Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

December 2024

FUND FACTS

Investment objective: Aims to provide long-term capital growth through investment in emerging market shares and to outperform the MSCI Emerging Markets Net Total Return Index (AUD) (before fees and taxes) over a full market cycle, typically five-years.

FUND BENEFITS

Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return to fair valuation.

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.

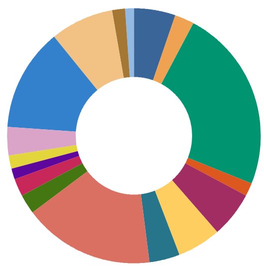
Benchmark:	MSCI Emerging Markets Net Total Return (AUD)
Investment Manager:	Barrow, Hanley, Mewhinney & Strauss, LLC
Inception Date:	October 2022
Size of Portfolio:	$1.68 million as at 30 Sep 2024
APIR:	PER6134AU
Management Fee:	0.99%*
Investment style:	Emerging Markets
Suggested minimum investment period:	Seven years or longer

PORTFOLIO SECTORS

TOP 5 STOCK HOLDINGS

	% of Portfolio
Mediatek Inc.	4.7%
SK hynix Inc.	3.9%
HIWIN Technologies Corp.	3.4%
Samsung Electro-Mechanics Co., Ltd	2.9%
Ping An Insurance (Group) Company of China	2.6%

PORTFOLIO COUNTRIES

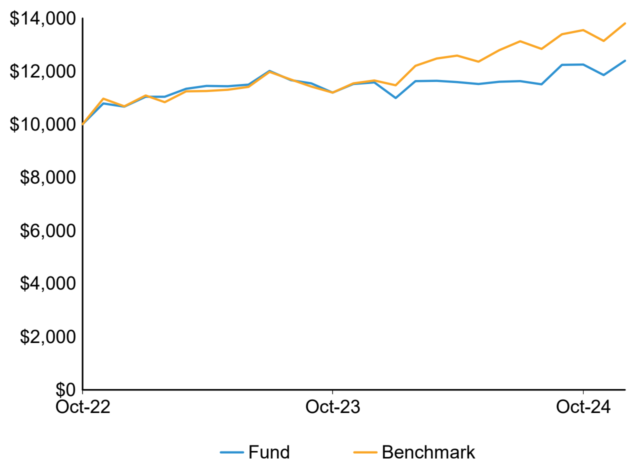


NET PERFORMANCE - periods ending 31 December 2024

	Fund	Benchmark	Excess
1 month	4.53	5.07	-0.54
3 months	1.29	3.08	-1.79
1 year	7.08	18.48	-11.40
2 year p.a.	7.80	13.72	-5.92
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	10.10	14.64	-4.54

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

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

Looking back, the fourth quarter capped another banner year for returns across asset classes, particularly in the equity markets. The MSCI All Country World Index posted another outsized gain – rising 18% in 2024 – with a major driver being U.S. markets, which continued to make new highs through the year, including in mid-December when the S&P 500 (+25%) eclipsed 6000. Despite a surprisingly strong performance from China (+19%) and tech beneficiary Taiwan (+34%), emerging markets returns were a far cry below their developed peers with the MSCI Emerging Market Index returning a more modest 8% in the year.

Following a solid third quarter, the last quarter of the year was challenging for emerging markets and the MSCI Emerging Market Index lagged global markets, returning -8% in U.S. dollar (USD) terms. Headwinds included a strong USD and fading excitement and lack of details around Chinese stimulus measures. U.S. election outcome, while spurring yet another rally in U.S. equities, added to the list of uncertainties facing emerging markets as the market focused on potential impact on emerging economies with a return of Donald Trump. Strong rhetoric around increases in tariffs on global trade, with China at the epicenter of the debate, put a damper on investor confidence.

The move in the USD was a big headwind for emerging markets this quarter, and weakening local currencies in many markets accounted for half of the decline in the MSCI Emerging Market Index. Taiwan (+3%) was the stand-out performer in a quarter where 21 out of 25 countries in the benchmark posted negative returns. Aligned with what we saw in developed markets, Taiwan's semiconductor industry benefited from the return of global investor's preference for tech related companies. Taiwan was also the best market by far for the full year of 2024, returning 34% on the back of global AI euphoria. Taiwan Semiconductor Manufacturing Co. Ltd (TSMC), its largest listed company representing more than 50% of the MSCI Taiwan Index, ended the quarter with a similarly astonishing high weighting in the MSCI Emerging Markets Index exceeding 10%, driving market concentration higher. TSMC accounted for nearly 2/3 of the MSCI Emerging Markets Index returns for the one year.

Brazil (-19%) and Korea (-19%) were the stand-out laggards for the quarter and also the year. Both countries continued to face headwinds from the strong USD, and currency weakness in the last quarter of the year in particular was a dominant driver of returns. Additionally, worries over the fiscal outlook for Brazil and political turmoil in Korea resulting in the impeachment of the president in December added to the negative sentiment.

PORTFOLIO COMMENTARY

Following a strong third quarter, markets reversed in the fourth quarter in favor of growth and large caps, contributing to the Barrow Hanley Emerging markets strategy lagging the MSCI Emerging Markets Index. The USD strength was a real headwind for many of the companies in the portfolio. The strategy's preference away from the top two market cap quintiles in the market was a significant detractor including no exposure to the largest technology names in the index, an active position driven by elevated valuation levels in this part of the market. The strategy's overweight exposure to mid-caps, where our process is finding very attractive valuation opportunities, further detracted from returns. An underweight to the Information Technology sector and no exposure to the largest companies in this sector more than offset the positive impact from strong returns from portfolio holdings within the sector.

OUTLOOK

Looking forward, 2025 begins as a year with as much promise as uncertainty. One thing is known – the consensus forecast is likely to be wrong – but in what direction remains to be seen. Clarity that had begun to emerge regarding the path of global central banks now appears far less certain as inflation may not quite yet be fully tamed, particularly in the U.S., as job markets remain robust and economic growth could spur a subsequent period of re-inflation. Instead, the risk that seemingly has been assuaged is that of economic growth. The election of Donald Trump has stoked the dormant fires of animal spirits in terms of business activity, capital formation, and deal making. Far past a soft landing, now the question is acceleration and what that might bring as far as inflationary pressures and further upward wage pressures in an already tight labor market. While our focus has been, and remains on, the individual companies we own for clients in the strategy, the impact from the recent election given the far-reaching potential implications cannot be understated. Going into 2025 we are in a market environment of excesses. Not only has the market been narrow in its performance drivers, as noted earlier, we are seeing a relatively few number of names make up a large portion of the market. In the U.S., the dependence of markets on the top 10 stocks in the S&P 500, including the Mag 7, have been written about for quite some time now. The weight of the top 10 names in the index has blown through the prior high set during the dotcom bubble. It is even more fascinating that those same 10 companies compared against the U.S. nominal GDP now represent 67% of the total U.S. nominal GDP – a level more than double that of the late 1990s.

MORE INFORMATION

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