

## Perpetual Investment Funds

# PERPETUAL WHOLESALE INTERNATIONAL SHARE FUND

October 2024

### FUND FACTS

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

### FUND BENEFITS

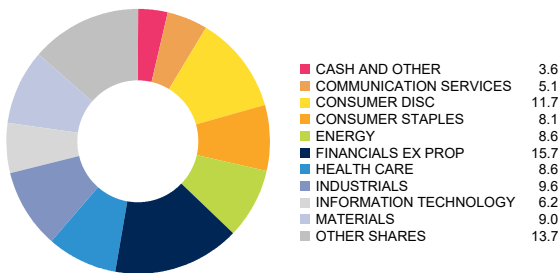
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

### 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:** April 1997  
**Size of Portfolio:** \$88.78 million as at 30 Sep 2024  
**APIR:** PER0050AU  
**Management Fee:** 0.99%\*  
**Investment style:** Active, fundamental, bottom-up, value  
**Suggested minimum investment period:** Seven years or longer

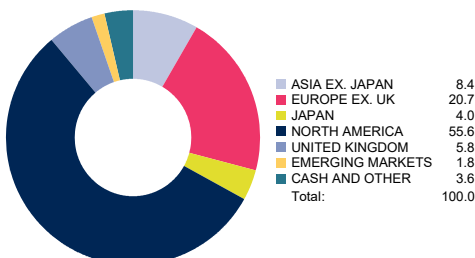
### PORTFOLIO SECTORS



### TOP 5 STOCK HOLDINGS

Stock Holding	% of Portfolio
Entergy Corporation	3.2%
Enbridge Inc.	3.1%
Bank of Nova Scotia	3.1%
Comcast Corporation Class A	3.1%
Sanofi	2.9%

### PORTFOLIO REGIONS

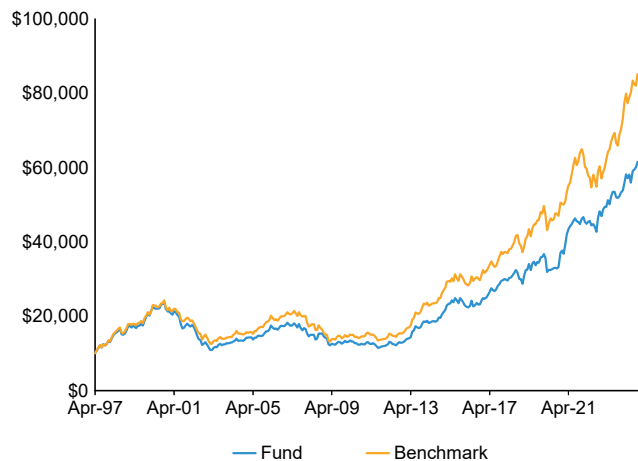


### NET PERFORMANCE - periods ending 31 October 2024

Period	Fund	Benchmark #	Excess
1 month	2.52	3.81	-1.30
3 months	4.10	2.14	+1.96
1 year	18.81	29.22	-10.41
2 year p.a.	15.03	20.08	-5.05
3 year p.a.	10.70	11.35	-0.65
4 year p.a.	16.60	16.03	+0.57
5 year p.a.	12.32	13.17	-0.85
7 year p.a.	11.48	13.01	-1.53
10 year p.a.	12.16	13.09	-0.94
Since incep.	6.88	8.19	-1.31

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

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

The Barrow Hanley Global Value strategy posted muted results in the month of October, underperforming the MSCI World Index. Allocation impacts by sector were the primary driver of underperformance. An underweight to the Information Technology sector, mixed with an overweight to the Materials sector, explains most of the underperformance. Stock selection within the Utilities, Materials, and Industrials sectors positively contributed to relative returns. However, this was offset by stock selection within the Health Care sector, which saw continued struggles from U.S. Managed Care Organizations (MCOs).

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.

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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

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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](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 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.

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## MORE INFORMATION

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