is still likely under-earning following the COVID recovery.

Rheinmetall AG positively contributed to relative performance during the fourth quarter as the German defense manufacturer released 2027 guidance that exceeded market expectations for growth and margins. The stock was also strong after the U.S. election given leaders across Europe are calling for increased spending and reduced barriers to production and trade in order to create more self-sufficient defense environment. The company continues to deliver results, which will be important in a higher demand environment.

Metals miner Newmont Corporation detracted from relative performance in the fourth quarter as the market remains concerned with costs. In spite of exceeding market expectations on realized price, volumes, and outlook, Newmont sold off as some legacy mines produced less than expected. The market is concerned about this issue in spite of management's insistence that it has a fix for the problem. We think this reaction is overblown as the company continues with its planned asset sales in order to reduce debt levels and buy back shares. The stock trades at 10.2x forward earnings with a dividend yield of 2.7%..

Banco Bradesco SA Pfd underperformed in the fourth quarter primarily relating to the more negative than expected trajectory of financial markets in Brazil amid a missed opportunity from the Lula administration to adequately address the fiscal position of the government going forward. Bradesco's third quarter earnings release was essentially in line with expectations and we continue to see a gradual improvement in asset quality as well as profitable credit extension as the bank's turnaround under new management progresses. However, the deprecation of the Brazilian real and higher interest rates have led investors to de-risk from Brazilian equities generally and cyclical companies especially, seeking the security from nearly 15% fixed income returns. Higher rates have a marginal negative effect for Bradesco, in particular due to its asset-liability management seeing greater benefits from lower local interest rates. Further, higher rates dampen credit demand and could allow for a marginal pickup in credit quality; however, Bradesco's lending has been muted since 2022, limiting downside.

OUTLOOK

Looking forward, 2025 begins as a year with as much promise as uncertainty. One thing is known – the consensus forecast is likely to be wrong – but in what direction remains to be seen. Clarity that had begun to emerge regarding the path of global central banks now appears far less certain as inflation may not quite yet be fully tamed, particularly in the U.S., as job markets remain robust and economic growth could spur a subsequent period of re-inflation. Instead, the risk that seemingly has been assuaged is that of economic growth.

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.

MORE INFORMATION

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