

Wholesale Funds

PERPETUAL WHOLESAL INTERNATIONAL SHARE FUND

May 2021

FUND FACTS

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

FUND BENEFITS

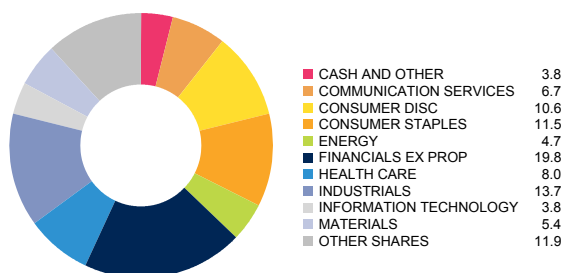
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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: \$110.10 million as at 31 Mar 2021
APIR: PER0050AU
Management Fee: 0.99%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Seven years or longer

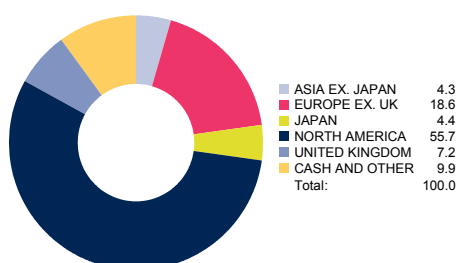
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

Stock Holding	% of Portfolio
Comcast Corporation Class A	3.4%
Seven & I Holdings Co., Ltd.	3.4%
Oracle Corporation	2.9%
Wells Fargo & Company	2.4%
U.S. Bancorp	2.3%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 May 2021

	Fund	Benchmark #	Excess
1 month	1.88	1.23	+0.65
3 months	12.82	9.72	+3.11
FYTD	35.41	21.86	+13.55
1 year	36.15	20.60	+15.56
2 year p.a.	16.69	15.94	+0.75
3 year p.a.	13.23	13.54	-0.31
4 year p.a.	12.54	12.59	-0.04
5 year p.a.	12.83	12.73	+0.10
7 year p.a.	13.14	13.21	-0.07
10 year p.a.	13.24	14.00	-0.75
Since incep.	6.42	7.50	-1.08

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

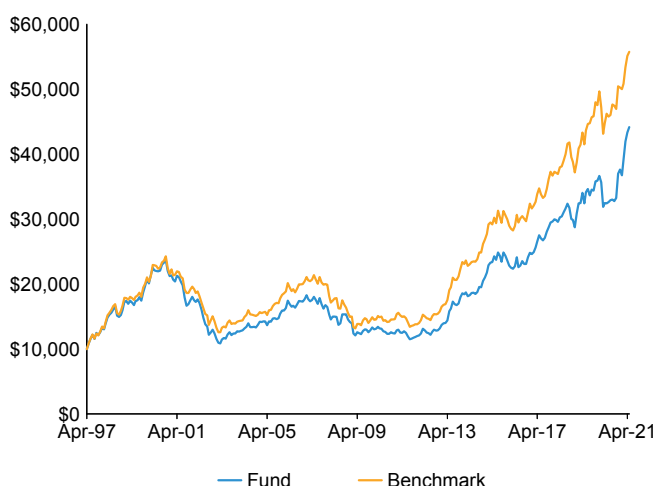
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	16.0	19.7
Dividend Yield*	2.7%	2.3%
Price / Book	2.0	2.9
Debt / Equity	98.5%	55.5%
Return on Equity*	12.2%	15.2%

[^] 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

Markets continued to perform well in May, posting positive returns despite ongoing concerns about inflation and peak multiples. With vaccination rollouts increasing in many parts of the world, gradual re-opening of economies, and improving global demand, economic data meaningfully strengthened in May. For example, the U.S. saw all-time highs in its PMI data in May. Further, composite PMIs in Europe posted new highs in the month, largely driven by the services component as businesses are emerging from a lengthened period of lockdowns. Japan continues to struggle on the back of resurging infection rates. Despite the strong economic data in the U.S., U.S. stocks lagged their global peers in May as investors favoured non-U.S. stocks on the back of potentially higher growth prospects outside the U.S. and a further weakening of the dollar.

Value stocks were the key beneficiaries of the improved economic data as better economic growth and inflation were top of mind for investors, given that unprecedented government stimulus and the re-opening of economies left consumers flush with cash to spend. This provided for strong performance in the more cyclical areas of the market; the Energy, Financials, Industrials, and Materials sectors were the best performing sectors of the month. Consumer Staples and Health Care (pharmaceuticals and health care providers & services) also performed well. Conversely, Information Technology and internet/e-commerce related stocks lagged the market and posted negative returns in an up-market.

PORTFOLIO COMMENTARY

The Fund's largest overweight positions include convenience store operator Seven & I Holdings Co, video, internet, and phone service provider Comcast Corporation, and computer technology company Oracle Corporation. The Fund's largest underweight positions include Microsoft, Amazon, and Apple, all of which are not held by the Fund.

Grupo Financiero Banorte SAB de CV Class O (+20.6%) performed well in May on the back of strong results posted at the end of April. Further, the Mexican market was among the stronger performing emerging market countries in May, partially attributable to Andres Manuel Lopez Obrador's declining popularity, which has resulted in a weakened majority in congress and helped to alleviate investors' concerns over his less market-friendly policies being implemented.

Hess Corporation (+12.3%) outperformed in May on the back of strong results reported at the end of April combined with the increasing price of oil. Further, with higher oil prices, Hess will be in a position to begin to retire its \$1 billion term loan this year. The retirement of the term loan combined with the start-up of the second phase of its offshore project in Guyana will allow the company to improve its free cash flow generation in 2022. Finally, management has reiterated that a significant amount of the free cash flow will be shared with investors via major dividend increases.

Ralph Lauren Corporation Class A (-7.4%) underperformed in May despite posting strong revenue and earnings growth well in excess of consensus expectations, as well as reinstating its annual dividend with an effective current yield of 2.3%. Similar to the situation several quarters ago when the stock underperformed after posting strong results, we believe the pullback was largely due to conservative full-year guidance. We continue to have confidence in our thesis and believe the stock is trading well below its estimate of fair value.

Corteva Inc (-6.7%) detracted from performance in May on modestly disappointing results, primarily due to an increase in input costs. Additionally, the stock was weak on a sell-side note in which the analyst tried to draw a link between the risks of chlorpyrifos and Bayer's glyphosate settlement. We recognize that there is risk associated with chlorpyrifos lawsuits, but such risk is not on the same scale as glyphosate, as Monsanto/Bayer sold about \$3-\$5 billion annually in glyphosate products versus Dow/Corteva selling ~\$200 million a year in chlorpyrifos products. Even with these challenges, we continue to believe the stock remains undervalued despite the strong price performance over the last year, but we also feel that the risk/reward has narrowed; accordingly, we trimmed our position in May.

OUTLOOK

Economic growth has gone from strength to strength over the last several months as economies around the world continue to re-open. Further, money supply is abundant, facilitated by central banks and government stimulus. This, combined with elevated savings rates, seemingly indicates that such economic strength is likely to continue into the foreseeable future, and this should bode well for value stocks. However, we do appreciate that any sentiment change in stronger economies and/or monetary or fiscal stumbles could cause investors to turn cautious, as we saw in April. Despite prevailing macro views pushed out daily by the markets, we have continued to maintain a portfolio balanced between defensive and cyclical stocks based on our bottom-up, fundamental investment process. As we noted in last month's commentary, we believe that as markets focus on underlying economic fundamentals, our portfolio is well-positioned to continue to perform ably for our clients.

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. This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

MORE INFORMATION

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