

# PERPETUAL BARROW HANLEY GLOBAL SHARE

March 2025

## FUND FACTS

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

## FUND BENEFITS

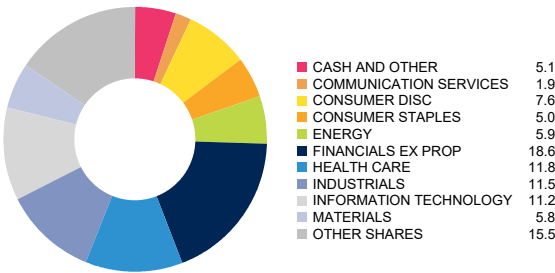
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

## 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:** June 1995  
**Size of Portfolio:** \$55.29 million as at 31 Dec 2024  
**APIR:** PER0024AU  
**Management Fee:** 0.99%\*  
**Investment style:** Active, fundamental, bottom-up, value  
**Suggested minimum investment period:** Seven years or longer

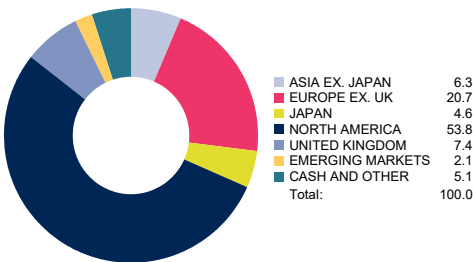
## PORTFOLIO SECTORS



## TOP 5 STOCK HOLDINGS

	% of Portfolio
Sanofi	3.4%
Merck & Co., Inc.	3.0%
Bank of Nova Scotia	2.7%
Standard Chartered PLC	2.4%
Entergy Corporation	2.2%

## PORTFOLIO REGIONS

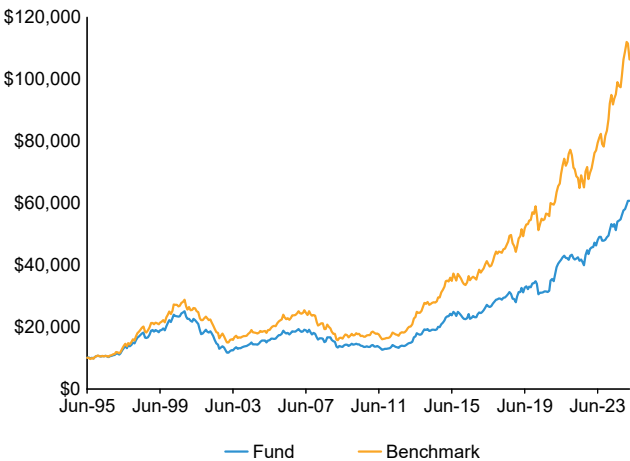


## NET PERFORMANCE - periods ending 31 March 2025

	Fund	Benchmark #	Excess
1 month	0.03	-4.65	+4.69
3 months	4.66	-2.42	+7.09
1 year	14.11	12.06	+2.05
2 year p.a.	15.22	19.97	-4.75
3 year p.a.	13.29	14.48	-1.19
4 year p.a.	11.53	13.78	-2.25
5 year p.a.	14.71	15.71	-1.00
7 year p.a.	11.24	13.48	-2.24
10 year p.a.	9.99	11.75	-1.76

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

Looking back, the first quarter of 2025 was the third worst start to the year for the S&P 500 since the Global Financial Crisis 15 years ago. What began optimistically ended with uncertainty—as market euphoria over deregulation and lower taxes promised by the incoming Trump administration was swiftly swept aside by widespread concerns over austerity, inflation, and tariffs. For the broad U.S. market, this marked a sharp reversal for the Magnificent 7, which dragged down the S&P 500 index given the high concentration in those names and leading to a new nickname entering investors' lexicon, the “Lag 7”. The first quarter saw six consecutive weekly declines for the group of seven while six out of the seven underperformed the broader S&P 500 in the quarter. Given the magnitude of the runup leading to stretched valuations coming into this year, this unwind could still be in its early days. The resulting benefits to broader stocks and their far more reasonable valuations is an important reminder of the benefits of diversification and active management, as 62% of the S&P 500 stocks posted better returns than the index. While recent announcements in April have diverted investors' attention, the other material performance shift occurred in Europe, which outperformed the United States by more than 1000 basis points (bps) as measured by MSCI Europe's 10.6% return relative to the S&P 500's -4.3% return.

## PORTFOLIO COMMENTARY

During the quarter, the Barrow Hanley Global Value Equity strategy posted very strong results, outpacing the MSCI World Index by more than 700 bps and the MSCI World Value Index by more than 100 bps. Relative to the MSCI World Index, the allocation to value stocks with an underweight to the Information Technology sector and an overweight to the Utilities and Energy sectors contributed to relative returns.

Defence holdings Rheinmetall AG and BAE Systems plc outperformed very strongly in the first quarter as expectations for growth in European defence spending continue to go higher. President Trump and his new administration continue to exert more pressure than expected on Europe to spend more on its own defence. The discussion is moving from getting European NATO spending to 2% of GDP to at least 3% with Trump talking about a need for 5%. Following the CDU win in the German elections, the Bundestag also approved an exemption for defence spending from the debt break. That paves the way for sustainably higher spending as Germany rebuilds its defence capabilities.

Newmont Corporation positively contributed to relative performance during the quarter due to several key factors. The company reported better-than-expected Q4 earnings, driven by a significant increase in gold production and prices, which led to a surge in its stock price. Gold prices began the quarter at \$2,639 per ounce and ended at \$3,157 per ounce, reflecting a strong market environment. Additionally, Newmont completed the sale of several operations, generating \$1.7 billion in after-tax cash proceeds, as part of its strategic portfolio optimisation as the company continues to execute on its plan to fund buybacks and reduce debt levels through the sale of higher cost mines. The stock trades at a below market multiple of 13.7x forward earnings with a dividend yield of 2.1% as Newmont remains one of the lowest cost producers in the market.

Microchip Technology Incorporated detracted from relative performance during the quarter due to elevated inventory throughout the channel and underutilization charges weighing on orders and gross margins. The company, which designs and manufactures microcontrollers and analog semiconductors, reported a 42% yearover-year and 12% quarter-over-quarter decline in revenue. The gross margin was 55.4%, while the operating margin stood at 20.5%. Earnings per share came in at \$0.20, missing the consensus estimate of \$0.29. Inventory levels at customers, channel partners, and downstream partners have not yet bottomed out, contributing to the company's challenges. Despite proactive measures to manage fixed costs and inventory, the March quarter outlook missed expectations. As the semiconductor cycle turns, Microchip is well positioned to participate in the rebound and the stock has a dividend yield of 3.8%.

Avantor, Inc. detracted from relative performance during the quarter as excitement around a bioprocessing recovery was met with cautious guidance by the company and peers. In addition, concerns around NIH funding cuts weighed on Avantor despite <5% exposure to the U.S. academic market. Avantor is a vertically integrated supplier to the global life sciences and applied materials industries. While there remains skepticism around the cadence of a short-term recovery in industry volumes, the worst of de-stocking is likely behind us. Sales and earnings are poised to re-accelerate, and the company is well positioned to benefit from longer term secular growth in bioprocessing volumes. The company has several idiosyncratic drivers including a \$300M cost-cutting plan that should lead to material earnings growth and margin expansion in the years to come. In addition, after a recent divestiture, we expect that Avantor will bring down net leverage <3x in the coming quarters. Looking forward, Avantor remains attractive trading at less than 13x normalized earnings against low expectations, despite its superior earnings growth profile.

## OUTLOOK

Looking ahead, markets are grappling with an unusually high degree of uncertainty. If the past five years have taught investors anything, it's how to navigate through volatility and rapid change. Lessons from the COVID-19 era are once again relevant, as managers contend with daily swings and shifting sentiment. The much-anticipated “Liberation Day” has brought more questions than answers, with a 90-day pause across most countries reflecting hesitation rather than clarity. Tariffs targeting major U.S. trading partners appear more severe than expected, reinforcing a reset at lower baselines. Rising tensions between the U.S. and China have stirred fears of a broader trade war, shaking investor confidence and increasing the risk of a global recession. Growth forecasts in the U.S. have softened, and inflation remains uncertain—caught between elevated input costs and declining consumer and corporate demand. Markets hoping for a swift Fed response may need to be patient. Chairman Powell's call for restraint as developments unfold has done little to ease nerves. Meanwhile, the unwind of the long-standing momentum trade is beginning. Indices like the S&P 500 remain concentrated in growth stocks and the “Mag 7,” a dynamic that will take time to normalize. As this shift plays out, value-oriented areas—especially cyclical names—look increasingly well-positioned for the road ahead.

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

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## MORE INFORMATION

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