

Perpetual Investment Funds

PERPETUAL WHOLESALE INTERNATIONAL SHARE FUND

June 2024

FUND FACTS

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

FUND BENEFITS

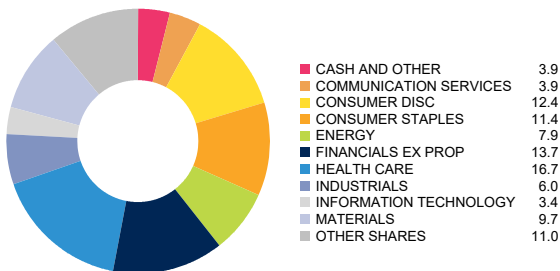
Provides investors with the potential for capital growth through a portfolio of global companies using Barrow Hanley's experienced investment team and disciplined investment process.

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:	April 1997
Size of Portfolio:	\$94.10 million as at 31 Mar 2024
APIR:	PER0050AU
Management Fee:	0.99%*
Investment style:	Active, fundamental, bottom-up, value
Suggested minimum investment period:	Seven years or longer

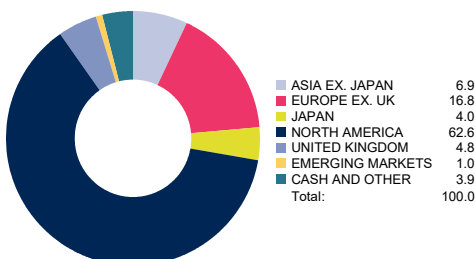
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Enbridge Inc.	3.0%
Comcast Corporation Class A	3.0%
Merck & Co., Inc.	2.9%
Sanofi	2.5%
Entergy Corporation	2.4%

PORTFOLIO REGIONS

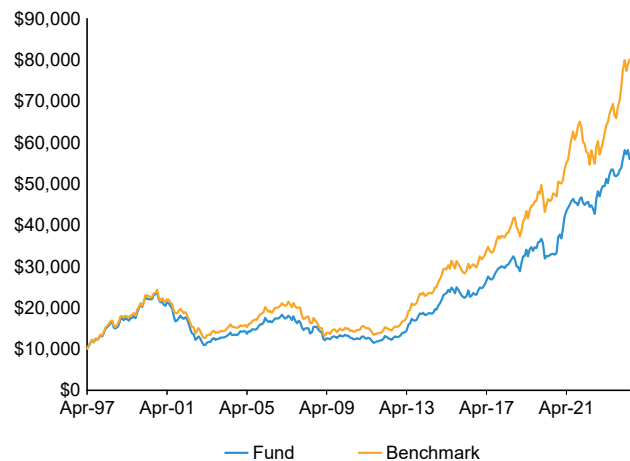


NET PERFORMANCE - periods ending 30 June 2024

	Fund	Benchmark #	Excess
1 month	-3.70	1.61	-5.31
3 months	-3.80	0.26	-4.06
FYTD	7.23	19.80	-12.57
1 year	7.23	19.80	-12.57
2 year p.a.	12.25	21.10	-8.85
3 year p.a.	7.68	11.11	-3.43
4 year p.a.	14.44	15.00	-0.56
5 year p.a.	10.36	12.89	-2.53
7 year p.a.	10.96	13.10	-2.14
10 year p.a.	11.60	13.04	-1.44
Since incep.	6.59	8.05	-1.46

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, new all-time highs for the S&P 500 Index and MSCI World Index masked a much cloudier picture below the surface. Headline returns in the second quarter for the two indices were strong but were once again driven by a very narrow group of mega-cap technology stocks. In fact, the quarter saw the fewest stocks beating the broader S&P 500 Index – just three out of 10, one of the most narrow readings in the last 35 years. Similarly, other areas of the market were also weaker, including value stocks and small caps, which declined. Interestingly, earnings have followed a similar pattern to returns with the earnings growth of names like Nvidia overshadowing the broader moderation of corporate earnings growth taking place, perhaps due to the lagged effects of the monetary tightening cycle are finally appearing. In the MSCI World Index, sector performance was skewed to the downside, as just three sectors outperformed the broader index. Technology and Communication Services rose on the back of the Magnificent 7 and Utilities gained on hopes of growing power demand fueled by AI-related data center development. Cyclical areas took the brunt of the pain in the quarter: Materials, Industrials, and Consumer Discretionary were all in negative territory on concerns of slowing economic conditions. Should this continue to spread, valuation multiples remain at-risk of being compressed as growth projections are reigned in.

PORTFOLIO COMMENTARY

Against the backdrop of high momentum and a narrow growth led market, Barrow Hanley's Global Value strategy failed to keep pace with the broader MSCI World Index while performing largely in line with the MSCI World Value Index. Relative to the MSCI World Index, detractions due to allocation effects given the type of market environment we have experienced explains much of the shortfall. On a sector basis, an underweight to the Information Technology and Communication Services sectors (primarily driven by the U.S.) and the best performers therein, accounted for about half of the shortfall in the quarter. An overweight to the Materials, Energy and Consumer Staples sectors detracted further from relative returns. Challenging stock selection within Communication Services, Health Care, and Utilities also pressured relative returns and offset effective selection across Consumer Discretionary, Materials and Real Estate sectors. Market cap allocation starkly highlighted the biggest challenge for the portfolio wherein zero exposure to mega cap stocks combined with an overweight to more mid cap stocks accounted for all of the shortfall.

QUALCOMM Incorporated positively contributed to relative performance during the quarter after reporting numbers ahead of expectations and issuing more positive guidance than others in the semiconductor industry. This commentary tamped down fears surrounding the handset industry, a key end market. The company engages in developing and commercializing foundational technologies and products used in mobile devices and other wireless products. The company is benefitting from an Android recovery in the high-end handset segment, a content gain with Apple, in addition to automotive content gains. Qualcomm is executing well and has potential tailwinds from new PC products, WiFi 7, AI phones, and RF modem integration. The company currently trades at a below market 18.1x forward earnings.

Carnival Corporation positively contributed to relative performance during the second quarter as the cruise industry recovery has been more robust than expected. The company reported strong earnings in June, beating estimates and raising its prior full year projections, which propelled the stock higher. Carnival also continues to make progress on its idiosyncratic drivers, including recently announcing the sunsetting of its P&O Australia brand. We see more earnings momentum and upside ahead, and the stock is still trading at an attractive valuation of 13.7x forward earnings.

Albemarle Corporation detracted from relative performance in the second quarter due to softening China lithium carbonate/hydroxide prices, demand for which is driven by EV battery volume. China is the largest global producer/consumer of EVs and continues lead global growth, but battery electric sentiment has softened in Western markets in favor of hybrid vehicles or simply slower electric adoption. Meanwhile, lithium supply growth is arriving from projects begun years ago when lithium prices were higher, driving current weakness in supply/demand relationship. The current lithium price levels are insufficient to supply secular demand growth, even at a slower rate of EV adoption. Therefore, it is likely that these trough conditions will pass, driving lithium pricing, volume and Albemarle's earnings higher in the future. This dynamic is not currently reflected in the company's shares.

VINCI SA engages in the design, building, finance, and management of facilities for transport systems, public and private buildings, urban development, water, energy, and communication networks. The stock detracted from the performance in the quarter with most of the downturn coming late in the quarter. The company announced a 20% stake in the Budapest Airport concession and paid what investors felt was a bit rich. Additionally, Vinci appears to have been caught up with other French securities as a result of Emanuel Macron calling for snap elections. Finally, similar to other infrastructure stocks, concerns around additional levies or nationalization of highways added further to concerns. We see Vinci as a well diversified company and looking to build their business for the longer term. The stock continues to offer a compelling risk/reward opportunity.

OUTLOOK

As the second half of 2024 begins, uncertainty appears to be the only known quantity. After far more resilient corporate profits (particularly by the mega-cap technology cohort), many sell-side analysts raised their year-end 2024 S&P 500 targets. Reinforced by the recent cooling of inflation and seemingly "Goldilocks" economic environment, they have shrugged off the wall of worries still present. Conversely, investor sentiment according to some recent surveys suggests a more subdued outlook for performance in the back half of 2024 and potential retracement of the strong gains seen so far this year. If the much-anticipated Fed rate cut, singular now, fails to materialize because the economy and labor markets have held up a bit too much, what then? Valuations are stretched, again largely for the Magnificent 7, while the rest of the market looks far weaker, and more suspect should the economy moderate. Lower income consumers appear under pressure with the potential for rising unemployment as companies offset cost pressures with workforce reductions. With such a narrow market sustaining the broader indices, risks clearly remain elevated.

Management of this Fund: 09/09/2020 Barrow, Hanley, Mewhinney & Strauss, LLC, from 31/01/2015 to 08/09/2020 Perpetual Investment Management Limited, from 15/8/2011 to 30/01/2015 Wellington Management as sub-adviser, from 18/3/2005 to 14/8/2011 PI Investment Management Limited, from 21/4/1997 to 17/3/2005 Fidelity International Limited as sub-adviser.

The benchmark for the Fund prior to 31/1/2015 was the MSCI World ex Australia Accumulation Index. Returns shown reflect the Fund's benchmark during the period

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The PDS for the relevant fund, issued by PIML, should be considered before deciding whether to acquire or hold units in that fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website www.perpetual.com.au. No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of any investor's capital. Total return shown for the fund(s) have been calculated using exit prices after taking into account all of Perpetual's ongoing fees and assuming reinvestment of distributions. No allowance has been made for contribution or withdrawal fees or taxation (except in the case of superannuation funds, as applicable). Past performance is not indicative of future performance.

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