# BARROW HANLEY GLOBAL EQUITY TRUST

November 2024

## FUND FACTS

**Investment return objective:** Aims to provide the trust with higher returns compared to the benchmark, while maintaining lower risk.

## FUND BENEFITS

True traditional value portfolio concentrated in 50-70 stocks which focuses on undervalued companies with improving operating fundamentals identified by Barrow Hanley's screening 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 Index (Measured in AUD) |
| **Inception date:** | 6/05/2016 |
| **Delegated Investment Manager:** | Barrow Hanley Mewhinney & Strauss |
| **APIR:** | ETL0434AU |
| **Management Fee:** | 0.99% p.a |
| **Size of fund** | $ 260.83 million as at 30/09/2024 |

**Suggested minimum investment period:** Five years or longer

## NET PERFORMANCE - Periods ending November 30, 2024

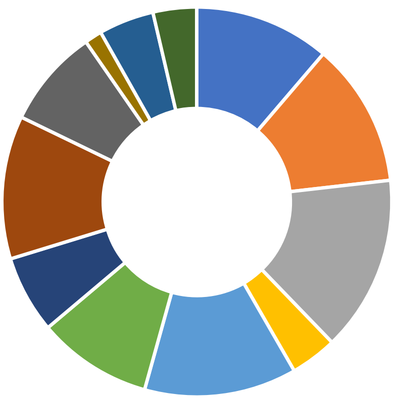
| | Fund | Benchmark | Excess |
|---|---|---|---|
| 1 month | 2.9 | 5.2 | -2.25 |
| 3 months | 6.5 | 8.8 | -2.32 |
| FYTD | 13.3 | 12.0 | +1.31 |
| 1 year | 21.9 | 30.7 | -8.80 |
| 2 years | 15.0 | 22.4 | -7.41 |
| 3 years | 12.5 | 12.4 | +0.06 |
| 4 years | 14.5 | 15.9 | -1.48 |
| 5 years | 9.9 | 13.8 | -3.95 |
| Since Inception | 11.8 | 14.4 | -2.56 |

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

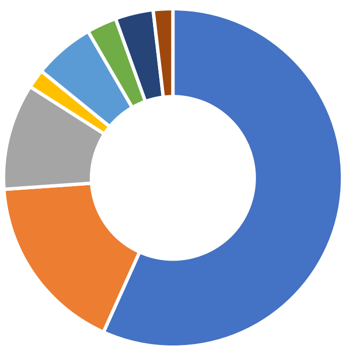
## TOP 5 STOCK HOLDINGS

| | % of Portfolio |
|---|---|
| BANK OF NOVA SCOTIA | 3.3% |
| COMCAST CORP | 2.9% |
| MERCK & CO INC | 2.9% |
| AIR PROD & CHEMS INC | 2.8% |
| ENTERGY CORP | 2.6% |

## PORTFOLIO SECTORS




## PORTFOLIO REGIONS



November delivered on the promise of a flurry of headlines relating to geopolitics and macroeconomics. The American presidential race ended with Donald Trump winning; he will be the second U.S. candidate ever elected to two non-consecutive terms. The quick and decisive outcome led the S&P 500 to have its best month of the year, up 5.7%, as the VIX Index fell in conjunction with the closing out of crowded market hedges. U.S. job openings hovered near the 3+ year lows hit last month. After the U.S. Federal Reserve (the Fed) opted to cut rates by 50 basis points (bps) in September, yields backed up on concerns surrounding the durability of inflation and higher long-term deficit spending. However, the market is still expecting a rate cut in December. Outside the U.S., central banks in Canada, UK, and other western-oriented central banks are still lowering rates while Japan has been holding steady after raising rates in the third quarter. This leads to the most popular question of how these election results will impact companies, trade, and foreign policy. There is much uncertainty, but some level of tariffs seems likely. This will damage bilateral trade with China, and even European exporters continue to suffer given the fear that a global tariff could be enacted. In spite of the uncertainty, global equity markets were positive in November, driven higher by the U.S. As noted earlier, the U.S. was the best performing market during the month. It was a notably risk-on environment with small caps and speculative technology names outperforming. Japan and the UK were positive, at least in U.S. dollar terms. However, continental Europe fell during the month on weakening economic data and political turmoil. Emerging markets were the worst performing segment, led lower by China.

The Barrow Hanley Global Value strategy underperformed the MSCI World Index in November as more speculative assets in the U.S. rallied. Allocation impacts by sector were a driver of underperformance. An underweight to the Information Technology sector, mixed with an overweight to the Materials and Utilities sector, explains some of the underperformance. Regionally, allocation impacts were significant, with an overweight to continental Europe in favour of U.S. explaining a significant portion of the underperformance. Stock selection within continental Europe was positive, offset by negative stock selection within the U.S.

**Carnival Corporation** positively contributed to relative performance for the second month in a row after the cruise line reported strong earnings. The industry as a whole is thriving as it remains the value vacation option, with affordable pricing a concern 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.

**Rheinmetall AG**, the European defense contractor domiciled in Germany, positively contributed to relative performance during the month. The company released strong Q3 results in November and is pushing back toward all-time highs. While the Trump administration will push for a ceasefire in Ukraine, there is still an expectation for structurally higher European defense spending that would benefit the company. The company also released long-term expectations which are higher than the current consensus for both revenue growth and margins.

**Danone SA**, the French food manufacturer, reported solid 3Q results in the month of October. However, the appointment of Robert F. Kennedy Jr. to lead the department of Health and Human Services in November weighed on many processed food manufacturers. The U.S. accounts for more than 20% of Danone's revenue.

**Newmont Corporation** detracted from relative performance in November as the mining and metals company reported quarterly results that were slightly less than the market expected in late October. Also, the price of gold slumped slightly during the month after a strong rally throughout the year

The persistent political change across the globe continues to drive short-term tactical repricing, but the long-term impacts are far from certain as ideology will ultimately clash with political reality. What does stand out is the juxtaposition of continued U.S. economic strength and tepid economic growth in Europe. Markets continue to expect rate cuts going forward, but the pace and magnitude remain a question, especially given the political context. While the market expects 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 the next jobs report confirms that October's weakness was an aberration.



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