Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

October 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

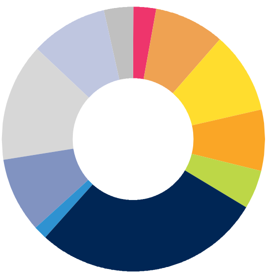
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return 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

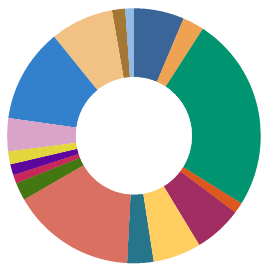
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
SK hynix Inc.	4.3%
Mediatek Inc.	4.2%
BizLink Holding Inc.	3.1%
JD.com, Inc.	2.7%
Ping An Insurance (Group) Company of China	2.6%

PORTFOLIO COUNTRIES

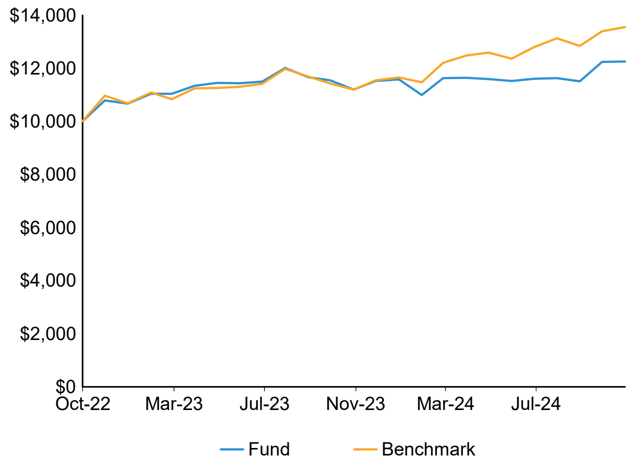


NET PERFORMANCE - periods ending 31 October 2024

	Fund	Benchmark	Excess
1 month	0.18	1.21	-1.03
3 months	5.38	3.26	+2.12
1 year	9.44	21.13	-11.70
2 year p.a.	10.71	16.43	-5.72
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep.	10.37	14.89	-4.52

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

October saw notable developments in global markets, with a focus on geopolitical tensions, central bank activity, and diverging economic growth. While U.S. political news drew considerable attention, market shifts were significantly influenced by international dynamics, particularly in Europe, Asia, and emerging markets. In Europe, economic growth surprised positively, with a 0.4% expansion in the third quarter. However, ongoing demand challenges persist, compelling the European Central Bank (ECB) to maintain an accommodative stance. Economic vulnerabilities were evident as German coalition politics showed instability, culminating in a breakdown in early November. In addition, weak performances from carmakers and luxury goods companies reflect potential concerns over China's economic trajectory, a key market for these sectors.

China, meanwhile, struggled to meet its 5% GDP growth target, with disappointing economic data weighing on equity returns. The U.S. election results, which were expected to usher in a new wave of tariffs on Chinese goods, added further pressure. However, the consensus is that a Trump administration would be cautious with trade policies, balancing potential tariffs with domestic economic impacts. China has been incrementally increasing stimulus to support the property market and consumer confidence, yet foreign investor sentiment remains guarded until more substantial measures are introduced. Notably, retail investor activity in China has picked up, potentially signalling a local boost in confidence following recent stimulus actions. Elsewhere in Asia, Taiwan outperformed as technology stocks rebounded. Taiwan Semiconductor Manufacturing Co. (TSMC) drove a substantial portion of gains, helping the Information Technology sector rise over 2% in October. In contrast, other sectors faced broad declines, with Energy, Communication Services, and Consumer sectors experiencing some of the steepest losses. India emerged as a key laggard, with a more than 8% decline led by small- and mid-cap stocks. The earnings season brought significant downgrades, marking the steepest reductions since early 2020. Though Indian equities remain at elevated valuations, continued corrections could align stocks with fair value, presenting potential opportunities. Geopolitical tensions also impacted markets, particularly in the Middle East, where fears of escalating conflict between Israel and Iran pushed oil prices up by over $10 per barrel early in the month. As immediate risks receded, prices stabilized, but the region remains a key flashpoint, alongside the ongoing conflict in Ukraine, for its potential effects on energy and commodities. Overall, non-U.S. markets faced challenges with varied performances, with only a few areas, such as Taiwanese tech, providing notable gains amidst global uncertainties.

PORTFOLIO COMMENTARY

The Barrow Hanley Emerging Markets Equity strategy underperformed the MSCI Emerging Market Index in the month. The Information Technology sector was the primary detractor in the month as the lack of exposure to ownership of TSMC was a meaningful detractor and the strong performance of both SK hynix Inc. and MediaTek Inc. failed to overcome this shortfall. Challenging stock selection in the Financials sector also detracted from returns. Effective stock selection in the Industrials, Consumer Discretionary, Materials, Energy, and Utilities sectors mitigated further underperformance. On a country basis, Taiwan (for reasons already noted), Thailand, and Brazil holdings detracted from relative returns while an underweight to India and effective stock selection in South Africa and Korea contributed to relative returns.

OUTLOOK

As we noted last month, 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 other prevalent geopolitical issues. To some degree, we have greater certainty post the U.S. elections and the Fed's easing policy, but this does not remove continued uncertainty regarding tensions and escalation of the Middle East conflict along with the war in Ukraine persisting, the developing impact of Mexico's recent elections, etc., and their broader impact across emerging markets. The most popular question is how the U.S. election results will impact companies, trade, and foreign policy. There is much uncertainty, but some level of tariffs seems likely. This has the risk of damaging bilateral trade with China, and potentially more broadly, as even European exporters sold off on the fear that a global tariff could be enacted. Another area to watch is the U.S. and Mexico relationship, as there are many issues for two new administrations to solve such as immigration, the expiring USMC trade agreement, and the use of Mexico by other foreign corporations as an intermediary to avoid current tariffs.

However, we believe the outlook for emerging markets is slowly improving, with economic growth in many emerging market economies remaining above developed market peers. In fact, some developed markets are seeing slowing economic growth against a backdrop of improving expectations for corporate earnings while global monetary easing is allowing more EM countries to cut rates. We have noted in prior months that we had seen the U.S. dollar strength showing signs of abating, though this may be called into question as the U.S. dollar recently strengthened on the back of the expected election of Trump. This remains a watch point given the impact this may have on emerging markets. However, it is worth noting that many countries have lessened their U.S. dollar dependence and, as such, there has been some abatement of this impact across these economies. We believe improving fundamentals in emerging markets combined with decade- low valuations multiples continue to make this asset class a compelling investment opportunity.

MORE INFORMATION

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

Perpetual