

INVESTMENT REPORT – 31 JANUARY 2021

BARROW HANLEY GLOBAL EQUITY TRUST

OBJECTIVE

The investment return objective of the Trust is to obtain higher returns compared to the Benchmark, while maintaining lower risk.



DISTINGUISHING FEATURES

- True traditional value portfolio concentrated in 50 to 70 stocks.
- Focus on undervalued companies with improving operating fundamentals.
- Fundamental stock selection with risk controls creates consistency.
- AUD\$7.2bn AUM in Global Value Equity (as at 31 January 2021) allows exploitation of broadest range of market inefficiencies.

TOP 10 HOLDINGS

SECURITY	SECTOR	TRUST
Comcast Corp	Communication Services	3.4%
Seven & I Holdings	Consumer Staples	3.4%
Corteva Inc	Material	2.7%
Oracle Corp	Information Technology	2.7%
Linde Plc Com	Materials	2.3%
Altice USA Inc Usd	Communication Services	2.2%
National Grid Ord Gb	Utilities	2.2%
Coca Cola European	Consumer Staples	2.1%
Exelon Corporation	Utilities	2.1%
Anthem Inc	Healthcare	2.0%
		25.1%

Source: BNP Paribas Securities Services

TRUST PERFORMANCE

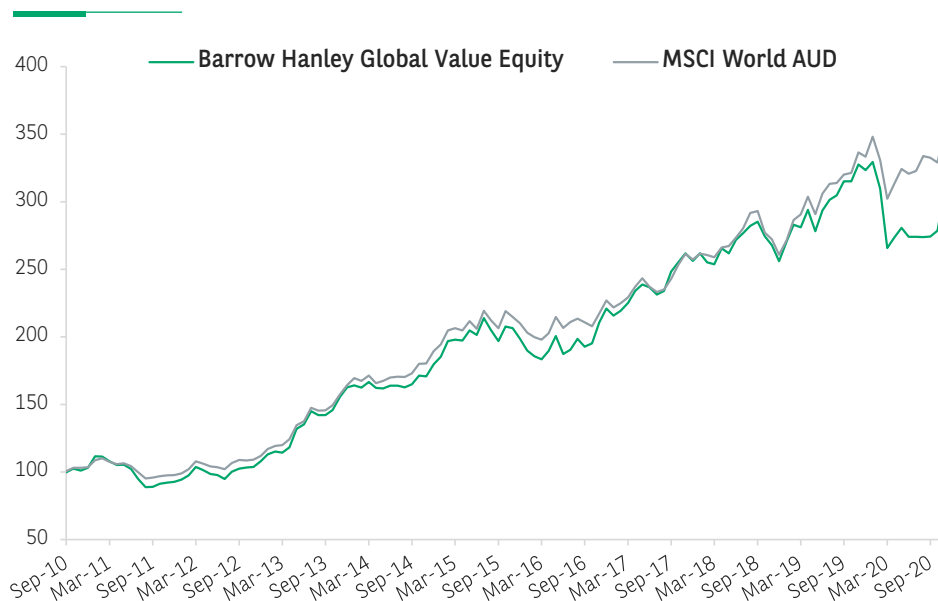
	TRUST GROSS	TRUST NET	BENCHMARK
1 Month %	-2.26	-2.34	-0.40
3 Months %	10.65	10.37	6.64
6 Months %	12.32	11.76	8.84
FYTD %	12.24	11.59	9.53
1 Year %	-6.90	-7.82	1.25
2 Years % p.a.	6.65	5.60	14.27
3 Years % p.a.	5.68	4.64	10.87
4 Years % p.a.	9.33	8.25	12.76
Since Inception (%) performance inception 6 May 2016	10.13	9.04	12.35

Source: BNP Paribas Securities Services. Benchmark: MSCI World Index, Measured in AUD. Gross returns are calculated before fees and net returns are calculated using exit prices net of ongoing fees of 0.99% p.a. (inclusive of RITC and GST) and assuming reinvestment of distributions. No allowance is made for tax when calculating these figures. Gross returns are provided for wholesale investors only, retail investors should refer to net returns.



January proved challenging for performance as the trust trailed the MSCI World Index

LONG TERM PERFORMANCE

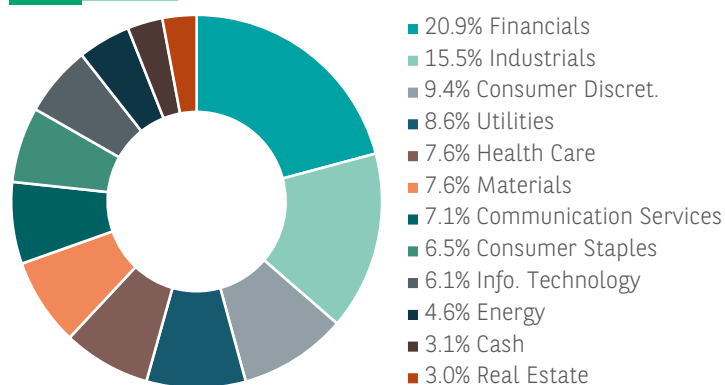


Source: Barrow, Hanley, Mewhinney & Straus LLC, in AUD. Strategy Inception September 2010. The Trust performance commenced on 6 May 2016. To give a longer-term view, the above chart shows the composite returns for Barrow Hanley Global Value Equity Strategy (gross of fees, inclusive of tobacco stocks), according to which the Trust was managed prior to 31 December 2018. The performance of the Trust will however differ from this Global Value Equity Strategy due to factors such as fees and charges applicable to the Trust, the impact of applications and withdrawals and the exclusion of tobacco related stocks from 31 December 2018. Please note the performance calculation methodology applied to the Trust may differ from the composite returns presented.



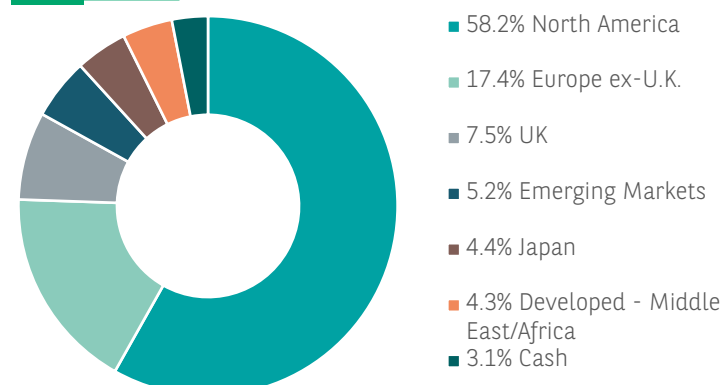
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SECTOR ALLOCATION



Source: BNP Paribas Securities Services, Percentages may not add up to 100% due to rounding.

REGIONAL ALLOCATION



Source: BNP Paribas Securities Services, Percentages may not add up to 100% due to rounding.



RISKS OF MANAGED INVESTMENT SCHEMES

All investments carry risk.

Some of the general risks of managed investment schemes include:

Active Management Risk, Company Specific Risk, Concentration Risk, Counterparty Credit Risk, Currency Risk, Emerging Markets Risk, Interest Rate Risk, Legal Risk, Liquidity Risk, Market Risk, Operational Risk, Political Risk, Stock Selection Risk, and Trust Risk.

For further details of the risks associated with the Trust, a Product Disclosure Statement (PDS) for the Trust is available at www.bnpparibas-am.com.au

COMMENTARY

MARKET OVERVIEW

January began the way markets ended in 2020: soaring up and up. By the middle of January, however, concerns around vaccination rollouts, fears of new COVID strains, renewed lockdowns, continued geo-political upheavals, and a populist movement against Wall Street combined to cause markets to retreat, leaving the MSCI World Index down -1.0% at the end of the month.

Two areas of the market did see meaningful gains in the month. U.S. smaller cap stocks as measured by the Russell 2000 were up 5.0% while emerging market equities were up 3.1%, seemingly underscoring some continued confidence in an economic recovery. In fact, although U.S. flash PMIs pulled back slightly in the month, they remain well into expansion territory; conversely, Europe continues to see a sub-par economic recovery given tighter lockdowns, which could cause a double dip recession depending on the effective rollout of a vaccine in the near term. This caused continental European equities to be the worst performing region, down -1.8%. In contrast, the U.K. was only down -0.2% on the back of a more effective rollout of a vaccine, even as economic growth seems to be waning given harsh lockdowns with the flash composite PMI dropping from 50.4 to 40.6 in the month. China, along with Taiwan, was a key driver to the strong emerging market performance, up 7.4% and 6.5%, respectively.

Within developed markets globally, growth and value stocks ended the month largely in line. Sector performance was truly mixed, as Energy and Real Estate names did well, as did Consumer Discretionary and Information Technology. Conversely, Consumer Staples, Industrials, and Financials were among the poorest performing sectors. In emerging markets, growth stocks strongly outperformed value stocks, with the former returning 5.3% and the latter 0.8%. However, this excess was almost entirely due to three stocks, Tencent Holdings Ltd., Taiwan Semiconductor Manufacturing Co., Ltd., and Alibaba Group Holdings Ltd., which now make up more than 34% of the MSCI Emerging Markets Growth Index. This obviously drove the Communication Services, Consumer Discretionary, and Information Technology sectors to be the best performing sectors while Utilities, Real Estate, Financials, and Energy were meaningful laggards in the month.

TRUST OVERVIEW

January proved challenging for performance as the trust trailed the MSCI World Index, giving back a portion of last quarter's strong performance. Overall, there was no single theme that meaningfully contributed to the trust's shortfall relative to the benchmark, either in terms of individual stocks or factors. The market appeared to favor those stocks that were in the tails of valuation. As noted earlier, a relatively few number of EM growth stocks far outpaced the market while in developed markets the stocks that did the best were deep value as measured by low price-to-book and low price-to-earnings. Although we had exposure to the cheaper areas of the market, it appeared that our higher quality stocks failed to keep pace with their lower quality peers in the cheaper areas of the market. Also, within developed markets, the tails within Beta (highest), price momentum (highest), and market capitalization (highest and lowest) all outperformed the broader market. Again, despite our exposure to beta and smaller capitalization, our stocks within these areas failed to keep pace.

On a sector basis, challenging stock selection within Financials, Consumer Discretionary, and Communication Services offset better performance within the Real Estate and Materials sectors. Regionally, stock selection within emerging markets (Communication Services, Consumer Staples, Financials) and the U.S. (Consumer Discretionary, Financials, Health



Care) were the largest detractors in the month.

PORTFOLIO CHANGES

Portfolio changes in the month were minimal as we added to our Consumer Discretionary weighting by taking a new position in Bridgestone Corporation using cash to fund the purchase. Bridgestone Corp. engages in the manufacture and sale of tires and rubber products. We believe the company is undervalued and through volume recovery, margin expansion via cost cutting, and new management focused on rebuilding earnings power, service revenue growth and improve capital allocation should allow this company to re-rate higher.

OUTLOOK

Markets began the new year with very mixed performance – not just across regions and sectors, but across factors – with what appears to be no clear leadership established in the month. Obviously, one month is not a predictor of how the year will end, but it was a stark reminder that markets are fragile and remain on edge as future visibility remains opaque. It appears that the market is clearly fixated on whether global economies can successfully roll out the approved vaccines in a timely manner. An underlying unknown is how much a return to normal is priced into the market, which continues to trade near all-time highs. We fully recognize that a disappointment on vaccines could cause a pull back in the markets but, as long-term investors, we believe that given the amount of government and monetary stimulus that has built up in the system (with more likely to come in the case of the U.S.), spending power is significant and will allow for a strong economic recovery once economies are allowed to reopen. We also recognize that this may all be for naught if a variant of COVID-19 takes hold for which vaccines are rendered ineffective. However, we continue to apply our time-tested value process by assessing company fundamentals, buying those companies that appear to have a pathway to increased valuations over the longer term despite short-term noise. We believe our portfolio, well balanced between cyclicals and defensives, remains appropriate in the current market environment. Thank you for your continued support in Barrow Hanley and our Global Value team.





HAVE QUESTIONS?

All enquiries welcome. Please contact your local sales representative.

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CHARACTERISTICS

APIR Code	ETL0434AU
Benchmark	MSCI World Index (Measured in AUD)
Trust Size (AUD)	\$78.6m
Performance Inception	6 May 2016
Distribution Frequency	Usually annually, as at 30 June
Minimum Investment	\$25,000
Delegated Investment Manager	Barrow Hanley Mewhinney & Strauss
Management Costs (includes GST after allowing for RITCs)	Capped at 0.99% p.a.
Performance Fee	Nil
Currency	AUD, unhedged
Buy/Sell Spread	+0.30% / -0.30%

DISCLOSURE

This document is issued by BNP PARIBAS ASSET MANAGEMENT Australia Limited (ABN 78 008 576 449 AFSL 223418) (BNPP AMAU), the investment manager of the Barrow Hanley Global Equity Trust (ARSN 603 923 682) (Trust). The Responsible Entity of, and issuer of units in, the Trust is Equity Trustees Limited (ABN 46 004 031 298 AFSL 240975). Equity Trustees Limited is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). A Product Disclosure Statement (PDS) for the Trust is available at www.bnpparibas-am.com.au. You should consider the PDS in deciding whether to acquire or to continue to hold an investment in the Trust. This document has been prepared by BNPP AMAU to provide you with general information only. BNPP AMAU has not considered the financial objectives, situation or needs of any person in preparing this document. You should consider obtaining independent advice before making an investment decision in relation to the Trust. Neither BNPP AMAU, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. The value of investments can go up and down. Past performance is not necessarily indicative of future performance. Any opinions expressed in this document constitute the judgement of the document's author at the time specified and are subject to change without notice. There can be no assurance that the investment objectives of the Trust will be achieved.

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For more information regarding the Trust please call the Client Service Team on 1800 267 726 (Australia) or +612 9619 6041 or visit our website www.bnpparibas-am.com.au

