

BARROW HANLEY GLOBAL EQUITY TRUST

July 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.

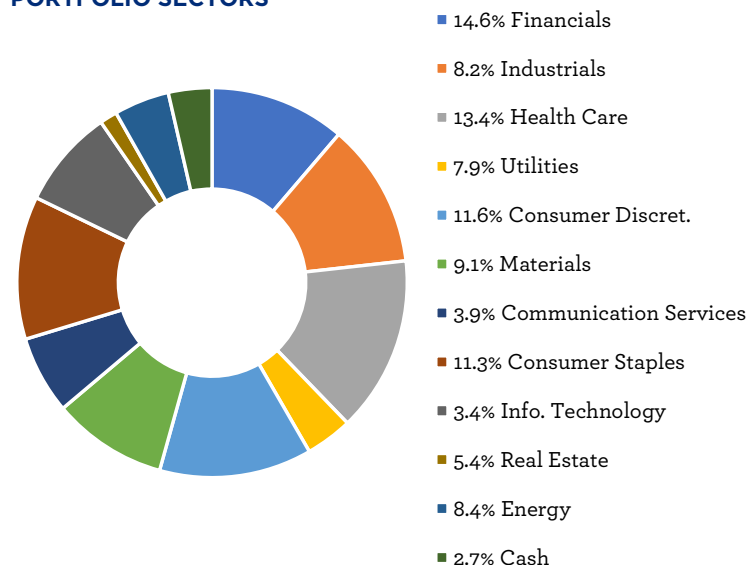
FUND RISKS

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:	ETLO434AU
Management Fee:	0.99% p.a
Size of fund	\$ 262.85 million as at 30/06/2024

Suggested minimum investment period: Five years or longer

PORTFOLIO SECTORS



NET PERFORMANCE - Periods ending July 31, 2024

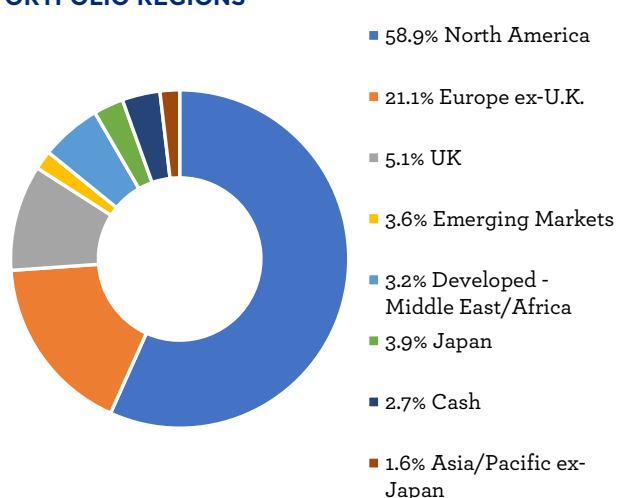
	Fund	Benchmark	Excess
1 month	5.7	4.1	+1.58
3 months	3.6	8.0	-4.35
FYTD	5.7	4.1	+1.58
1 year	11.2	22.7	-11.50
2 years	15.4	20.4	-5.02
3 years	9.1	11.7	-2.54
4 years	15.9	16.5	-0.66
5 years	10.1	13.8	-3.69
Since Inception	11.4	14.0	-2.61

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

TOP 5 STOCK HOLDINGS

	% of Portfolio
COMCAST CORP	3.0%
ENBRIDGE INC	3.0%
MERCK & CO INC	2.6%
ENERGY CORP	2.5%
BANK OF NOVA	2.5%

PORTFOLIO REGIONS



During July, we saw enough daily headlines to last an entire year, especially in the U.S. Early in July we saw an attempted assassination attempt of the former President Donald Trump, the current U.S. President U.S. Joe Biden pushed off the Democrat ticket, and the ascension of his Vice President Kamala Harris to the ticket, thus altering the course of the election cycle in the U.S. Further, soft economic data in the U.S. regarding jobs and manufacturing output brought the word “recession” back into the realm of possibilities. Outside the U.S., we saw central banks in Canada, the UK, and other western-oriented central banks lowering rates while Japan raised rates. Finally, China has continued to garner headlines for the wrong reasons as the economy has failed to recover post COVID on the back of underwhelming stimulus by the government. This latter point may be somewhat forgivable as there has been a lot of rhetoric around tariffs and the fact that the U.S. Federal Reserve (the Fed) has continued to maintain tighter rates causing China to pause until there is greater clarity.

The Barrow Hanley Global Value Equity strategy posted strong results in the month, outperforming the MSCI World Index. The strategy’s underweight to the Information Technology and Communication Services sectors and an overweight to the Utilities and Real Estate sectors added positively to relative returns. Effective stock selection within the Communication Services, Materials, and Utilities sectors added further to relative returns.

Avantor, Inc. positively contributed to relative performance during the month after being among the top detractors in June. As we noted at the time, Avantor came under pressure after a peer reported poor results. However, in the month the company reported better execution than expected, with EBITDA margins improving on the back of pricing, mix, and cost controls. Management maintained full year guidance in a move that we see as conservative but appreciate nonetheless.

Newmont Corporation contributed positively to relative performance during the month on the back of improving gold prices given market concerns about softening economic fundamentals. We believe that given its strong free cash flow and potential asset sales, Newmont should provide strong shareholder returns and we remain positive on the stock.

Merck & Co., Inc. detracted from relative performance in the month. Merck reported top line revenue and EPS growth and guided largely in line with expectations. Challenges in the month were due to a slowdown in China sales in one of Merck’s vaccine drugs, Gardasil, and concerns about potential competition from Chinese companies increasing in this space. We believe Merck will be able to manage through this and remain holders of the shares.

Carnival Corporation detracted from relative performance in July after being among the top contributors in June. Concerns about softening economic fundamentals outweighed lower fuel costs and potentially stronger than expected pricing. We continue to believe Carnival offers a good risk/reward profile.

Despite the muted market returns in July, sentiment shift may be afoot, as we have seen material rotations over the last month. We note the large spread (+20%) between small cap stocks and the NASDAQ; as measured by the Russell 2000 Index small cap stocks were up more than 10% in the month. That said, this may not be sustained if economic concerns broaden, as small cap stocks are likely to be hurt in this scenario. Softening economic numbers and stagnant inflation over the last few months have all but guaranteed a rate cut by the Fed in September. This will come on the heels of other central banks that have already cut. However, the issue regarding cutting rates is less about *who* is cutting and when that first rate comes, but more about *why* rates are being cut. If the Fed and other central banks have to move quickly in cutting historically high rates as a result of softening economic growth versus sufficiently tame inflation, it will pull the soft-landing scenario off the table and we could continue to see a violent rotation away from high multiple stocks in favour of lower multiple stocks. This may be further aggravated if we do officially enter into a recession. Following our bottom-up, fundamental process, the Barrow Hanley Global Value strategy has been tilted more to the defensive areas of the market over the last few years. This positioning, though challenging for performance over the last 12-18 months, has allowed the strategy to provide downside protection – not only in the rotating markets in July, but during August to date as we deal with markets continuing to stumble.

Equity Trustees Limited (Equity Trustees) ABN 46 004 031 298 | AFSL 240975 is the Responsible Entity for the Barrow Hanley Global Equity Trust (the Fund). Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). The Investment Manager for the Fund is Perpetual Investment Management Limited (Perpetual) ABN 18 000 866 535 | AFSL 234426. Perpetual has delegated the investment management of the Fund to Barrow, Hanley, Mewhinney & Strauss, LLC (BH). This information has been prepared by Perpetual to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Perpetual, BH, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. The PDS can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. Barrow Hanley Global Equity Trust’s Target Market Determination available here. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

MORE INFORMATION

Adviser Services 1800 062 725
Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

