

# BARROW HANLEY GLOBAL SHARE FUND (MANAGED FUND)

## ASX code: GLOB

August 2023

### FUND FACTS

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

### FUND BENEFITS

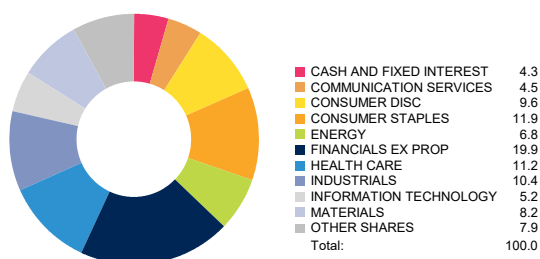
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

### 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>Inception date of strategy:</b>	August 2014
<b>ASX commencement date:</b>	06 June 2022
<b>Distribution Frequency:</b>	Half-Yearly
<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

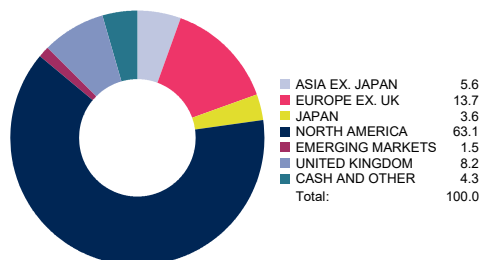
### PORTFOLIO SECTORS



### TOP 5 STOCK HOLDINGS

	% of Portfolio
Air Products and Chemicals, Inc.	2.9%
Comcast Corporation Class A	2.9%
Merck & Co., Inc.	2.8%
Seven & I Holdings Co., Ltd.	2.6%
Cigna Group	2.6%

### PORTFOLIO REGIONS



### NET PERFORMANCE - periods ending 31 August 2023

	Fund	Benchmark	Excess
1 month	0.04	1.56	-1.52
3 months	7.02	6.91	+0.11
FYTD	2.79	3.69	-0.90
1 year	22.26	22.37	-0.11
2 year p.a.	-	-	-
3 year p.a.	-	-	-
Since incep.	15.04	17.29	-2.26

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

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

	Portfolio	Benchmark
Price / Earnings*	12.3	17.0
Dividend Yield*	3.4%	2.6%
Price / Book	1.7	2.7
Debt / Equity	61.5%	49.8%
Return on Equity*	14.3%	16.9%

<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.

\*Information on management costs is set out in the relevant PDS

## MARKET COMMENTARY

After a strong start to the year, markets paused in August with a few notable reversals despite the lack of any meaningful changes in trends. The MSCI World and MSCI All Country World Indexes were both down 2.4% and 2.8%, respectively, with the latter impacted by its exposure to emerging markets, which posted a reversal from the prior month's strong gains.

U.S. markets fared the best in the month, down less than 2%. This did not translate to U.S. small cap stocks; the Russell 2000 Index was down 5% in the month as the debate around a soft landing may be softening with investors. The U.S. Federal Reserve (the Fed) has not yet given a clear signal on its next move on rates, though markets appear to have moved away from any expectation of interest rate reductions prior to the end of the year. Emerging markets, last month's standout, were this month's laggard, down more than 6% on the back of China having given up a large portion of last month's gains, down nearly 9%. Weakness in China was driven by weaker than expected economic fundamentals with retail sales year-over-year missing expectations, growing only 2.5%. Europe continues to face tough economic challenges, with inflation remaining sticky, composite PMIs falling to the lowest levels since 2012, not including the COVID period, and GDP growth looking very anemic.

Markets were very narrow in the month, as only four sectors, Communication Services, Energy, Health Care, and Information Technology, outperformed the broader market. Conversely, Financials, Materials, and Utilities were meaningful laggards in the month. This modestly favored growth stocks over value stocks in the period. The reversal in August is not surprising as we continue to see meaningful headwinds in the market and believe our diversified mix of cyclical and defensive stocks will provide downside support while also allowing us to participate in a recovery in the markets.

## PORTFOLIO COMMENTARY

Challenging stock selection in the Financials, Consumer Discretionary, and Health Care sectors offset effective selection in the Industrials and Consumer Staples sectors. The portfolios' overweight to the Materials and Utilities sectors detracted further from relative returns while an overweight to Energy benefitted relative returns. Regionally, challenging selection in the portfolios' emerging markets and U.S. holdings detracted from relative returns, offsetting effective selection in continental Europe and Japan.

Vertiv Holdings Co. Class A continued its strong performance in the month of August. Vertiv has benefitted from the excitement around Artificial Intelligence (AI) and, after reporting strong results earlier in the month, received an additional boost with NVIDIA posting strong results and comments about strong demand and positive comments around data center operators.

BAE Systems plc performed strongly in August, reporting very strong first half year results with EPS beating by 13%. Both near- and medium-term guidance have been upgraded and the company's buyback program has been extended/increased. BAE also announced the acquisition of Ball Aerospace in the month. This potential deal has been rumored for some time and appears strategically sound, though there is some risk with the integration of the new asset which we will watch closely.

Banco Bradesco SA Pfd underperformed in August as the company posted disappointing results early in the month. Net income was in line with expectations, though was boosted by a low effective tax rate as pretax income was ~8% below consensus. Further, operating results for both loan growth and net interest income (NII) were softer than expected. Despite disappointing results, we remain comfortable with our position as we expect better results in the second half of the year.

Ralph Lauren Corporation Class A detracted from performance last month despite posting better-than-consensus results with EPS up 24% year-over-year. The company largely maintained full year guidance, though the market perceived September quarter guidance as soft which pressured the stock lower. We recognize that the softer guidance for the quarter is due to the company tilting more marketing spend this quarter relative to a year ago, which does not raise concerns about our investment thesis.

## OUTLOOK

The month of August highlighted some softening of economic fundamentals, despite strong employment and wage trends in many parts of developed economies, as noted earlier in the commentary. Further, consumers have been able to tap into excess savings generated during the pandemic but this may no longer be a source of support as excess savings have been spent down and are likely to reach pre-pandemic levels in the third quarter of 2023 as noted by the Federal Reserve Bank of San Francisco. As such, we remain cautious on the market for latter part of the year as we continue to see high valuation multiples and slowing economic growth. With sticky inflation and higher rates, headwinds remain. Despite these challenges, we remain confident that value stocks will reassert themselves, as value stocks remain cheap, especially when compared to growth peers, and in our view face fewer headwinds.

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The product disclosure statement for the ETMF, issued by Perpetual, should be considered before deciding whether to acquire or hold units in the ETMF. The ETMF's 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).

Investment returns, net of management costs have been calculated on the growth of Net Asset Value (NAV) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the ETMF's investment portfolio return less the growth of NAV. No allowance has been made for taxation. Future returns may bear no relationship to the historical information displayed. The returns shown represent past returns only and are not indicative of future returns of an ETMF. Returns on an ETMF can be particularly volatile in the short term and in some periods may be negative. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the ETMF or the return of an investor's capital.

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## MORE INFORMATION

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