

WEALTHFOCUS BARROW HANLEY GLOBAL SHARE FUND

April 2024

FUND FACTS

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

FUND BENEFITS

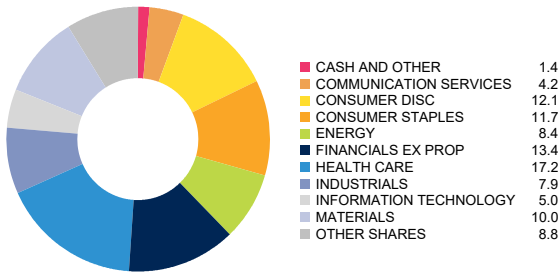
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley’s experienced investment team and disciplined investment process.

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 1986
- Size of Portfolio:** \$189.47 million as at 31 Mar 2024
- APIR:** PER0031AU
- Management Fee:** 1.24%*
- Investment style:** Active, fundamental, bottom-up, value
- Suggested minimum investment period:** Seven years or longer

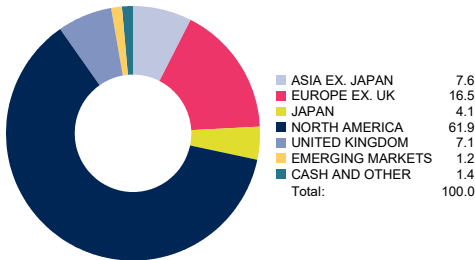
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Enbridge Inc.	3.1%
Merck & Co., Inc.	3.1%
Comcast Corporation Class A	3.0%
Aramark	2.7%
Sanofi	2.6%

PORTFOLIO REGIONS

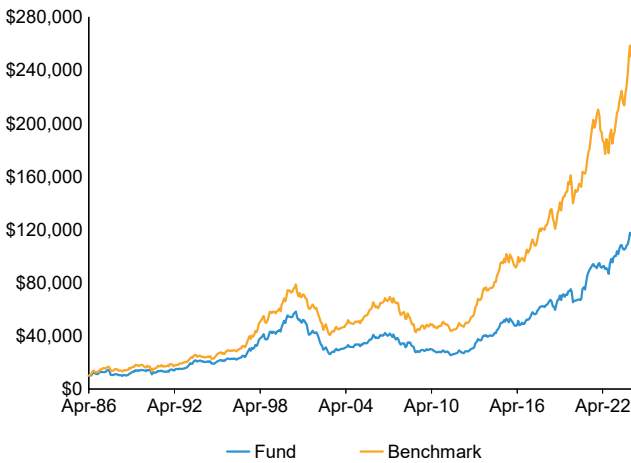


NET PERFORMANCE - periods ending 30 April 2024

	Fund	Benchmark #	Excess
1 month	-1.73	-3.26	+1.53
3 months	6.16	5.46	+0.70
FYTD	9.33	15.59	-6.26
1 year	11.44	20.48	-9.05
2 year p.a.	12.08	15.62	-3.54
3 year p.a.	9.46	11.92	-2.46
4 year p.a.	14.84	14.63	+0.21
5 year p.a.	10.49	12.25	-1.76
7 year p.a.	10.96	12.51	-1.55
10 year p.a.	11.33	12.86	-1.52

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

The first month of the quarter saw equity markets across the globe sell off after a strong first quarter with continued signs that market leadership may be shifting. Global markets fell, with the MSCI World and MSCI All Country World indexes down 3.7% and 3.3%, respectively. This was a giveback from the first quarter, as the broad market indices are still higher for the year. The factors driving the market over the past quarters, such as high momentum, reversed course and stopped outperforming. This month, traditional value stocks with lower price-to-earnings multiples and higher dividend yields outperformed. For the second month in a row, value stocks generally led growth stocks across markets. Only two sectors in the MSCI World Index had positive returns: Energy and Utilities. The rest of the sectors were down for the month. Led lower by the interest rate sensitive Real Estate sector and the Information Technology sector, down 7.2% and 5.7% respectively during the month.

PORTFOLIO COMMENTARY

During a month in which value stocks, China, and the UK led the market, the strategy outperformed the MSCI World Index. Contribution to outperformance was broad, as the strategy added value in 9 of the 11 sectors. Specifically, from a sector perspective, the outperformance was attributable to allocation and stock selection, with an underweight to Information Technology boosting performance. Positive stock selection within the Financials, Industrials, and Consumer Discretionary sectors positively contributed to relative performance. Challenging stock selection in the Communication Services, Utilities, and Consumer Staples sectors modestly detracted from relative performance. The relative positive impacts from allocation were mostly due to the growth/value dispersion mentioned earlier in this commentary, as the portfolio was helped by the underweight to the Information Technology sector and overweight positioning in the Energy and Utilities sectors. Regionally, the outperformance was driven by stock selection in continental Europe, and North America, with positive allocation impacts from Emerging Markets. Stock selection in the UK was modestly negative, although an overweight to one of the better performing geographies helped.

Great Wall Motor Co. Ltd. Class H positively contributed to relative performance in April after the Chinese automotive OEM reported solid quarterly results in a fierce competitive environment. Sales numbers were on target to be slightly ahead while exports, primarily to Russia and Brazil, continue to be strong. The company continues using a bifurcated pricing strategy in the highly competitive Chinese market, with some brands competing for price at lower margins, while keeping its larger SUV models as higher margin products to protect overall profit given strong market leadership in these niche areas.

Boliden AB positively contributed to relative performance during the month after reporting quarterly results and a strike impacting performance showed signs of abating. While there was operational disruption in the results due to the strike, spot prices for the Finnish metal miner remain strong for copper and gold. The company currently trades at 13x forward earnings with a dividend yield of 2.1%.

Humana Inc. underperformed in April on continued higher utilisation rates for its health insurance products. The higher utilisation trends in 2023 do not appear transitory, leading Humana to slash its earnings guidance to half of the level previously predicted for 2024 early in the year. The first quarter results were in line with this guidance, but the pricing and utilisation picture for 2025 remains unclear until bids for that year conclude. While the pace of the recovery remains uncertain, the likelihood of recovery over multiple years remains high. Managed Care Organisations continue to struggle, but Humana remains an attractive asset that may be oversold on pessimism.

Lithia Motors, Inc. detracted from relative performance in April given slightly weaker than expected first quarter earnings due largely to higher SG&A expenses and continued normalising (lower) new car gross profit per unit. The market remains myopically focused on this unit margin (admittedly elevated post COVID), while ignoring volume growth and additive contributions by Finance & Insurance and Parts & Service penetration. Despite a softer quarter, we see multiple avenues to earnings growth. We believe the ~9x 2024 EPS multiple undervalues higher normalised earnings and future free cash flow generation.

OUTLOOK

The market finally paused in April from a strong rally over the past five quarters, with some markets retreating from highs. The strong returns over the past year may have outpaced the fundamentals of companies, as inflation remains above the 2% targets favored 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. However, the current market optimism is still pricing in more accommodative monetary policy for 2024 in the form of rate cuts in the U.S. and Europe that began to fade as the number of expected rate cuts for the year fell throughout the quarter. Earnings multiples remain elevated and earnings growth estimates are still above 10%. A negative return environment could recur if there is any disappointment from the current forecast of multiple rate cuts in 2024, which could lead to multiple compression among more expensive stocks. As macro issues tend to swing markets up and down, it is important to remember that the best time to find value is when markets are fearful or exuberant about a small opportunity set and are ultimately overlooking good companies with solid operating fundamentals.

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. 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.

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. 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

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au

