Wholesale Funds

PERPETUAL WHOLESALE INTERNATIONAL SHARE FUND

May 2022

FUND FACTS

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

FUND BENEFITS

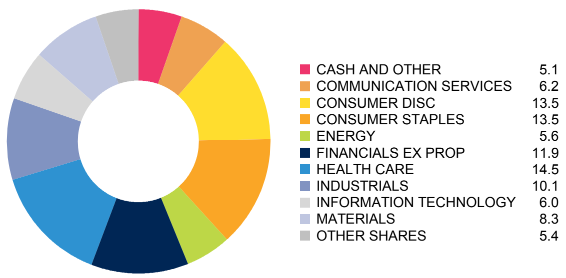
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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:	$105.84 million as at 31 Mar 2022
APIR:	PER0050AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

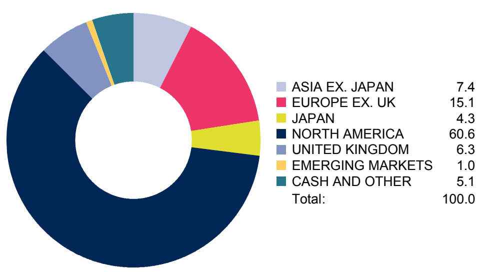
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Merck & Co., Inc.	4.2%
Air Products and Chemicals, Inc.	3.5%
Seven & I Holdings Co., Ltd.	3.4%
Hess Corporation	3.1%
Allstate Corporation	3.0%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 May 2022

	Fund	Benchmark #	Excess
1 month	0.68	-0.86	+1.53
3 months	0.65	-4.63	+5.28
FYTD	1.86	-1.85	+3.71
1 year	3.34	2.71	+0.63
2 year p.a.	18.62	11.29	+7.32
3 year p.a.	12.06	11.35	+0.71
4 year p.a.	10.67	10.73	-0.06
5 year p.a.	10.64	10.54	+0.10
7 year p.a.	9.43	9.58	-0.15
10 year p.a.	13.81	14.53	-0.72
Since incep.	6.29	7.31	-1.01

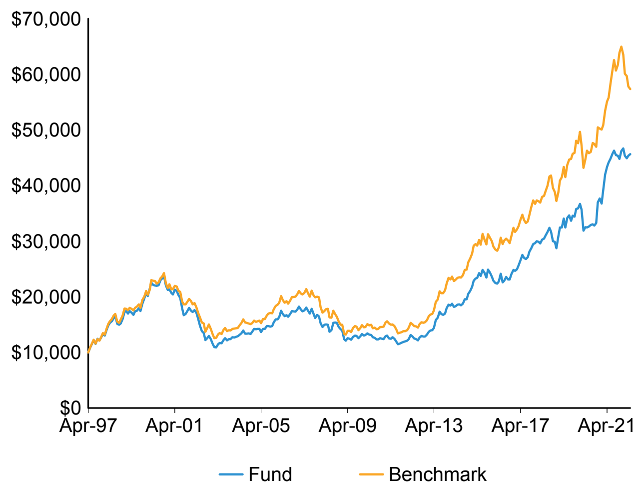
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	14.3	15.9
Dividend Yield*	2.6%	2.5%
Price / Book	2.1	2.6
Debt / Equity	66.5%	50.2%
Return on Equity*	15.2%	16.9%

^ 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

During May, global markets almost halted the downward trend in returns. The UK benefitted from higher exposure to the energy sector and posted strong returns in the month, up 1.7%. Japan was not far behind, returning 1.6%. Emerging markets again returned modestly positive results in the month, driven by solid performance in commodity-centric countries such as Chile, Brazil, and Columbia. Further, despite the ongoing COVID lockdowns and fears of economic damage, China ceased its meaningful decline year-to-date, returning 1.2% in May.

Investor concerns about higher inflation persisted, as there has been no respite given higher food and energy prices. With no seeming diplomatic resolution to the Russia-Ukraine conflict, it appears that higher inflation is likely to remain for the foreseeable future. As central banks appear likely to combat the higher inflation with higher interest rates, the markets are also concerned about slowing economic growth, potentially creating a recessionary environment, and are hoping that the strong global job market may help soften the landing. However, despite record low unemployment rates, consumer confidence remains at meaningful lows and could curtail further spending, which could make a soft landing less likely.

With the likelihood of higher rates and slower economic growth, growth stocks continued to stumble in May, with the MSCI All Country World Growth and MSCI World Growth Indexes down -2.0% and -2.3%, respectively, while their value peer indexes were up 1.9% and 2.1%, respectively. Value stocks have now outpaced their growth peers year-to-date by more than 17%. Given the backdrop of economic growth fears in the month, small cap stocks lagged their larger cap peers, following the trend seen year-to-date.

The Energy sector continued to post very strong results in May as oil prices pushed higher. Financials stocks did well as central banks recognize the need for higher interest rates, while Utilities and Health Care stocks held up well in what was a volatile month. The consumer sectors were clear losers in the month given concerns about tightening financial conditions on consumers due to higher inflation and concerns about Consumer Staples companies passing along higher costs to consumers. The Real Estate sector also posted challenging results in the month.

PORTFOLIO COMMENTARY

The Fund's largest overweight positions include Seven & I Holdings Co., Ltd., Merck & Co., Inc., and Air Products and Chemicals, Inc. Conversely, the Fund's largest underweight positions include Apple Inc., Microsoft Corporation, and Alphabet, Inc. Class A, all of which are not held in the Fund.

Hess Corporation performed strongly in the month as the company reported 1Q2022 earnings at the end of April, which handily beat consensus estimates, $1.30 versus $1.13 per share. Further, Hess benefited from higher oil prices in May, with Brent crude up more than 13%.
Electronic Arts Inc. is a recent addition to the portfolio and was a top contributor in May, largely on the back of posting solid fourth-quarter and full-year results during the month. Prior to our purchase, the stock was trading at eight-year lows with a strong library of franchise games and notable opportunities to further monetise them in the future.

SeaWorld Entertainment, Inc. detracted from performance in the month despite reporting very solid operating results. As a result, the stock suffered alongside the broader Consumer Discretionary sector and appeared to us to be more indiscriminate selling, as we believe the underlying fundamentals continue to be strong for SeaWorld.
Howard Hughes Corporation sold off alongside the sell-off in the Real Estate sector, despite reporting fourth-quarter earnings which showed improving trends. Notably, residential land acres sold were up meaningfully at higher prices, and retail collections improved 700bps sequentially while multi-family and office collections remained strong.

OUTLOOK

The challenges we have noted in our prior commentaries regarding supply chains, labour shortages, higher inflation, higher interest rates, etc., have not abated. Although we see a strong labour market and the re-opening of some supply chains, with the continued lockdowns in China largely remaining intact, we are unlikely to see further improvements until China loosens its COVID restrictions. Given the continuing war between Russia and Ukraine, pressure on energy and food costs will remain. It will likely result in central banks continuing to pursue higher interest rates for the foreseeable future, with the US and UK continuing to hold to previously announced rate hikes and with the European Central Bank now signalling a likely rate rise in July.

We recognise that this market environment has put meaningful pressure on consumer-related stocks, currently our largest weighting in the portfolio. We understand that this pressure is likely to continue, but we believe the companies we own have good balance sheets and pricing power to weather this challenging economic environment, and once markets begin to improve, we believe we will see strong performance from these names. Overall, however, our portfolio continues to be tilted to more defensive areas of the market, which we believe is warranted given the current economic backdrop. Regardless, as we follow our proven bottom-up, fundamental process, we continue to look for compelling opportunities given the dislocations we are seeing in the markets.

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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