

Perpetual Investment Funds

PERPETUAL WHOLESALE INTERNATIONAL SHARE FUND

May 2023

FUND FACTS

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

FUND BENEFITS

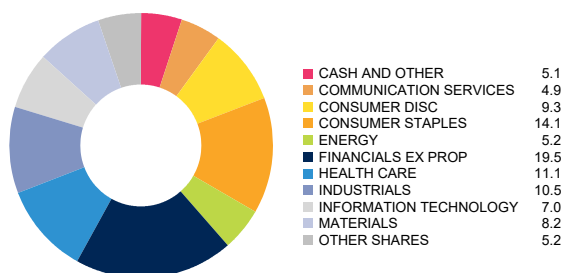
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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:	\$92.74 million as at 31 Mar 2023
APIR:	PER0050AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

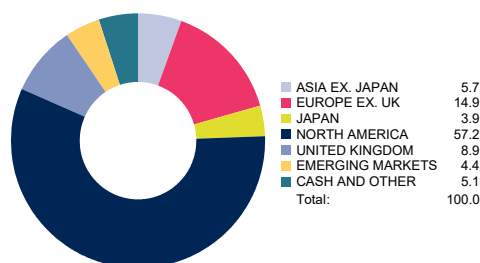
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Oracle Corporation	3.3%
Merck & Co., Inc.	3.3%
National Grid PLC	2.9%
Air Products and Chemicals, Inc.	2.9%
Seven & I Holdings Co., Ltd.	2.8%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 May 2023

	Fund	Benchmark #	Excess
1 month	-2.08	1.10	-3.18
3 months	1.49	8.21	-6.73
FYTD	12.85	18.75	-5.90
1 year	9.76	13.14	-3.38
2 year p.a.	6.50	7.80	-1.30
3 year p.a.	15.59	11.91	+3.68
4 year p.a.	11.48	11.80	-0.32
5 year p.a.	10.49	11.21	-0.72
7 year p.a.	10.99	11.30	-0.31
10 year p.a.	12.19	13.01	-0.82
Since incep.	6.42	7.52	-1.10

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

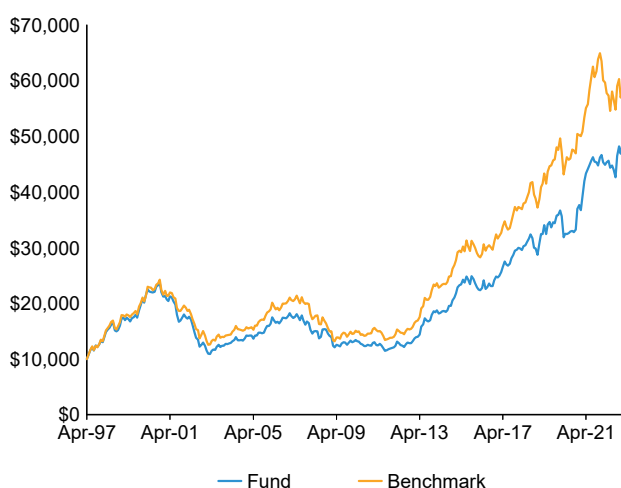
PORTFOLIO FUNDAMENTALS[^]

	Portfolio	Benchmark
Price / Earnings*	11.7	16.3
Dividend Yield*	3.4%	2.7%
Price / Book	1.7	2.6
Debt / Equity	61.7%	49.6%
Return on Equity*	14.4%	16.5%

[^] 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 in May and year-to-date look very similar to those we saw in March of 2020 and year-to-date ending May 2020. For the month of May 2023, growth stocks outperformed value stocks by 7% as measured by the MSCI World Growth Index versus the MSCI World Value Index. For the month ending March 2020 growth stocks outperformed value stocks by 7%. For the year-to-date ending May 2023, growth outperformed value by 22% and for the period ending May 2020 growth outperformed value by 20%. Other stark similarities are the narrowness of the market in both periods wherein a few highly valued growth stocks drove the majority of the index returns. For the year-to-date ending May 2023, the top seven stocks accounted for nearly 75% of the returns of the MSCI World Index. For the month of May, the top seven stocks contributed 1.9% to the index return of -1.0%.

Good earnings reports and enthusiasm for Artificial Intelligence (AI) were drivers of the strong returns in growth names. An additional driver of growth stocks' strong performance for the month and year-to-date periods has likely been liquidity injected into the U.S. market, as the U.S. Treasury has attempted to keep the lights on while U.S. politicians attempted to, and finally passed, a bill to increase the debt limit. However, with the passing of legislation to increase the debt limit, the U.S. Treasury is likely to slow down the flow of liquidity at a time when core inflation is still above the Fed Funds rate (though the gap has narrowed). Even if the Federal Reserve pauses its interest rate hikes, interest rates will remain elevated relative to the last 15+ years, which typically pressures longer duration, higher valuation stocks.

PORTFOLIO COMMENTARY

During the month, we reduced our overweight to the Industrials sector by selling two stocks in the aerospace/defence industry. We also reduced our weighting to the Communication Services sector while increasing our weighting to the Utilities, Financials, and Consumer Discretionary sectors. We modestly increased our weighting to the Information Technology sector, though we altered our weighting within as we added to an existing holding and added a new name within the sector while modestly trimming two stocks that had performed well.

Among the top contributors in the month were Oracle Corporation and Vertiv Holdings Co. Class, both associated with the strong performance within the technology space. Vertiv is worth noting as the company clearly benefitted from the melt up in stocks associated with AI. Vertiv is a leader in cooling systems for data centres, particularly in liquid cooling systems, which will be in higher demand because of AI's higher energy demands for computing.

Aramark was a top contributor in May as the company announced strong operating results and raised full year guidance. The company continues to show acceleration in the business as EBIT grew faster than revenue and earnings per share grew faster than EBIT.

Allianz SE detracted from performance in May despite reporting solid results for 1Q2023 and announcing a new €1.5 billion share repurchase program. Allianz was likely impacted not only by the negative sentiment about the Financials sector in the month but also by investors digesting the new insurance accounting change to IFRS 17.

Aptiv PLC reported slightly disappointing results in the month, with revenue and earnings per share slightly ahead of expectation while margins were slightly behind consensus. Full year guidance was reiterated, though the market was likely expecting an upgrade as there has been some strength seen in auto production. We continue to have confidence in the long-term tailwinds associated with the company.

Air Products and Chemicals, Inc. posted good results in the month, with organic sales growth, total sales, EBITDA, and earnings per share all higher. The company reported in line with consensus but raised the low end of the guidance range. Air Products did report a decline in the backlog, which likely pressured the stock in the month. We continue to see strong upside to free cash flow, and Air Products continues to be a positive contributor to decarbonization and should be a beneficiary of this movement across the industries it serves.

OUTLOOK

As we have noted in our prior monthly commentaries, we continue to see central banks hold the course on interest rates. In fact, in a surprise move the Australian central bank lifted rates again when markets were expecting a pause. Time will tell if the Fed and other central banks choose to pause in the near term but given the continued strength in employment and sticky core inflation, it would appear that central banks are more concerned about inflation than recession. Further, as we have highlighted before, the most called for recession has failed to materialize as strong labour markets have continued to prop up spending. Another offset has been the strength in services, which appears to have aided the employment picture as service industries typically require higher levels of employment relative to manufacturing where we have seen greater weakness as measured by manufacturing PMIs. Accordingly, we are not in the clear as relates to a possible recession and remain concerned that any meaningful decline in company earnings would further advance a potential recession. However, as we are not a top-down macro firm, we remain focused on individual companies in which we see a positive risk/reward opportunity with balance sheet strength to get us through short term challenges within the market.

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 and Target Market Determination 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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