Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

January 2025

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

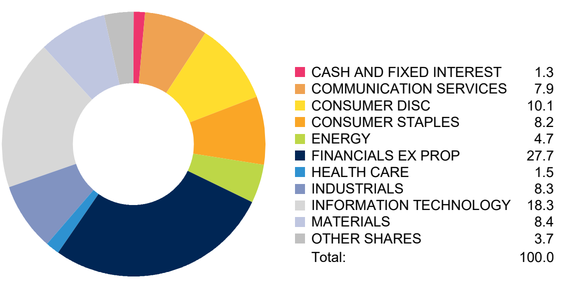
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return 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:	$1.71 million as at 31 Dec 2024
APIR:	PER6134AU
Management Fee:	0.99%*
Investment style:	Emerging Markets
Suggested minimum investment period:	Seven years or longer

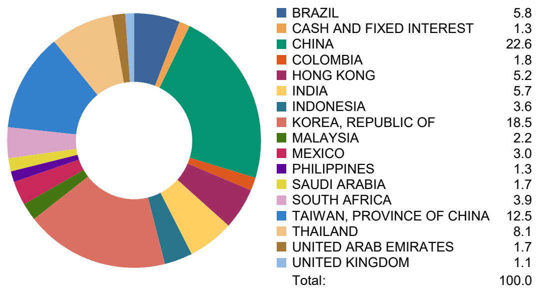
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
Mediatek Inc.	4.7%
SK hynix Inc.	4.3%
Samsung Electro-Mechanics Co., Ltd	3.4%
HIWIN Technologies Corp.	2.9%
JD.com, Inc.	2.7%

PORTFOLIO COUNTRIES

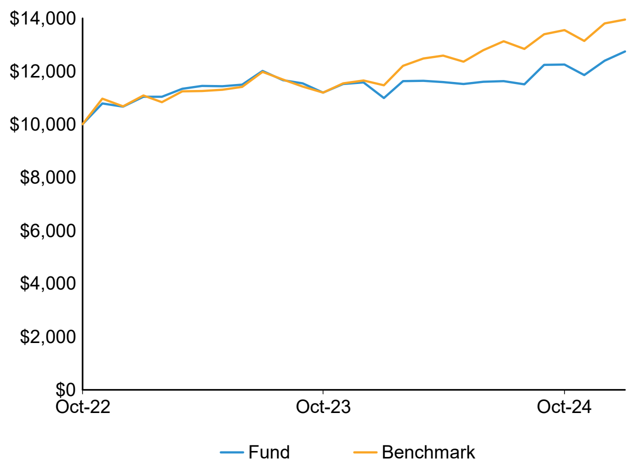


NET PERFORMANCE - periods ending 31 January 2025

	Fund	Benchmark	Excess
1 month	2.79	1.04	+1.75
3 months	3.93	2.90	+1.02
1 year	15.95	21.62	-5.67
2 year p.a.	7.44	12.17	-4.73
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep. p.a.	11.02	14.58	-3.56

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

January was an eventful month filled with impactful geopolitical headlines mixed with macroeconomic developments. The freshly inaugurated President Trump and his administration hit the ground running with a flurry of activity addressing myriad issues which resulted in gyrating markets. In spite of all the headlines generating uncertainty, January proved to be a strong month for global equity markets that finished mostly higher. Like last year, there was a notable difference in styles. Unlike last year, it is value leading the charge in developed markets as the MSCI World Value Index outperformed its growth counterpart by roughly 200 basis points (bps) in U.S. dollar terms for the month. However, emerging markets did not follow suit, as the MSCI Emerging Market Value Index modestly lagged its growth counterpart. Investors are all wondering what the impact of Trump 2.0 means for the globe, and maybe the style shift and broader market in January are indicators. The growth levels of high momentum and AI-related stocks became a source of controversy after the release of DeepSeek, a Chinese AI model reported to be developed at a fraction of the cost of comparable American products. The cost effectiveness claims could prove to be a deepfake but for now the long-term spending on AI-related CAPEX is up for debate.

The Trump administration did follow through on raising the tariff on Chinese goods by 10% during the month. The recently announced 10% tariff on all Chinese products could impact GDP growth by 0.3-0.5 percentage points, while a 60% tariff could drag down GDP by up to 1.5-2 percentage points in 2025/2026, without policy offsets. However, fiscal, monetary, and moderate currency depreciation policies can potentially mitigate much of the impact. The Chinese government has been attempting to shift the economy toward domestic manufacturing, high-tech investments, and consumption support. Since September 2024, the government has pivoted to support growth through moderately loose monetary policy, proactive fiscal policy to stabilize the property market, and measures to boost domestic consumption.

In other emerging market countries, companies have been adjusting supply chains for years in response to rising global trade barriers. Many have shifted supply chains from China to ASEAN countries like Vietnam, Indonesia, and Cambodia. The trend of nearshoring and friendshoring has also been occurring, with Mexico a significant beneficiary. The Mexican government recognizes its advantageous position as the United States' southern neighbor and has been receptive to Trump's border and immigration policies, despite the burden on Mexico to manage asylum seekers and prevent migrants from crossing into the U.S. Even with all the steps countries are taking to mitigate the impact of tariffs, continued headlines about tariffs will cause heightened volatility and negative investor sentiment in emerging markets.

PORTFOLIO COMMENTARY

Despite the narrow markets in January, the Barrow Hanley Emerging Markets strategy outpaced the MSCI Emerging Markets Index. The strategy added value in nine of the 11 sectors, with effective stock selection in the Information Technology, Materials, and Financials sectors driving relative returns higher. To a lesser degree, effective selection in the Energy, Consumer Discretionary, and Communication services sectors benefitted relative returns. Challenging stock selection in the Industrials and Health Care sectors detracted.

OUTLOOK

Despite broader markets getting off to a positive start in 2025, there are probably more questions than answers that remain. The return of Donald Trump to the white house and the continuous comments about tariffs had markets trying to decide whether his bark was going to be bigger than his bite. Thus far, the threatened tariffs have largely been deferred as countries such as Mexico and Canada have agreed to the incoming administration’s demands of securing the U.S.’ northern and southern borders. The 10% tariffs levied against China are much better than the 60% tariffs that were threatened but questions remain about China’s response and the potential impact on not only the U.S. but also on broader economies.

We have noted in prior months that the outlook for emerging markets is slowly improving, with economic growth in many emerging economies remaining above developed market peers. Several positive factors could benefit emerging markets in the coming year. With a new U.S. administration, China may feel more confident in implanting stronger growth measures and allow them to counteract any negative implications from higher tariffs. Latin American countries which have been depressed, such as Mexico and Brazil, could also contribute further on positive fiscal changes.

One other key area is the strength of the U.S. dollar. Where the U.S. dollar goes from here will be important for risk assets, and while we believe it is looking over-valued, we acknowledge that it can benefit from rates being higher for longer. Emerging markets as an asset class can also present a good hedge against any U.S. dollar weakness going forward, adding to the benefit of diversification. We have seen some U.S. dollar weakness in the month as noted earlier, as the Brazilian real appreciated more than 5% in the month. Despite the recent pause in rate reductions by the Fed, the new U.S. administration would welcome a weaker dollar to help U.S. exporters though it remains to be seen how they will achieve this with stronger growth and higher interest rates.

MORE INFORMATION

Adviser Services 1800 062 725
Investor Services 1800 022 033
Email investments@perpetual.com.au
www.perpetual.com.au

Perpetual