

# PERPETUAL GLOBAL SHARE

January 2021

## FUND FACTS

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

## FUND BENEFITS

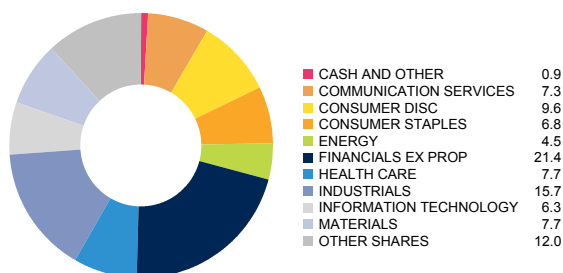
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

## 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>	June 1995
<b>Size of Portfolio:</b>	\$39.52 million as at 31 Dec 2020
<b>APIR:</b>	PER0024AU
<b>Management Fee:</b>	1.24%*
<b>Investment style:</b>	Active, fundamental, bottom-up, value
<b>Suggested minimum investment period:</b>	Seven years or longer

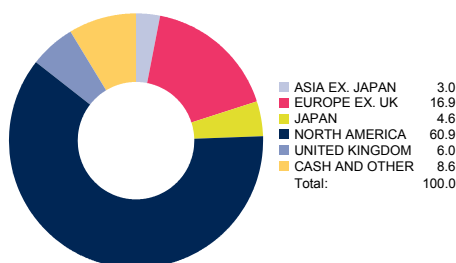
## PORTFOLIO SECTORS



## TOP 5 STOCK HOLDINGS

	% of Portfolio
Seven & I Holdings Co., Ltd.	3.6%
Comcast Corporation Class A	3.6%
Oracle Corporation	2.7%
Corteva Inc	2.7%
Linde plc	2.3%

## PORTFOLIO REGIONS



## NET PERFORMANCE - periods ending 31 January 2021

	Fund	Benchmark #	Excess
1 month	-2.19	-0.43	-1.77
3 months	9.52	6.54	+2.98
FYTD	11.40	9.28	+2.12
1 year	-0.21	0.74	-0.95
2 year p.a.	7.87	13.66	-5.79
3 year p.a.	5.95	10.27	-4.32
4 year p.a.	9.10	12.14	-3.05
5 year p.a.	8.61	11.53	-2.92
7 year p.a.	8.99	11.67	-2.68
10 year p.a.	9.45	12.51	-3.05

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

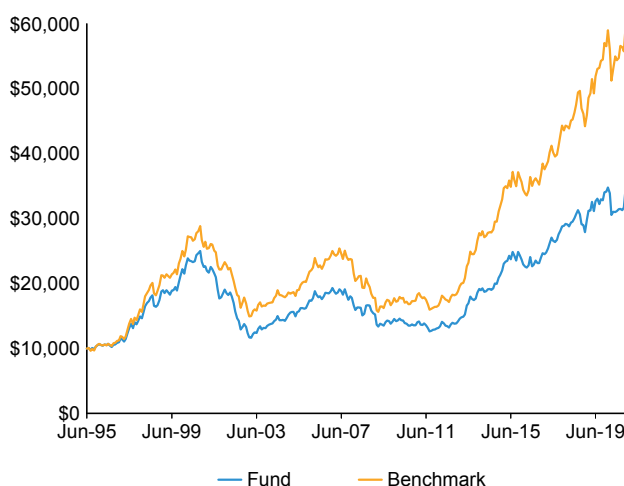
## PORTFOLIO FUNDAMENTALS<sup>^</sup>

	Portfolio	Benchmark
Price / Earnings*	14.8	19.9
Dividend Yield*	3.0%	2.5%
Price / Book	1.6	2.7
Debt / Equity	95.1%	59.2%
Return on Equity*	10.9%	13.8%

<sup>^</sup> Portfolio Fundamentals are compiled using our methodology and provided only for the purpose of illustrating the Fund's investment style in action. These figures are forecast estimates, calculated based on consensus broker estimates where available, and should not be relied upon. Dividend Yield is a dividend forecast of underlying securities for the portfolio and does not reflect the distributions to be determined for the fund.

\* Forward looking 12-month estimate.

## 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

January began the way markets ended in 2020: soaring up and up. By the middle of January, however, concerns around vaccination rollouts, fears of new COVID strains, renewed lockdowns, continued geopolitical upheavals, and a populist movement against Wall Street combined to cause markets to retreat, leaving the MSCI World Index down -1.0% at the end of the month.

Two areas of the market did see meaningful gains in the month. U.S. smaller cap stocks as measured by the Russell 2000 were up 5.0% while emerging market equities were up 3.1%, seemingly underscoring some continued confidence in an economic recovery. In fact, although U.S. flash PMIs pulled back slightly in the month, they remain well into expansion territory; conversely, Europe continues to see a sub-par economic recovery given tighter lockdowns, which could cause a double-dip recession depending on the effective rollout of a vaccine in the near term. This caused continental European equities to be the worst-performing region, down -1.8%. In contrast, the U.K. was only down -0.2% on the back of a more effective rollout of a vaccine, even as economic growth seems to be waning given harsh lockdowns with the flash composite PMI dropping from 50.4 to 40.6 in the month. China, along with Taiwan, was a key driver to the strong emerging market performance, up 7.4% and 6.5%, respectively.

Within developed markets globally, growth and value stocks ended the month largely in line. Sector performance was truly mixed, as Energy and Real Estate names did well, as did Consumer Discretionary and Information Technology. Conversely, Consumer Staples, Industrials, and Financials were among the poorest performing sectors. In emerging markets, growth stocks strongly outperformed value stocks, with the former returning 5.3% and the latter 0.8%.

## PORTFOLIO COMMENTARY

The Fund's largest overweight positions video, internet, and phone service provider Comcast Corporation, and convenience store operator Seven & I Holdings Co, and corporate information technology products and services provider Oracle Corporation. The Fund's largest underweight positions include Microsoft, Amazon, and Apple, all of which are not held in the fund.

The overweight position in convenience store operator Seven & I Holdings Co. (+7.4%) contributed to relative performance. The company reported better-than-consensus operating profits and increased its guidance for the year, causing the stock to perform well over the month. We continue to see a strong risk/reward profile and as the company integrates the Speedway acquisition and as markets fully reopen post-pandemic restrictions, we believe the stock will continue to re-rate higher.

FLIR was a strong contributor in the month on the back of a takeover offer from Teledyne Technologies Inc. The overweight position in perception and awareness technology developer FLIR Systems Inc (+19.4%) contributed to relative performance. FLIR (Forward Looking Infrared) is a pioneer in thermal imaging and a leading provider of thermal sensing technology to the broader Industrial and Defense markets, with greater than 60% market share of uncooled camera cores and is a recent addition to the strategy.

The overweight position in SeaWorld Entertainment (-9.0%) detracted from relative performance. The stock fell over the month after being the top contributor in the fourth quarter of 2020. As was the case with AerCap, this is likely due to concerns about a successful vaccine rollout as investors question the speed at which theme parks will be able to fully reopen. We expect the company to continue to move toward our estimate of fair value as more positive vaccine news emerges.

The overweight position in aircraft leasing and financing provider AerCap Holdings NV(-15.7%) detracted from relative performance. The company announced better-than-expected lease and sale agreements for the fourth quarter of 2020 and performed very strongly in December, however, sold down in January. This is likely attributable to concerns about the trajectory of vaccine rollouts. The outlook for AerCap remains attractive as air travel has picked up. With a successful vaccine rollout, air travel is expected to continue to increase.

## OUTLOOK

Trying to predict the direction and magnitude of moves in the overall market is an impossible task. 2020 was a vivid example of this, as the pandemic is estimated to have contracted global economies, yet many broad indexes finished the year at all-time highs. For this reason, we stay fully invested and do not try to time the market. Instead, we focus on individual companies using the same value process we have always employed, resulting in a value portfolio whose characteristics are largely unchanging regardless of whether growth or value is leading the market. This is especially important in a time where valuations are at all-time highs. As a value investor, we are keenly aware that this has been driven principally by strong performance in large cap growth stocks. We recognise that when this valuation gap closes, as it did in the early 2000s, value stocks will be poised to provide strong excess returns relative to the broad market. Further, a sustained value cycle is typically accompanied by improving economic growth, which should logically follow the pandemic-induced contraction we witnessed in 2020, especially considering the record amounts of monetary stimulus by governments and the world's central banks. Value stocks also benefit from expectations of higher inflation and interest rates. The longstanding consensus view that both will remain "lower for longer" is now being called into question. We feel strongly that the relative performance of active value is poised to offer very competitive results over the next several years.

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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 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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