Wholesale Funds

PERPETUAL WHOLESALE INTERNATIONAL SHARE FUND

October 2021

FUND FACTS

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

FUND BENEFITS

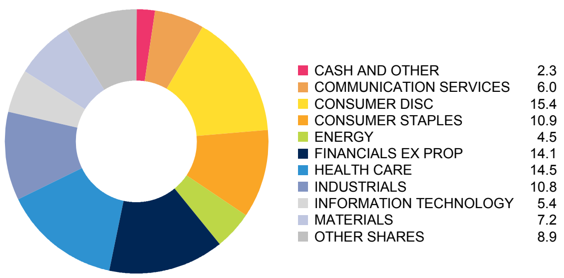
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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

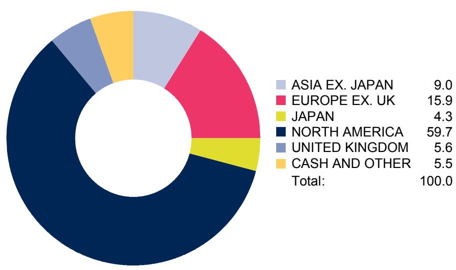
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Oracle Corporation	3.6%
Seven & I Holdings Co., Ltd.	3.3%
Merck & Co., Inc.	3.1%
Advance Auto Parts, Inc.	2.6%
Anthem, Inc.	2.4%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 October 2021

	Fund	Benchmark #	Excess
1 month	-0.32	1.62	-1.94
3 months	-0.73	1.58	-2.31
FYTD	1.20	5.61	-4.40
1 year	36.25	31.29	+4.96
2 year p.a.	14.79	15.94	-1.15
3 year p.a.	14.74	15.94	-1.20
4 year p.a.	12.07	14.28	-2.21
5 year p.a.	14.43	15.75	-1.33
7 year p.a.	12.78	13.85	-1.06
10 year p.a.	14.44	16.25	-1.81
Since incep.	6.42	7.81	-1.39

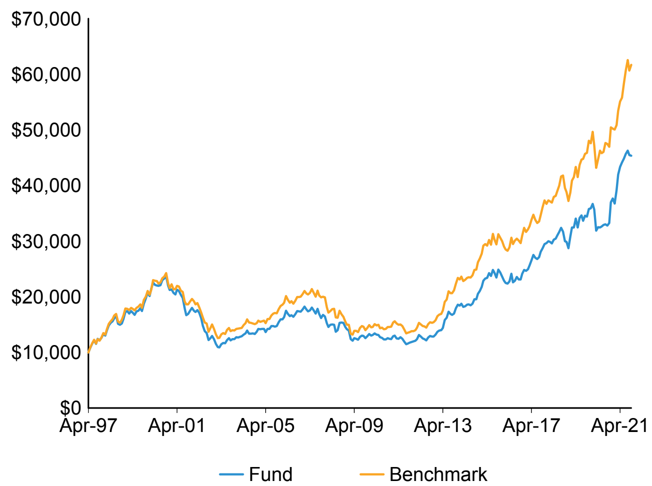
Past performance is not indicative of future performance. Returns may differ due to different tax treatments.

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	14.9	19.4
Dividend Yield*	2.7%	2.3%
Price / Book	2.1	3.0
Debt / Equity	102.6%	55.5%
Return on Equity*	14.5%	16.3%

^ 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

After taking a sharp downturn in September, markets came roaring back in October, posting their strongest one-month performance in 2021. The MSCI World Index was up 5.7%, and the MSCI AC World Index was up 5.1%. U.S. markets led the indexes higher while Japanese and emerging-market stocks caused a drag on index returns.

With markets performing strongly in October, it seemed that fears about COVID restrictions, economic growth, inflation, supply chain constraints, etc. had abated. However, it may be more likely that the markets are learning to live with these fears and that we are likely at peak pain. With PMIs remaining in expansionary territory, this may seem appropriate; however, there have been relatively few signs that supply chain issues have begun to subside, or inflation has begun to recede. Despite the sluggish GDP growth reported in the U.S. and China, it seems possible that once supply constraints ease, there will be sufficient demand to continue driving company earnings higher.

Looking at the indices on a sector basis, October was very narrow, as only four of the 11 sectors in the MSCI AC World Index outpaced the broader index while only three of the 11 sectors within the MSCI Emerging Market Index outpaced the broader index, a scenario that proved challenging for active management. Although the Energy and Financials sectors were among the four outperforming sectors, value stocks trailed their growth peers in the month, given the strength in this segment across the Information Technology, Consumer Discretionary, and Communications sectors (Google and Netflix).

As noted earlier, it would seem that in order to maintain confidence that markets will continue to touch ever-new highs, we will likely need to see a situation where economies can fully reopen, supply constraints recede, and inflation retreats a bit from its highs. Although caution is in order, as these risks wane and we continue to see good economic growth, we would expect markets to perform well with greater participation in that upward performance. This will not only bode well for active managers, but we would expect that value stocks will provide strength in this kind of market environment as well.

PORTFOLIO COMMENTARY

During the month, we reduced our exposure to the Utilities, Financials, and Communication Services sectors while increasing exposure to the Materials, Health Care, and Consumer Discretionary sectors. The more notable addition in the month was the purchase of Alibaba Group Holding Ltd. After a pull back of more than 50% from its all-time high, Alibaba now offers a compelling valuation entry point. At the current valuation level of less than 12x EV/EBIT for the core business, the market appears to not be giving Alibaba credit for strong growth opportunities within its other businesses such as Cloud.

As noted earlier, the portfolios did well in the Health Care sector as Anthem, Inc., Humana Inc., and Merck & Co., Inc. were the top contributors in October. Anthem and Humana performed well on the back of better-than-expected earnings despite extra costs associated with COVID. Further, the companies suggested that 2022 is expected to show strong EPS growth with general pricing discipline in the industry. Similarly, Merck's 3Q21 results were better than expected, and the company raised guidance for 2021. Management continues to highlight that its top-line growth potential appears under-appreciated by the market.

Altice USA, Inc. Class A detracted from performance in the month, fuelled by the company's announcement in the prior month that net subscriber adds were down for the third quarter. There is also a recognition that the company needs to accelerate its operating and capital investments to help its revenue growth prospects, which could weigh on earnings in the near term. Subsequent to month end, the company reported that the decline in subscriber adds was less than feared. Despite the shortfall in performance in Altice, we continue to see compelling valuations, with an avenue for strong upside in the next year, given the quality of the assets. Accordingly, we continue to own the shares but are closely monitoring the company fundamentals for any further deterioration.
Seven & I Holdings Co. Ltd. underperformed during October in sympathy with the broader Japanese market. Additionally, COVID restrictions in Japan have continued to weigh on revenues and earnings. The company maintained its guidance, which we believe is very conservative, especially post re-opening within Japan and the consolidation of the Speedway acquisition. Accordingly, we continue to see a compelling risk/reward opportunity.

OUTLOOK

The strong market performance in October may allay some concerns that risks are abating in the market. With unemployment falling, PMIs remaining in expansionary levels, high level of savings, etc., we recognize that trends are going in the right direction but also recognize that risks still remain given higher and longer-than-expected inflation, high energy prices, supply chain constraints and, in some regions like the U.S., falling consumer confidence. We believe that as supply restraints ease and economies fully re-open, we should see a resumption of economic growth which has sputtered in the third quarter in some major regions like the U.S. and China. The portfolio continues to be skewed toward defensive-type holdings, which we believe is prudent in the current environment. However, we continue to look for areas of dislocations in the market and will look to profit from those opportunities accordingly. Thank you for your ongoing support of our Global Value strategy and your partnership with Barrow Hanley.

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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