

# PERPETUAL BARROW HANLEY GLOBAL SHARE

July 2024

## FUND FACTS

**Investment objective:** Aims to provide investors with long-term capital growth through investment in quality global shares.

## FUND BENEFITS

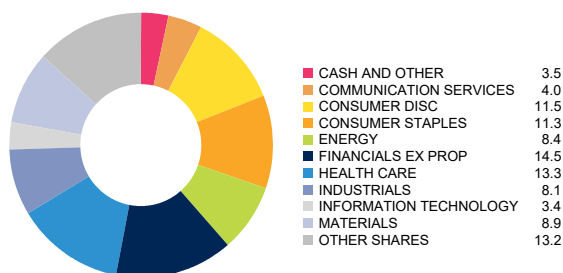
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

## 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 Net Total Return Index (\$A)
- Investment Manager:** Barrow, Hanley, Mewhinney & Strauss, LLC
- Inception Date:** May 2002
- Size of Portfolio:** \$5.84 million as at 30 Jun 2024
- APIR:** PER0130AU
- Management Fee:** 0.99%\*
- Investment style:** Active, fundamental, bottom-up, value
- Suggested minimum investment period:** Seven years or longer

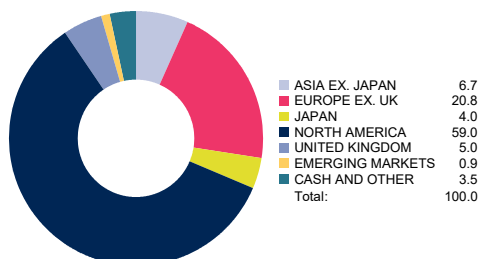
## PORTFOLIO SECTORS



## TOP 5 STOCK HOLDINGS

Company	% of Portfolio
Enbridge Inc.	3.0%
Comcast Corporation Class A	3.0%
Sanofi	3.0%
Merck & Co., Inc.	2.5%
Entergy Corporation	2.5%

## PORTFOLIO REGIONS

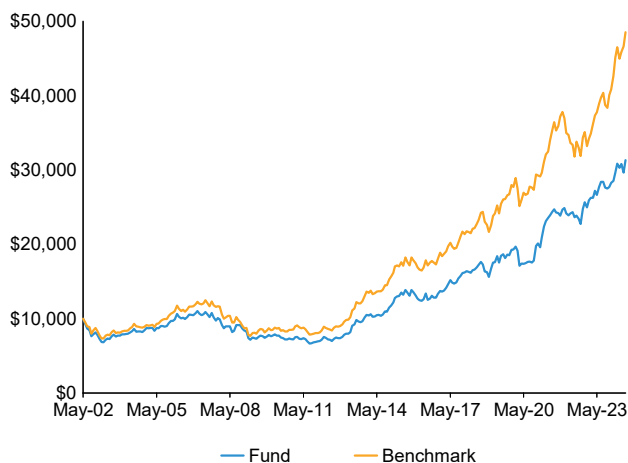


## NET PERFORMANCE - periods ending 31 July 2024

Period	Fund	Benchmark #	Excess
1 month	5.65	4.08	+1.58
3 months	3.37	7.86	-4.49
FYTD	5.65	4.08	+1.58
1 year	10.37	22.11	-11.74
2 year p.a.	14.61	19.79	-5.18
3 year p.a.	8.73	11.15	-2.42
4 year p.a.	15.46	15.98	-0.52
5 year p.a.	10.90	13.27	-2.37
7 year p.a.	11.43	14.01	-2.58
10 year p.a.	11.69	13.52	-1.83

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) and a full description of the Fund's performance fee is set out in the Fund's PDS.

## MARKET COMMENTARY

During July, we saw enough daily headlines to last an entire year, especially in the U.S. Early in July we saw an attempted assassination attempt of the former President Donald Trump, the current U.S. President U.S. Joe Biden pushed off the Democrat ticket, and the ascension of his Vice President Kamala Harris to the ticket, thus altering the course of the election cycle in the U.S. Further, soft economic data in the U.S. regarding jobs and manufacturing output brought the word “recession” back into the realm of possibilities. Outside the U.S., we saw central banks in Canada, the UK, and other western-oriented central banks lowering rates while Japan raised rates. Finally, China has continued to garner headlines for the wrong reasons as the economy has failed to recover post COVID on the back of underwhelming stimulus by the government. This latter point may be somewhat forgivable as there has been a lot of rhetoric around tariffs and the fact that the U.S. Federal Reserve (the Fed) has continued to maintain tighter rates causing China to pause until there is greater clarity.

## PORTFOLIO COMMENTARY

The Barrow Hanley Global Value Equity strategy posted strong results in the month, outperforming the MSCI World Index. The strategy’s underweight to the Information Technology and Communication Services sectors and an overweight to the Utilities and Real Estate sectors added positively to relative returns. Effective stock selection within the Communication Services, Materials, and Utilities sectors added further to relative returns. Challenging stock selection in the Financials and Consumer sectors detracted from the positive monthly performance. Regionally, the strong performance in the month was driven by effective selection in the U.S. and to a lesser degree continental Europe and the U.K. Our holdings in Japan and emerging markets were detractors in the period.

Avantor, Inc. positively contributed to relative performance during the month after being among the top detractors in June. As we noted at the time, Avantor came under pressure after a peer reported poor results. However, in the month the company reported better execution than expected, with EBITDA margins improving on the back of pricing, mix, and cost controls. Further, free cash flow conversion was the strongest it has been over the last ten quarters despite recognizing some one-time costs. Management maintained full year guidance in a move that we see as conservative but appreciate nonetheless.

Newmont Corporation contributed positively to relative performance during the month on the back of improving gold prices given market concerns about softening economic fundamentals. The company benefitted not only from a higher gold price but also stronger than expected production. We believe that given its strong free cash flow and potential asset sales, Newmont should provide strong shareholder returns and we remain positive on the stock.

Merck & Co., Inc. detracted from relative performance in the month. Merck reported top line revenue and EPS growth and guided largely in line with expectations. Challenges in the month were due to a slowdown in China sales in one of Merck’s vaccine drugs, Gardasil, and concerns about potential competition from Chinese companies increasing in this space. We believe Merck will be able to manage through this and remain holders of the shares.

Carnival Corporation detracted from relative performance in July after being among the top contributors in June. Concerns about softening economic fundamentals outweighed lower fuel costs and potentially stronger than expected pricing. We continue to believe Carnival offers a good risk/reward profile.

## OUTLOOK

Despite the muted market returns in July, sentiment shift may be afoot, as we have seen material rotations over the last month. We note the large spread (+20%) between small cap stocks and the NASDAQ; as measured by the Russell 2000 Index small cap stocks were up more than 10% in the month. That said, this may not be sustained if economic concerns broaden, as small cap stocks are likely to be hurt in this scenario. Softening economic numbers and stagnant inflation over the last few months have all but guaranteed a rate cut by the Fed in September. This will come on the heels of other central banks that have already cut. However, the issue regarding cutting rates is less about who is cutting and when that first rate comes, but more about why rates are being cut. If the Fed and other central banks have to move quickly in cutting historically high rates as a result of softening economic growth versus sufficiently tame inflation, it will pull the soft-landing scenario off the table and we could continue to see a violent rotation away from high multiple stocks in favour of lower multiple stocks. This may be further aggravated if we do officially enter into a recession. Following our bottom-up, fundamental process, the Barrow Hanley Global Value Equity strategy has been tilted more to the defensive areas of the market over the last few years. This positioning, though challenging for performance over the last 12-18 months, has allowed the strategy to provide downside protection – not only in the rotating markets in July, but during August to date as we deal with markets continuing to stumble.

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Management of this Fund: 09/09/2020 Barrow, Hanley, Mewhinney & Strauss, LLC, from 31/01/2015 to 08/09/2020 Perpetual Investment Management Limited, from 15/8/2011 to 30/01/2015 Wellington Management as sub-adviser, from 18/3/2005 to 14/8/2011 PI Investment Management Limited, from 21/4/1997 to 17/3/2005 Fidelity International Limited as sub-adviser.

# The benchmark for the Fund prior to 31/1/2015 was the MSCI World ex Australia Accumulation Index. Returns shown reflect the Fund's benchmark during the period

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](http://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.

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## MORE INFORMATION

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