Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

July 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

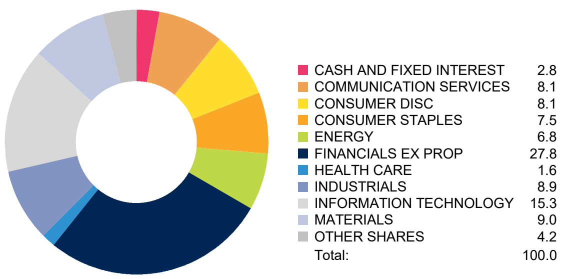
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return 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:	$1.58 million as at 30 Jun 2024
APIR:	PER6134AU
Management Fee:	0.99%*
Investment style:	Emerging Markets
Suggested minimum investment period:	Seven years or longer

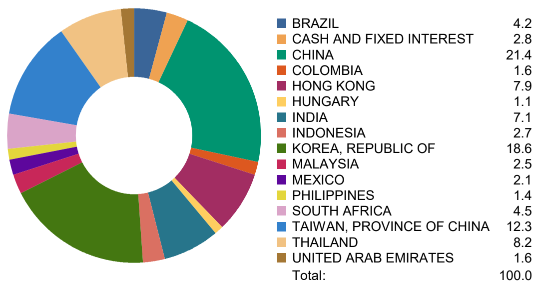
PORTFOLIO SECTORS



TOP 5 STOCK HOLDINGS

	% of Portfolio
SK hynix Inc.	4.7%
Mediatek Inc.	4.1%
BizLink Holding Inc.	3.8%
PTT Exploration & Production Plc	2.8%
LARGAN Precision Co., Ltd.	2.7%

PORTFOLIO COUNTRIES

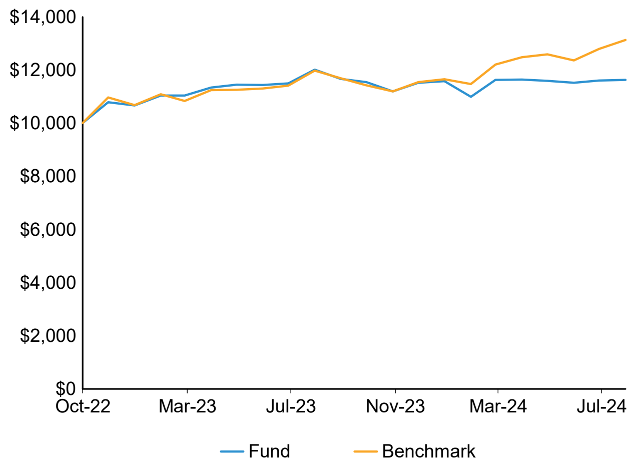


NET PERFORMANCE - periods ending 31 July 2024

	Fund	Benchmark	Excess
1 month	0.21	2.58	-2.37
3 months	0.32	4.26	-3.94
FYTD	0.21	2.58	-2.37
1 year	-3.12	9.66	-12.78
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.	8.72	15.07	-6.36

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

During July, we saw enough daily headlines to last an entire year, especially in the U.S. Early in July we saw an attempted assassination attempt of the former President Donald Trump, the current U.S. President Joe Biden pushed off the Democrat ticket, and the ascension of his Vice President Kamala Harris to the ticket, thus altering the course of the election cycle in the U.S. Further, soft economic data in the U.S. regarding jobs and manufacturing output brought the word "recession" back into the realm of possibilities. Outside the U.S. we saw central banks in Canada, the UK, and other western-oriented central banks lowering rates while Japan raised rates and, combined with concerns about a recession, this began a violent unwinding of the yen carry trade post month-end. Finally, China has continued to garner headlines for the wrong reasons as its economy has failed to recover post COVID on the back of underwhelming stimulus by the government causing the economy to underperform its potential. After this prolonged period of disappointing performance, stocks in China would seem to have little downside from here with substantial upside upon the government's addressing of factors such as the property market, which appears to be depressing consumer sentiment and causing the broader consumer complex to lag.

What initially appeared to be a fairly modest up market in July belied underlying changes in the market. In the month, the MSCI Emerging Market Index was up a modest 0.3%, lagging its developed market peers. The weakening U.S. dollar failed to lift emerging markets to any large degree as returns in the month in local currency were 0.6%. However, given the short time frame, emerging markets were driven more by country- and sector-specific drivers. From a country perspective, continued weakness in China combined with the tech-stock related weakness in the larger index-weighted countries such as Korea and Taiwan pressured returns. The other large index weight, India, continued to post strong returns in the month and is the best performing country year-to-date. With growing fears in the market, the more defensively-oriented sectors did better, with Health Care stocks posting very strong returns, and with Consumer Staples and Utilities sectors also posting strong results. The Financials sector was another standout, along with the Information Technology and Communication Services sectors, which posted negative returns in the month along with the Energy sector. Accordingly, value stocks outpaced their growth peers but continue to lag year-to-date.

PORTFOLIO COMMENTARY

The Barrow Hanley Emerging Market Equity strategy underperformed the MSCI Emerging Markets Index in the month. The underperformance was driven largely by two sectors: Information Technology and Consumer Discretionary. Although the strategy benefitted from an underweight to the Information Technology sector, stock selection proved challenging as the strategy's two largest positions, SK Hynix Inc. and MediaTek Inc., underperformed the sector and the large cap index constituents, Samsung Electronics and Taiwan Semiconductor, after having meaningfully outperformed these stocks and the sector over the last few years. Similarly, our holdings in the Consumer Discretionary sector in Great Wall Motor Co., Ltd and HL Mando Co., Ltd. underperformed the market after posting strong returns earlier in the year. From a country perspective, the underweight to Taiwan and overweight to Thailand combined with effective stock selection in Brazil added positively to relative returns while our underweight to and positions in India detracted combined with pressure on our holdings in China and Korea.

OUTLOOK

Markets made a clear shift in the month of July and early into the month of August as softening economic numbers in the U.S. and continued weakness broadly have heightened concerns about a potential recession. Further, an unwind of the yen carry trade after the Bank of Japan raised rates on July 31st sparked a massive sell off in Japanese equities and likely contributed to the pressure on global equities. Inflation in the U.S. has no remained tame for several months; this, combined with what appears to be weakening employment and manufacturing over the last few months has all but guaranteed a rate cut by the U.S. Federal Reserve (the Fed) in September. This will come on the heels of other central banks that have already cut. However, the issue regarding cutting rates is less about who is cutting and when that first rate comes, but more about why rates are being cut. If the Fed and other central banks have to move quickly in cutting historically high rates as a result of softening economic growth versus sufficiently tame inflation, it will pull the soft landing scenario off the table and we could continue to see a violent rotation away from high multiple stocks in favor of lower multiple stocks. This may be further aggravated if we do officially enter into a recession.

We are also mindful that given the geopolitical factors which are ever present, i.e., war in Ukraine, middle east conflict, recent elections in Europe and South America, and pending elections in the U.S., markets are likely to remain more volatile than they would be in adjusting to changing economic conditions. We believe that markets are likely to remain in this pattern until there is some visibility on several of these issues. Despite the recent concerns about global growth, and although emerging markets have underperformed their developed peers, the sell off does not seem excessive. In our view, emerging markets remain very cheap relative to their history and relative to developed peers. Further, as we have noted many times, China continues to trade at multi-decade low valuations and we believe even a modest change in sentiment or government stimulus is likely going to unlock meaningful value within this market.

MORE INFORMATION

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