

# BARROW HANLEY GLOBAL EQUITY TRUST

May 2025



## FUND FACTS

**Investment return objective:** Aims to provide the trust with higher returns compared to the benchmark, while maintaining lower risk.

## FUND BENEFITS

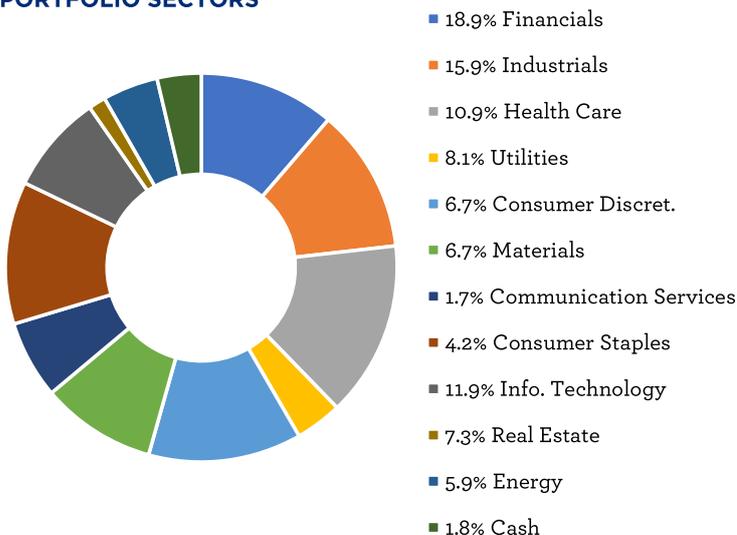
True traditional value portfolio concentrated in 50-70 stocks which focuses on undervalued companies with improving operating fundamentals identified by Barrow Hanley's screening process.

## 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.

<b>Benchmark:</b>	MSCI World Index (Measured in AUD)
<b>Inception date:</b>	6/05/2016
<b>Delegated Investment Manager:</b>	Barrow Hanley Mewhinney & Strauss
<b>APIR:</b>	ETL0434AU
<b>Management Fee:</b>	0.99% p.a
<b>Size of fund</b>	\$ 292.06 million as at 31/03/2025
<b>Suggested minimum investment period:</b>	Five years or longer

## PORTFOLIO SECTORS



## NET PERFORMANCE - Periods ending May 31, 2025

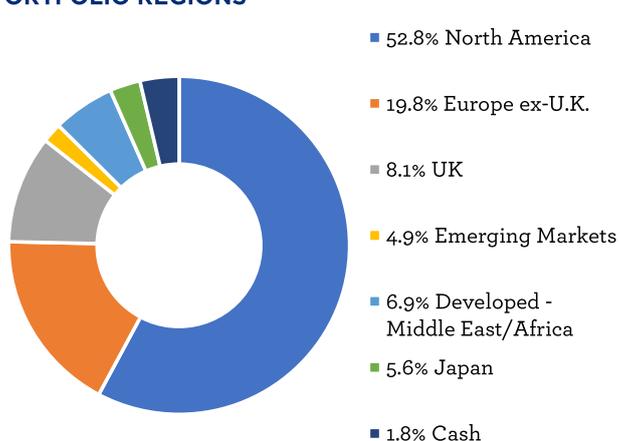
	Fund	Benchmark	Excess
1 month	2.8	5.4	-2.59
3 months	0.2	-1.2	+1.41
FYTD	19.9	16.1	+3.79
1 year	15.7	18.0	-2.31
2 years	16.0	20.1	-4.11
3 years	14.1	17.9	-3.86
4 years	11.1	14.0	-2.93
5 years	14.8	15.4	-0.65
Since Inception	11.8	14.0	-2.16

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

## TOP 5 STOCK HOLDINGS

	% of Portfolio
BANK OF NOVA SCOTIA	3.0%
SANOFI SA	3.0%
MERCK & CO INC	3.0%
RHEINMETALL AG	2.8%
BAE SYSTEMS PLC	2.6%

## PORTFOLIO REGIONS



The month of May continued with the trend of investors observing significant and shifting economic data, geopolitical headlines, and policy uncertainty that is starting to look like the norm for 2025. The rapid news flow regarding U.S. tariffs were met with more muted market reactions than April as investors are adjusting to some uncertainty. Even with the tariffs as a backdrop, global markets rallied with the U.S. leading other developed regions. Additionally, growth continued to gain momentum from April and outperformed value, reversing the trend observed in the first quarter, erasing most of the large relative losses from the first three months. Another early year trend that took a pause was developed and emerging markets outperforming U.S. equities due to the fact that the U.S. has a higher weight in growth sectors like Information Technology, although all major regions were up during the month. The big news in North America was not economic data, but the continued ramifications of tariffs on the economies of the U.S., Canada, and Mexico. U.S. markets experienced volatility in May but ultimately posted gains as the S&P 500 Index recovered above its pre-tariff announcement level by early May. Markets were buoyed by the announcement of a 90-day trade agreement with China that significantly reduced tariffs on both sides, easing recession fears, that has since all but fallen apart over rare earth mineral disputes already disrupting the automotive market. As we have seen numerous times over the past two years, a growth month dampened market breadth with the three growthiest sectors with mega-cap champions – Consumer Discretionary (i.e., Amazon), Information Technology (i.e., Microsoft and NVIDIA), and Communication Services (i.e., Alphabet and Meta) – all outperformed the index.

In this market environment, the Barrow Hanley Global Value Strategy underperformed the MSCI World Index in May, a small giveback of the gains from the first quarter, while outpacing the value index. The primary driver of underperformance was sector allocation impact with underweights to the Information Technology and Communications Services sectors, along with an overweight to Real Estate, explain a significant portion of the underperformance. Regionally, allocation impacts were modestly negative due to an overallocation to continental Europe and an underweight to the U.S.

Rheinmetall AG positively contributed to relative performance during May, continuing an outperformance trend for European defense companies. Rheinmetall reported quarterly results during the month, demonstrating strong execution with group sales rising 46% year-over-year to €2.305 billion, driven by a 73% surge in defense sales to €1.795 billion. The company's backlog grew by 56% year-over-year to over €62 billion. Rheinmetall also announced another joint venture, this time with Lockheed, to produce missiles in Europe.

Carnival Corporation positively contributed to relative returns in May as it recovered from fears earlier in the year surrounding the macroeconomic environment. The company executed on a strategic financial initiative during the month by completing a \$1 billion private offering of 5.875% senior unsecured notes, which it used to redeem \$993 million of outstanding 7.625% notes due in 2026. This saves the company \$20 million per year in interest costs. Coupled with sustained lower oil prices, Carnival outperformed during the month.

Merck & Co., Inc. detracted from relative performance during the month as it navigated a complex landscape marked by regulatory headwinds and market volatility during the period. U.S. policy developments, including proposed drug pricing reforms by HHS and CMS, pose potential risks to Merck's pricing strategy and long-term margins, particularly for flagship therapies like Keytruda. The company also faces operational challenges, such as the suspension of GARDASIL shipments to China and the looming threat of biosimilar competition for Keytruda by late 2028.

Sanofi SA detracted from relative performance during the month as it experienced a mix of setbacks and strategic developments during the period. A key pipeline candidate failed to meet expectations in one of two late-stage trials for a respiratory condition, leaving its future uncertain pending further data and regulatory discussions. In parallel, Sanofi is preparing for a major product launch in respiratory care and made a large acquisition of Blueprint Medicine for \$9B to strengthen its immunology and rare disease portfolio.

Global political shifts remain a key market driver, with tariffs now front and centre. Yet their long-term impact is unclear, as political ideology often collides with practical realities. Unlike past market selloffs, volatility here stems from unpredictable policy shifts such as President Trump's 90-day tariff pause - which can reverse sentiment overnight. Markets still expect rate cuts (excluding near-term U.S. policy), but the pace and extent remain uncertain amid ongoing political developments. The Fed has paused easing, balancing strong economic data with labour market resilience. Key U.S. watchpoints include

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## MORE INFORMATION

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