Wholesale Funds

PERPETUAL WHOLESALE INTERNATIONAL SHARE FUND

September 2021

FUND FACTS

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

FUND BENEFITS

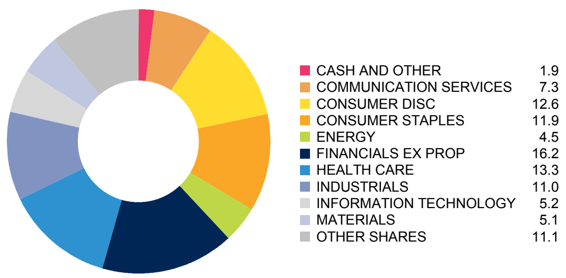
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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.

Benchmark:	MSCI World Net Total Return Index ($A)
Investment Manager:	Barrow, Hanley, Mewhinney & Strauss, LLC
Inception Date:	April 1997
Size of Portfolio:	$111.33 million as at 30 Sep 2021
APIR:	PER0050AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

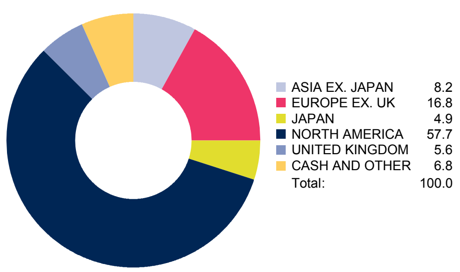
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Seven & I Holdings Co., Ltd.	3.7%
Oracle Corporation	3.4%
Advance Auto Parts, Inc.	2.5%
Perrigo Co. Plc	2.2%
BAE Systems plc	2.2%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 30 September 2021

	Fund	Benchmark #	Excess
1 month	-1.72	-3.02	+1.30
3 months	1.53	3.92	-2.40
FYTD	1.53	3.92	-2.40
1 year	38.70	27.82	+10.88
2 year p.a.	14.74	15.24	-0.49
3 year p.a.	12.75	13.20	-0.45
4 year p.a.	12.82	15.02	-2.20
5 year p.a.	14.50	15.06	-0.56
7 year p.a.	12.79	13.59	-0.80
10 year p.a.	14.66	16.16	-1.50
Since incep.	6.46	7.76	-1.31

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

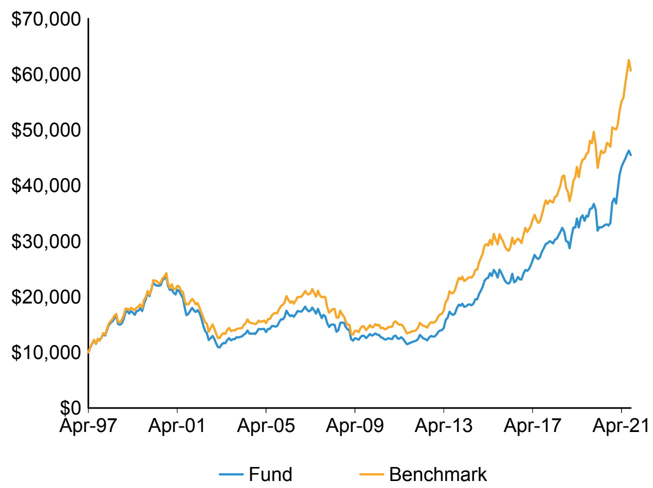
PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	14.2	18.6
Dividend Yield*	2.8%	2.4%
Price / Book	2.0	2.9
Debt / Equity	100.9%	55.3%
Return on Equity*	14.4%	16.1%

^ 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.

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

Equity markets experienced two notable reversals. First, the MSCI World Index and MSCI All Country World Index returns of ~-4.0% over September were the worst monthly performance since the beginning of the pandemic in early 2020 and broke a seven-month run of consecutive positive returns. Second, after underperforming growth stocks since May 2021, value stocks outperformed despite falling markets.

The quarter was marked with ongoing fears about such things as inflation, peak economic growth, China growth (lack of stimulus), Covid infection rates, supply chain disruptions, etc. This environment would typically lead markets to favour more defensive stocks, however, was not necessarily the case as Financials, IT, and Energy, and Health Care sectors outperforming, while the other seven sectors failed to keep up with the broader index.

Value stocks were helped by the outperformance of Energy and Financial stocks, both of which benefitted from rising oil prices and interest rates. Additionally, the pullback in internet and e-commerce related stocks such as Facebook, Apple, Amazon, Microsoft, etc., weighed on growth's performance, as these stocks represent very large weights in the broader and growth indexes. Despite the market risks noted above, economic fundamentals remain favourable as we continue to see declining unemployment, high savings rates, expansionary PMIs, and, in some regions, declining Covid cases. As we continue to see economies re-open and supply constraints abate, we expect economic growth to improve, thus helping equity markets and, in particular, value stocks.

PORTFOLIO COMMENTARY

The portfolios benefitted from effective stock selection in the Health Care, Industrials, Consumer Discretionary, Information Technology, and Utilities sectors. The portfolios' underweight exposure to the Information Technology sector and overweight exposure to the Energy sector added further to relative performance. Stock selection within the Communication Services, Financials, Energy, and Materials sectors detracted from relative performance. Portfolio changes were modest and did not impact the overall sector positioning of the portfolios.

Oracle Corporation performed strongly over the quarter after reporting very strong results and a solid outlook. Investors appear to be gaining confidence in the revenue acceleration driven by strength in the cloud business. In addition, the share repurchase program, which totalled $8b last quarter, was ahead of consensus estimates. Further, free cash flow continued to be strong at $1.4b, also ahead of consensus.
American International Group, Inc. (AIG) also outperformed as earnings came in well above consensus. Its core P&C Insurance operation continues to show substantial improvement and is the primary driver for the earnings beat. Premium growth was very strong during the June quarter in both commercial and personal insurance. Overall, pricing continues to be favorable and substantially exceeds loss cost trends. AIG authorized an incremental $5 billion share repurchase program, giving it a total capacity of $6 billion, a sizeable~14.5% of market value.

Altice USA, Inc. Class A detracted from performance as the company announced net subscriber adds would be down for the third quarter, falling short of investors' expectations. Additionally, regarding the 2021 outlook, management said positive revenue and EBITDA growth for the year is still very likely based on what it sees through the third quarter, but the fourth quarter still holds some uncertainty. At this point, we do not believe the sell-off over the quarter was warranted. The company trades at very compelling valuations with a path to realizing greater value, but we continue to closely monitor operating fundamentals to ensure there is no further deterioration.

OUTLOOK

Despite the market sell-off in September and the wall of worry investors continue to climb, the long-term prospects for equities remain in place – particularly for value stocks. We continue to see good economic numbers in PMI reports, high level of savings, continued economic stimulus, etc. Further, supply restraints will ease and economies will fully re-open, thus allowing for additional economic growth. A healthy rise in interest rates and inflation will be an added benefit for value stocks. Accordingly, we continue to watch areas of risk that could negatively impact the portfolio, but we are also always looking for those dislocations from which we can profit. As our performance has shown, we believe our portfolio is well positioned for the future and believe that as the market continues to rotate to the more value-oriented areas of the market we will participate accordingly.

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

MORE INFORMATION

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