

Perpetual Investment Funds

BARROW HANLEY GLOBAL SHARE FUND - CLASS A

September 2024

FUND FACTS

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

FUND BENEFITS

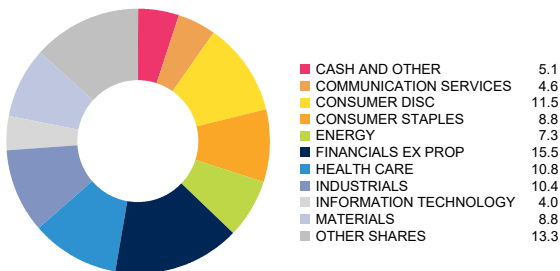
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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)
Investment Manager: Barrow, Hanley, Mewhinney & Strauss, LLC
Inception Date: August 2014
Size of Portfolio: \$1,127.21 million as at 30 Jun 2024
APIR: PER0733AU
Management Fee: 0.99%*
Investment style: Active, fundamental, bottom-up, value
Suggested minimum investment period: Seven years or longer

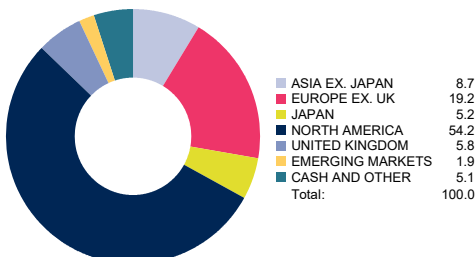
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

Stock Holding	% of Portfolio
Bank of Nova Scotia	3.1%
Sanofi	3.0%
Enbridge Inc.	3.0%
Comcast Corporation Class A	2.8%
Entergy Corporation	2.6%

PORTFOLIO REGIONS



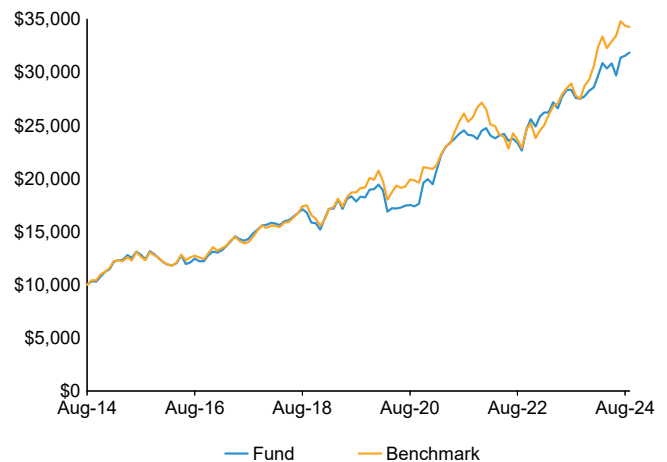
NET PERFORMANCE - periods ending 30 September 2024

Class A has been operating since August 2014. In September 2020, Barrow Hanley, Mewhinney & Strauss, LLC commenced as Investment Manager of the Fund.

	Fund	Benchmark	Excess
1 month	0.95	-0.41	+1.36
3 months	7.26	2.39	+4.87
1 year	15.47	23.20	-7.73
2 year p.a.	18.64	22.34	-3.70
3 year p.a.	9.74	10.56	-0.82
4 year p.a.	16.37	14.64	+1.73
5 year p.a.	11.76	12.41	-0.65
7 year p.a.	11.56	13.08	-1.52
10 year p.a.	11.94	12.66	-0.72
Since incep.	12.14	12.94	-0.80

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

The third quarter was marked by significant market-moving headlines, with major global indices reaching new all-time highs, including in the U.S. Unlike the previous quarter, where a limited number of stocks drove gains, the MSCI World Equal-Weighted Index outperformed the MSCI World Index, with the S&P 500 Equal-Weighted Index similarly surpassing the S&P 500. Value stocks outperformed growth stocks by over 600 basis points, while small-cap stocks rallied despite trailing year-to-date performance. The Federal Reserve ended a 14-month pause, making headlines with a larger-than-expected 50 basis point rate cut, instead of the anticipated 25 basis points. This move steepened the previously inverted yield curve, as the Fed projected an additional 200 basis points of cuts through 2024 and 2025. Amid rising recession fears, cooling consumer price index data in June and July allowed the Fed to shift focus from inflation to addressing employment concerns. In contrast, the Bank of Japan unexpectedly raised rates, causing increased volatility and a drop of over 25% in the MSCI Japan Index peak-to-trough, ultimately closing down 6.0% in local currency. In China, negative sentiment persisted due to a sluggish economy, but a significant stimulus package announced at the quarter's end boosted market optimism, leading to the MSCI China Index's strongest weekly gain since 2008 and a quarterly return of +23.5%.

PORTFOLIO COMMENTARY

The Barrow Hanley Global Value strategy strongly outperformed the market up +7.94% while the market was up 2.39%. The strategy's underweight to the Information Technology sector and overweight to the Consumer Staples, Real Estate, and Utilities sectors contributed positively to relative returns. Additionally, effective stock selection in the Consumer Discretionary, Materials, Communication Services, and Real Estate sectors added further to strong relative returns. Regionally, stock selection was a key driver of excess returns, U.S. stock picks continued to be a major contributor to relative returns closely followed by China stock selection within our allocation to emerging markets. European and Japanese holdings added further to strong relative returns.

JD.com, Inc. Class A outperformed during the quarter on its improving operating results in addition to the latest China government stimulus policy which has significantly lifted investor sentiment and outlook on consumption recovery. JD.com delivered a good set of Q2 2024 numbers with stronger sales in its growth supermarket segment, and with operating profit up more than 30% year-over-year on better product mix, improving efficiency while being disciplined with its promotional activity. As one of the leading e-commerce platforms in China, JD.com is also a beneficiary of the government's "trade in old for new" policy on appliances and CES to stimulate domestic consumption. Most recently, China's coordinated multi-front stimulus to support growth has propelled many of the macro sensitive stocks such as JD.com to an accelerated outperformance by quarter end. Now trading at < 11x forward P/E with a solid net cash balance sheet with continued strong shareholder return policy, JD.com remains an attractive value play to China's consumption recovery.

Bank of Nova Scotia Bank of Nova Scotia positively contributed to relative performance during the quarter. Founded in 1832, Bank of Nova Scotia is the third largest bank in Canada with CAD 1.4 billion (USD 1.0 billion) in assets. The company has been significantly underperforming due to its depressed net interest margin (NIM) and elevated credit costs. Following rate cuts and a more dovish outlook from the Bank of Canada, shares outperformed given the company's liability sensitive balance sheet and reduced concerns about a severe.

Humana Inc. detracted from relative performance during the quarter. Over the last 18 months, Humana has suffered from three major hits to earnings - massive sustained post-covid pent up utilization, CMS payment adjustments, and now most recently star rating challenges. The magnitude of each of these hits have been unprecedented individually, and for them all occur in such a short period of time was an unimaginable black swan event for the company. The first two hits had already occurred by end of the second quarter of 2024, but this quarter, the stock was weak in anticipation of the third hit (star rating), which pushes out the margin recovery story by one or two years. Currently about 70% of the Medicare Advantage industry is at break-even or loss-making levels, which is not sustainable for long in an industry where payments are required to be actuarially sound. We still believe that Humana has close to \$40/share of normalized EPS. While the journey to normalization could take multiple years due to magnitude of the price adjustment needed, there are also potential favorable developments that could accelerate that timeline.

Merck & Co., Inc. detracted from relative performance during the quarter as it came under pressure due to unexpected volatility in China demand for its Gardasil vaccine. Previously, the product delivered significant uninterrupted growth even without significant improvement in Chinese demand. However, it will take time for this Gardasil noise to settle down. Merck's Keytruda remains the top global oncology franchise, with many years of protection ahead of it, including with the help from a subcutaneous version coming to market in late 2025 or early 2026. It forms a solid base for valuation. Further, some potentially transformational assets in Merck's pipeline keep us interested in owning the stock. The stock currently trades at 12.2x forward earnings with a dividend yield of 2.7%.

OUTLOOK

Looking ahead, clarity is emerging for investors, though new concerns are also rising. Following a recent 50 basis point cut, the Fed has shifted its focus to maximum employment as inflation pressures ease. The sustainability of this disinflation remains uncertain amid trends like deglobalization and deficit spending. The narrative of a soft landing continues to dominate investor expectations, despite its historical rarity, leaving little context for potential global central bank rate cuts. After over a decade of zero interest rate policy (ZIRP), investors wonder if a return to cutting rates will bring central banks back to those lows. Currently, no clear catalyst suggests a significant acceleration in global GDP, but some industries may be closer to a trough than a peak, particularly on the value side of the market. While artificial intelligence (AI) shows promise as a force multiplier, its adoption curve is steeper than that of personal computers or the internet. The benefits of AI will extend beyond the current leaders, who are engaged in a costly arms race. Despite the recent value rally, valuations remain compelling on a relative basis, supporting the continuation of this momentum. Our multi-decade experience reinforces our belief that the ongoing secular value cycle will persist, positioning our high active share portfolios to benefit our clients.

¹ The Perpetual Global Share Fund- Class A has been operating since August 2014. Barrow Hanley, Mewhinney & Strauss, LLC commenced as Investment Manager of the Fund on 9 September 2020. Prior to this, the Investment Manager was Perpetual Investment Management Limited. The return shown for Class A in the Total Return table & the Growth of \$10,000 chart has been calculated using the performance of the A Class less the Management Fee and any historical Performance Fees, effective 1 October 2020 the performance fee of the Fund was removed. This publication has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL No 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

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