

## Perpetual Investment Funds

# BARROW HANLEY GLOBAL SHARE FUND - CLASS A

January 2024

### FUND FACTS

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

### FUND BENEFITS

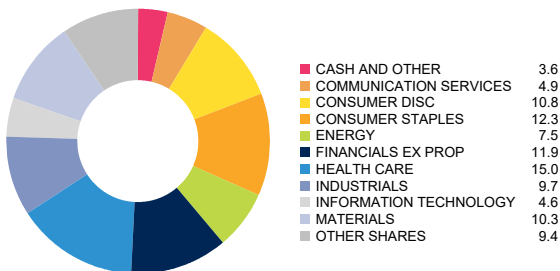
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

### 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.

<b>Benchmark:</b>	MSCI World Net Total Return Index (\$A)
<b>Investment Manager:</b>	Barrow, Hanley, Mewhinney & Strauss, LLC
<b>Inception Date:</b>	August 2014
<b>Size of Portfolio:</b>	\$1,056.70 million as at 31 Dec 2023
<b>APIR:</b>	PER0733AU
<b>Management Fee:</b>	0.99%*
<b>Investment style:</b>	Active, fundamental, bottom-up, value
<b>Suggested minimum investment period:</b>	Seven years or longer

### PORTFOLIO SECTORS



### TOP 5 STOCK HOLDINGS

	% of Portfolio
Comcast Corporation Class A	3.8%
Merck & Co., Inc.	3.0%
Danone SA	2.7%
Aramark	2.6%
Qualcomm Incorporated	2.6%

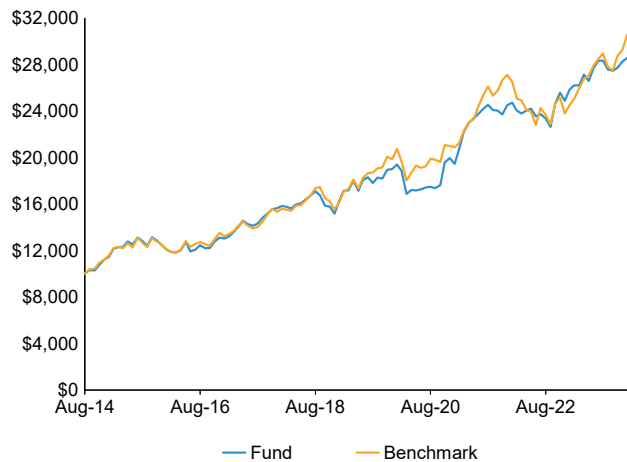
### NET PERFORMANCE - periods ending 31 January 2024

Class A has been operating since August 2014. In September 2020, Barrow Hanley, Mewhinney & Strauss, LLC commenced as Investment Manager of the Fund.

	Fund	Benchmark	Excess
1 month	1.07	4.46	-3.39
3 months	3.92	11.22	-7.30
FYTD	3.17	9.61	-6.43
1 year	10.54	24.71	-14.17
2 year p.a.	7.48	7.42	+0.06
3 year p.a.	13.65	13.56	+0.09
4 year p.a.	10.15	10.21	-0.06
5 year p.a.	11.87	13.60	-1.73
7 year p.a.	11.86	12.75	-0.89
10 year p.a.	-	-	-
Since incep.	11.75	12.56	-0.81

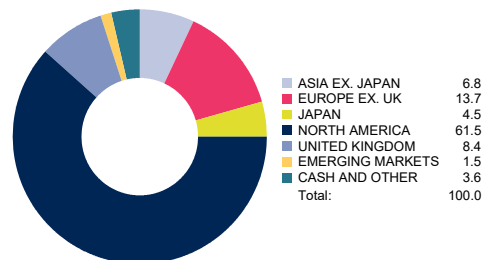
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

### 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.

### PORTFOLIO REGIONS



## MARKET COMMENTARY

The first month of 2024 marked a continuation of many themes observed in 2023. Global markets pushed nominally higher with the MSCI World and MSCI All Country World indexes both up 1.2% and 0.6%, respectively. This built on the sharp reversal from December, but the returns were not evenly distributed across the globe. Unlike last quarter, growth stocks generally led value stocks, except in Japan and emerging markets. In the MSCI World Index, sector performance was mixed. The top performing sectors were in more growth-oriented sectors such as Communication Services, Information Technology, and Health Care. The worst performing sectors – Materials, Utilities, and Real Estate – are more interest rate-sensitive sectors, hurt by the realization that interest rates may fall slower than previously expected.

## PORTFOLIO COMMENTARY

During a month in which growth stocks led the market higher, the strategy underperformed the MSCI World Index. The underperformance was spread between stock selection and allocation impacts. Positive stock selection within the Industrials, Consumer Staples, and Utilities sectors positively contributed to relative performance. Challenging stock selection in Consumer Discretionary, Materials, and Financials detracted from relative performance. An overweight in the Materials sector and underweight to the Information Technology sector, the second-best performing sector during the month, detracted from relative performance. An overweight to the Health Care sector was modestly positive. Regionally, selection in the U.S. detracted from relative performance, overpowering positive stock selection in the UK. An overweight to the worst performing region, emerging markets, detracted from relative returns.

Vertiv Holdings Co. Class A positively contributed to relative performance during the month due to continued bullish sentiment surrounding AI stocks. As a leading supplier of cooling equipment and technology to data centers, the company stands to benefit from increased spending on digital infrastructure for expansion and upgrades. Company management continues to execute its strategy to improve margins, reversing the cost headwinds from the prior year, and delivering on operational improvements and greater free cash flow conversion. Backed by sustainable growth in their end markets, Vertiv continues to trade at an attractive valuation and remains well positioned for future earnings growth. Merck & Co. performed strongly in January on news that the pharmaceutical company's blockbuster drug, Keytruda, could see its patent life extended with combination treatments to target other types of cancer. Overall, this builds on positive momentum for the company and is part of the larger thesis that Keytruda will be a larger driver of growth for longer than the market currently expects. The company trades at 14.8x forward earnings with a dividend yield of 2.8%.

Humana Inc. underperformed in January on continued higher utilization rates for its health insurance products. The higher utilization trends in 2023 do not appear transitory, leading Humana to slash its earnings guidance to half of the level previously predicted for 2024. While managed care organizations continue to struggle, Humana remains an attractive asset that may be oversold on pessimism.

DuPont de Nemours, Inc. underperformed in January due to guidance surrounding a deeper trough in the cycle, continued destocking, and weak demand from China. The company guidance for the next two quarters was well below consensus. Overall, the company still has a strong portfolio of assets, but cyclical impacts continue to challenge the company.

## OUTLOOK

The continuation of the market rally in January pushed some markets toward highs. The strong returns over the past year may have gotten ahead of the fundamentals as inflation remains above the 2% targets favoured by central banks. Markets remain hopefully positioned that 2024 will be the year in which inflation is under control and monetary policy is more accommodative. We still do not understand the longer-term ramifications of the Quantitative Easing experiment, as business and economic cycles have been prolonged beyond historical norms. One gauge for this is unprofitable companies within the Russell 2000 Index. This tends to peak just after recessionary periods and tends to fall fairly quickly over the ensuing 2-3 years. In the dotcom recession, the percentage was just above 30%, falling to approximately 15% by 2006. In the Global Financial Crisis recession, the percentage of unprofitable companies increased to approximately 40% before falling to a higher 20%+ in 2012 then steadily increased to approximately 45% post the COVID recession. However, nearly two years later, unprofitable companies constitute roughly 40% of the total index. What might be the ramifications of this returning to a more normal level of less than 20%?

<sup>1</sup> The Perpetual Global Share Fund- Class A has been operating since August 2014. Barrow Hanley, Mewhinney & Strauss, LLC commenced as Investment Manager of the Fund on 9 September 2020. Prior to this, the Investment Manager was Perpetual Investment Management Limited. The return shown for Class A in the Total Return table & the Growth of \$10,000 chart has been calculated using the performance of the A Class less the Management Fee and any historical Performance Fees, effective 1 October 2020 the performance fee of the Fund was removed. This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. 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.

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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.

## MORE INFORMATION

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