BARROW HANLEY GLOBAL SHARE FUND (MANAGED FUND)

ASX code: GLOB

December 2023

FUND FACTS

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

FUND BENEFITS

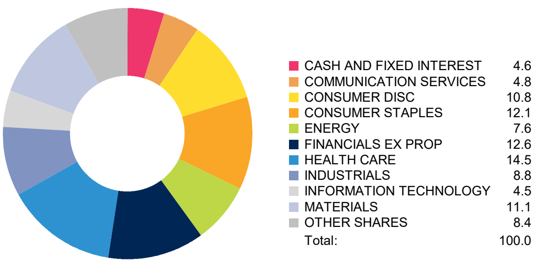
Provides investors with the potential for capital growth and income through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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)
Inception date of strategy:	August 2014
ASX commencement date:	06 June 2022
Distribution Frequency:	Half-Yearly
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

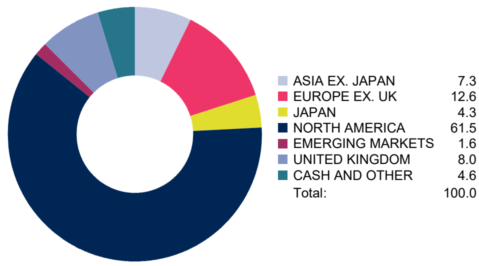
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Comcast Corporation Class A	3.5%
Merck & Co., Inc.	2.6%
Air Products and Chemicals, Inc.	2.6%
Danone SA	2.6%
National Grid PLC	2.5%

PORTFOLIO REGIONS



NET PERFORMANCE - periods ending 31 December 2023

	Fund	Benchmark	Excess
1 month	1.90	1.94	-0.04
3 months	2.41	5.38	-2.97
FYTD	2.44	4.93	-2.49
1 year	14.16	23.03	-8.87
2 year p.a.	-	-	-
3 year p.a.	-	-	-
Since incep.	11.41	14.23	-2.82

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

PORTFOLIO FUNDAMENTALS^

	Portfolio	Benchmark
Price / Earnings*	12.9	17.5
Dividend Yield*	3.1%	2.5%
Price / Book	1.7	2.8
Debt / Equity	61.5%	51.5%
Return on Equity*	14.3%	17.2%

^ 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.

*Information on management costs is set out in the relevant PDS

MARKET COMMENTARY

The fourth quarter of 2023 capped what was expected to be a lackluster year for equities with a bang, as equity markets raced higher in posting fourth quarter gains of 8-10% or more. In fact, more than 2/3 of the S&P 500's full year 2023 return of 26% came in the last two months of the year. The markets' ability to climb the wall of worry in the face of new and unforeseen developments remains undefeated. The much-anticipated recession failed to materialize, and the artificial intelligence (AI) euphoria that appeared helped rocket growth stocks higher once more. Consumers kept spending as inflation cooled but wages remained strong, and unemployment in the U.S. remains at historically low levels. Despite this, or perhaps because of this, interest rates remained relatively unchanged from January to December as the 10-year Treasury yield held at 3.88%. Even an escalating conflict in the Middle East did little to faze the markets, though West Texas Intermediate (WTI) crude oil prices rose, then fell, and ended the year down a little more than 10%.

PORTFOLIO COMMENTARY

Despite a modest rally in value stocks in the month of December, the fourth quarter and the full year saw a meaningful advantage to growth stocks. During the quarter, the Barrow Hanley Global Value Equity strategy underperformed the MSCI World Index. From an attribution perspective, the markets favoring growth stocks was the key driver to the underperformance as more than 90% of the shortfall came from allocation effect whether from a sector or factor perspective.

CRH public limited company positively contributed to relative performance during the quarter after the company relisted in the US. The company performed well as it slightly beat earnings expectations. Furthermore, a competitor with a comparable business mix received a buyout offer that it rejected at a notable higher multiple than where CRH currently trades. The company also acquired new assets in Texas while continuing to buy back shares. CRH trades at 13.6x forward earnings with a dividend yield of 2.0%.
QUALCOMM Incorporated positively contributed to relative performance during the quarter after reporting in-line numbers and issuing more positive guidance than others in the semiconductor industry. The company engages in developing and commercializing foundational technologies and products used in mobile devices and other wireless products. The handset market is in the early stages of recovery, which should provide investors with some confidence that earnings have stabilized and can push higher as the market normalizes. The company currently trades at an attractive 14.4x forward earnings, with a dividend yield of 2.3%.

Haliburton Company detracted from relative performance detracted from performance over the quarter as Oil prices declined close to 20% during the fourth quarter after a strong late summer rally. The decline in global oil prices was due to supply and demand imbalances caused by a slowdown in the Chinese economy. Going into 2024, the Energy sector remains attractive as the global economy recovers and demand for oil and gas is expected to recover. Halliburton trades at 10.6x forward earnings with a 1.8% dividend yield.
Aptiv PLC detracted from relative performance in the quarter after experiencing strong returns in the prior quarter. Aptiv reported in-line earnings, but growth slowed during the quarter and led to concerns about the long-term growth rate of EVs. Aptiv provides integrated power management solutions, which as a whole use less power, adding to electric vehicle efficiency, and improving their range, a key selling point to the end consumer. However, the company stands to benefit as auto manufacturers' production normalizes and increasingly demand their solutions for electrical systems, safety, and autonomous vehicles. The valuation remains attractive at 14.3x forward earnings as the company still continues to grow in a cyclical industry that should reaccelerate.

OUTLOOK

Proving the difficulties in making predictions in this business, 2023 turned out far differently than most originally anticipated in January. Far from a meager year for returns, equities were instead strong across the board led by a similar, narrow group of mega-cap stocks. After working so diligently to push "higher for longer" into investors' lexicons, the Fed shifted its forecast for three rate cuts totaling 75bp in 2024 at its December Federal Open Market Committee meeting, and the market ran with that dovish twist. Having already (wrongly) called the ceiling for rates for the better part of a year, investors now expect six or seven rate cuts following the shift. Perhaps that best illustrates the difference as we enter 2024 versus 2023: Against this, investors should remember that individual stock returns can, and will, diverge meaningfully over time from passive index returns. We continue to advocate that investors be cognizant of the risks inherent in the market today, from both the enormous concentration in a handful of stocks as well as the composition of benchmarks and passive investments.

MORE INFORMATION

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