Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

November 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.

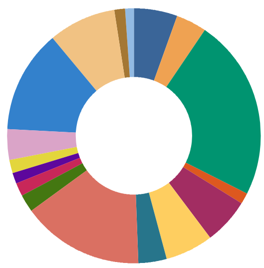
Benchmark:	MSCI Emerging Markets Net Total Return (AUD)
Investment Manager:	Barrow, Hanley, Mewhinney & Strauss, LLC
Inception Date:	October 2022
Size of Portfolio:	$1.68 million as at 30 Sep 2024
APIR:	PER6134AU
Management Fee:	0.99%*
Investment style:	Emerging Markets
Suggested minimum investment period: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

PORTFOLIO SECTORS

TOP 5 STOCK HOLDINGS

	% of Portfolio
BizLink Holding Inc.	4.3%
Mediatek Inc.	4.2%
SK hynix Inc.	3.7%
JD.com, Inc.	2.5%
Ping An Insurance (Group) Company of China	2.5%

PORTFOLIO COUNTRIES

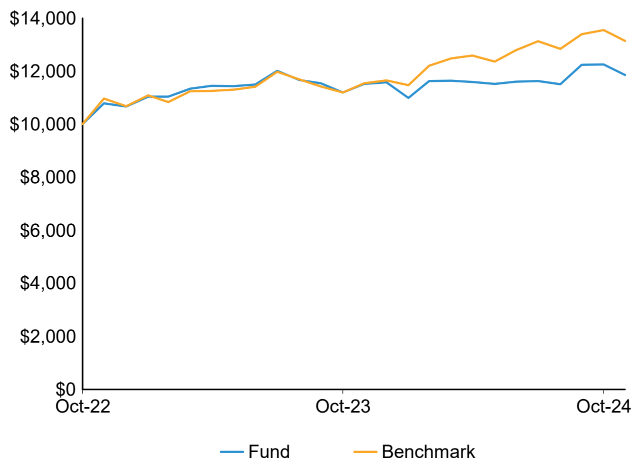


NET PERFORMANCE - periods ending 30 November 2024

	Fund	Benchmark	Excess
1 month	-3.27	-3.07	-0.21
3 months	3.07	2.35	+0.72
1 year	2.97	13.85	-10.89
2 year p.a.	4.85	9.47	-4.62
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	8.28	12.65	-4.38

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

November delivered on the promise of a flurry of headlines relating to geopolitics and macroeconomics. The American presidential race ended with Donald Trump winning; he will be only the second U.S. candidate ever elected to two non-consecutive terms. The quick and decisive outcome led the S&P 500 to have its best month of the year, up 5.7%, as the VIX Index fell in conjunction with the closing out of crowded market hedges. U.S. job openings hovered near the 3+ year lows hit last month. After the U.S. Federal Reserve (the Fed) opted to cut rates by 50 basis points (bps) in September, yields backed up on concerns surrounding the durability of inflation and higher long-term deficit spending. However, the market is still expecting a rate cut in December. Outside the U.S., central banks in Canada, UK, and other western-oriented central banks are still lowering rates while Japan has been holding steady after raising rates in the third quarter.

Outside the U.S. and given all of the challenges in Europe, emerging markets may be the next best house on the block despite lagging developed markets (MSCI World index +4.6%), with the MSCI Emerging Markets index returning (-3.6%) in the month of November and (-7.9%) quarter-to-date. However, the election of Donald Trump boosted the developed world and brought with it several headwinds to emerging markets, reversing the positive sentiment we saw earlier in the quarter, particularly toward China. The uncertainty about policy and tariffs turned investors more cautious, leading them to favor what has been viewed as "safer bets," and marked a return to trends in emerging markets we have seen in the last 12-18 months as India (-0.4%) outpaced China (-4.4%) for the month. One trend that did not return was the preference for Information Technology stocks (-4.5%), as they lagged the broad market.

Chinese assets remain the cheapest across the globe and are likely to re-rate higher, as we saw in late September, once there is greater clarity around tariffs and, accordingly, more definitive stimulus measures by Beijing. Our base case is that the talk of implementing high tariffs across the board is being used as a negotiating tool to serve multiple ends: improving trade agreements, ending the Russia/Ukraine war, moving Chinese manufacturing to the U.S., etc. It is worth noting that retail investing activity in China remains robust and may be a better indicator of confidence versus foreign investment demand.

PORTFOLIO COMMENTARY

The Barrow Hanley Emerging Market Equity strategy modestly lagged the MSCI Emerging Markets Index in November. From a sector perspective, the strategy was largely in line with key drivers in the market as allocation effect was a contributor in the month, with the underweight to the Consumer Discretionary sector and an overweight to the Financials and Industrials sectors benefitting relative returns. Effective stock selection in the Industrials sector was offset by challenging returns in the Financials, Information Technology, Materials, and Consumer Staples sectors.

Conversely, from a country perspective, the underweight to India and overweights to Korea and China detracted from relative returns while effective selection within countries contributed positively to relative returns, with weakness in Brazil and China holdings overcome by strong stock performance in Taiwan, Thailand, Indonesia, and Korea.

OUTLOOK

As we have noted in prior months, we fully expect the markets to remain volatile going into the end of the year, due not only to the reassessment of the market toward Chinese equities in light of the current announcements, but also to other prevalent geopolitical issues. To some degree, we have greater certainty post the U.S. elections and the Fed's easing policy, but do not fully understand the impact of the incoming administration will have on global trade. Continued uncertainty remains regarding tensions and escalation of the Middle East conflict, now including the fall of the current regime in Syria, along with the war in Ukraine persisting, the developing impact of Mexico's recent elections, etc., and their broader impact across emerging markets.

The outlook for emerging markets is slowly improving with economic growth in many emerging economies remaining above developed market peers and, overall, the divergence in growth expectations for emerging markets versus developed markets is widening. We continue to be encouraged by improving expectations for corporate earnings, with 2025 expectations of emerging market companies well exceeding their developed peers. A negative impact on Chinese growth from an escalating trade tariff backdrop is unavoidable; what remains to be seen is how much will be shouldered by corporations versus the U.S. consumer, and what China's policy response will be. It appears that China is likely to implement greater stimulus measures in an attempt to minimize the impact of increased U.S. tariffs but as we have seen in the past few months, the shape of this stimulus is far from final.

We believe improving fundamentals in emerging markets combined with decade-low valuations multiples continue to make this asset class a compelling investment opportunity. The portfolio continues to trade at a significant discount to the broad market and we maintain high conviction in our current positioning.

MORE INFORMATION

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