Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

June 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

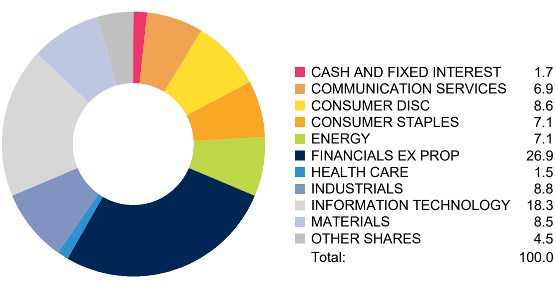
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return 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 31 Mar 2024
APIR:	PER6134AU
Management Fee:	0.99%*
Investment style:	Emerging Markets
Suggested minimum investment period:	Seven years or longer

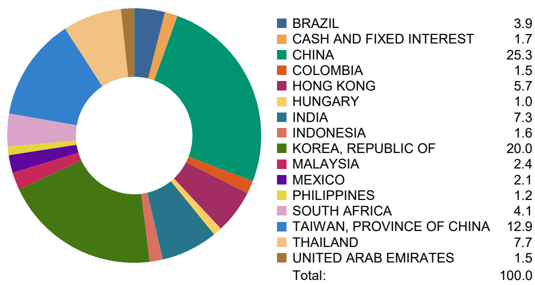
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
SK hynix Inc.	7.3%
Mediatek Inc.	4.7%
BizLink Holding Inc.	3.8%
PTT Exploration & Production Plc	2.8%
LARGAN Precision Co., Ltd.	2.7%

PORTFOLIO COUNTRIES

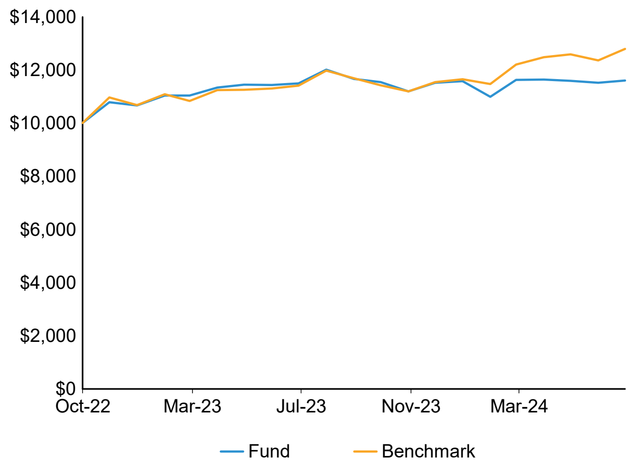


NET PERFORMANCE - periods ending 30 June 2024

	Fund	Benchmark	Excess
1 month	0.76	3.51	-2.74
3 months	-0.30	2.57	-2.87
FYTD	1.02	12.18	-11.16
1 year	1.02	12.18	-11.16
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.	9.03	14.18	-5.15

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.

Elsewhere, global markets were mixed. Support from the Chinese government helped stabilize the domestic real estate sector, which provided a boost to the local equity markets. This helped carry emerging markets higher with the MSCI Emerging Market Index posting a 2.6% gain. Non-U.S. markets' performance saw some divergence during the quarter, with continental Europe faring worse than the UK, and Japan falling more than both geographies after strong performance during the first quarter of the year. A strong performer in 2023 relative to non-U.S. peers, Japanese equities started cooling off but still outpaced other developed market geographies (other than the U.S.) over the past year. Another trend in Japan is the weak yen, which still sits near 30-year lows against the U.S. dollar. Unlike the U.S., inflation has slowed in the European Union to an overall rate lower than in the U.S. (2.5%). Taking a more global perspective, the last 4-year period saw global central banks hike rates 555 times versus 173 rate cuts, though the last year saw roughly twice as many cuts as hikes. Another complicating factor is the uncertainty generated by two recent elections, with the Labour party returning to power in the UK by a larger than expected majority. Similarly, in France, the left-wing alliance came in first place, while President Emmanuel Macron's party came in second and the right-wing party finished third, although none are close to a majority; the divided government adds to the uncertainty in France. We continue to monitor these events for signs of disruption as we follow our investment process and look for any opportunities that might emerge.

Similar to U.S. markets, performance across sectors in emerging markets was quite narrow, as only three of 11 sectors outperformed the broader index by more than just a few basis points: the Information Technology, Communication Services, and Utilities sectors. The Materials and Consumer Staples sectors failed to keep pace or even return a positive performance number in the quarter. For those sectors that did outperform, the outperformance was driven by relatively few stocks such as Taiwan Semiconductor, Samsung Electronics, and Tencent. This narrow market has proved challenging for active management, as noted in the next sections, and a broadening of the market will spell relief to a challenging stock selection environment.

PORTFOLIO COMMENTARY

In the quarter, the Barrow Hanley Emerging Markets Equity strategy underperformed the MSCI Emerging Markets Index. Approximately two thirds of the relative performance shortfall was a result of not owning both Taiwan Semi and Tencent. Further challenging stock selection in the Energy, Financials, and Real Estate sectors detracted from positive contributions from effective selection in the Information Technology, Consumer Staples, Consumer Discretionary and Industrials sectors. From a country perspective, the underweight to Taiwan (Taiwan Semi) and India and an overweight to Thailand combined with challenging stock selection in China and Brazil detracted from relative returns and offset strong stock selection in Korea and Thailand. Below we discuss a few of the top contributors and detractors in the quarter.

OUTLOOK

Emerging markets continued to push higher in June. Though China took a step back in the month, we believe that economic data looks to be firming and is potentially showing signs of improvement. An improvement in China will likely help broader emerging markets. Improving fundamentals and sentiment combined with low valuations could prove quite beneficial for this asset class after having suffered multiple years of underperformance relative to developed peers. We also see other changes may be afoot in emerging markets given the recent elections in India, Mexico, and now South Africa. India was a surprise, as Narendra Modi did not garner a supermajority and now may need to compromise on some of his more pro-business policies. Conversely, within South Africa, a broader coalition government may provide a greater level of stability than what has been seen over the last several years. We appreciate that what happens over just a few months rarely constitutes a trend, but we continue to believe that emerging markets, and especially China, remain very cheap relative to developed markets. This cheapness is a result of several headwinds working against emerging markets, many of which we have noted in prior commentaries. Further, the narrow markets we have seen across the globe also make it challenging for emerging markets as investors continue to push into what is currently working. As markets broaden, we believe that by focusing on bottom-up fundamentals, emerging market companies should benefit, in particular, those with improving fundamentals but which have remained cheap for reasons based on sentiment.

MORE INFORMATION

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