Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

September 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

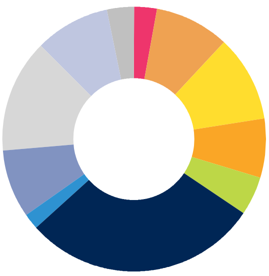
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return 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:	$1.58 million as at 30 Jun 2024
APIR:	PER6134AU
Management Fee:	0.99%*
Investment style:	Emerging Markets
Suggested minimum investment period:	Seven years or longer

PORTFOLIO SECTORS

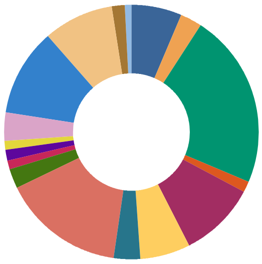


CASH AND FIXED INTEREST	2.9
COMMUNICATION SERVICES	9.1
CONSUMER DISC	10.6
CONSUMER STAPLES	7.4
ENERGY	4.7
FINANCIALS EX PROP	28.8
HEALTH CARE	1.9
INDUSTRIALS	8.4
INFORMATION TECHNOLOGY	13.8
MATERIALS	9.1
OTHER SHARES	3.4
Total:	100.0

TOP 5 STOCK HOLDINGS

	% of Portfolio
SK hynix Inc.	3.9%
Mediatek Inc.	3.7%
BizLink Holding Inc.	2.9%
Kasikornbank Public Co. Ltd.	2.7%
JD.com, Inc.	2.7%

PORTFOLIO COUNTRIES



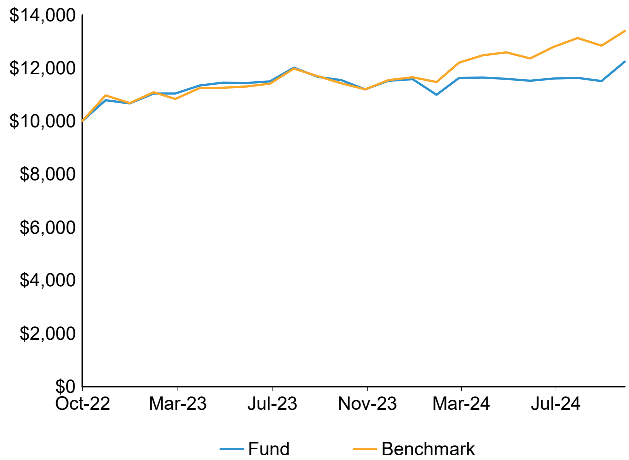
BRAZIL	6.4
CASH AND FIXED INTEREST	2.9
CHINA	22.2
COLOMBIA	1.3
HONG KONG	9.6
INDIA	6.6
INDONESIA	3.4
KOREA, REPUBLIC OF	15.5
MALAYSIA	2.5
MEXICO	1.0
PHILIPPINES	1.5
SAUDI ARABIA	1.1
SOUTH AFRICA	3.6
TAIWAN, PROVINCE OF CHINA	10.9
THAILAND	9.0
UNITED ARAB EMIRATES	1.5
UNITED KINGDOM	1.0
Total:	100.0

NET PERFORMANCE - periods ending 30 September 2024

	Fund	Benchmark	Excess
1 month	6.37	4.33	+2.04
3 months	5.42	4.66	+0.75
1 year	5.99	17.27	-11.28
2 year p.a.	-	-	-
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	10.74	14.88	-4.14

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

It was an interesting third quarter with plenty of market moving headlines. Sharp declines in July, significant volatility in August and a "hard landing" scenario for the US economy back as a probability earlier in the quarter. However, sentiment improved in September, driven by central bank decisions to lower rates and markets ultimately finished the quarter on a strong note. In the US, we saw major indices moving even higher reaching new all-time highs, at the same time as the tech related stock leadership by the Magnificent Seven that prevailed for the last 12-18 months, reversed with investors moving away from this narrow part of the market to favor a greater number of stocks. A big event with impact beyond the US borders was the highly anticipated actions of the Federal Reserve (Fed) in September. The first rate cut since 2020 was announced and it exceeded expectations with a 50 basis point (bps) cut, twice as much as the 25bps rate hike broadly priced into the market. The Fed's decision mitigated earlier fears of a US recession and instead fueled global markets higher. It was also supported by somewhat more resilient US data than what many had feared. This has implications for stock markets globally including emerging markets.

The move by the Fed was positive for risk assets which saw the MSCI Emerging Markets Index rise a solid +8.7% during the quarter, outpacing their developed markets counterparts as measured by the MSCI World Index (+6.4%). The most significant news of the quarter emanated from China in the last week of the quarter with the announcement of a significant stimulus package designed to boost its faltering economic growth. For most of the quarter, negative sentiment continued to weigh on China with a sluggish economic backdrop prevailing, including deteriorating factory and housing data, low consumer confidence, and still no sign of concerted policy efforts to support the economy. The rate cut by the Fed may have been one of the catalysts for a change of direction by Beijing and it was perhaps no coincidence that China surprised the markets with what was seen as substantial stimulus measures shortly after the larger than expected rate cut in the U.S. Further, a subsequent weakening of the U.S. dollar may also have been supportive.

Policy support by the Chinese leadership has been anticipated for some time given the absence of significant signs of economic recovery post COVID, sentiment on its stock market at historic lows and with worries around deflation lingering. However, the coordinated package announced on September 24th was arguably more aggressive than expected, instilling hope among investors and fueling the strongest weekly gain we have seen in the MSCI China Index since 2008. The reference index finished the quarter up more than +23%, all driven by the week that followed policymaker's announcement. The government included liquidity measures to support the stock market, easing of mortgage rates to support the property sector, and a range of monetary policy measures including RRR (reserve requirement ratio) and short-term repo rate cut to support the slowing economy. Most importantly, the government and President Xi reiterated that the necessary counter cyclical policy measures required to reach its 5% growth goal and to "stop the decline "in the property market would be taken.

PORTFOLIO COMMENTARY

The Barrow Hanley Emerging markets strategy posted strong performance in the quarter comfortably outpacing the MSCI Emerging Markets Index. While we were well positioned for the rally that took place in China and added positive value from our exposure there, it was not all about China, as value add came from a broad range of sectors and countries. Selection within Financials across markets including China, Thailand and Korea was a significant driver, as was stock selection within Industrials. While the strategy benefited from a significant underweight to the Information Technology sector, stock selection within the sector provided significant headwinds to excess returns due to the indiscriminate nature of the sector sell off.

OUTLOOK

The outlook for emerging markets is slowly improving, with accelerating growth in many markets at a time when the developed world is slowing down, leading to an attractive widening gap between growth expectations in developed and emerging markets, which should be positive for the latter. Generally, emerging market companies are showing improving expectations for corporate earnings with higher earnings growth estimates, exceeding those levels expected in developed markets. The policy cycle in China is becoming clearer and keeps improving which will be supportive for the asset class. The shift in the Fed policy and in general global monetary easing cycle may also allow other emerging economies to embark on more loosening measures and cut rates. Additionally, any USD strength showing signs of abating will be a conducive environment for many emerging market currencies. All these factors should bode well for risk assets. This, together with significant valuation discounts, gives hope for a cautiously optimistic outlook for the asset class.

MORE INFORMATION

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