Perpetual Investment Funds

BARROW HANLEY EMERGING MARKETS FUND

February 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

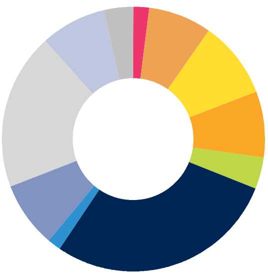
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return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

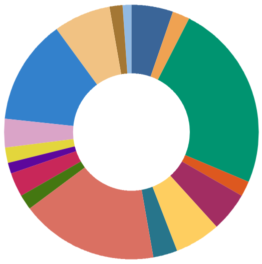


CASH AND FIXED INTEREST	2.1
COMMUNICATION SERVICES	7.6
CONSUMER DISC	9.4
CONSUMER STAPLES	8.0
ENERGY	4.1
FINANCIALS EX PROP	28.2
HEALTH CARE	1.7
INDUSTRIALS	8.0
INFORMATION TECHNOLOGY	19.1
MATERIALS	8.0
OTHER SHARES	3.7
Total:	100.0

TOP 5 STOCK HOLDINGS

	% of Portfolio
Mediatek Inc.	4.6%
SK hynix Inc.	4.1%
Samsung Electro-Mechanics Co., Ltd	3.4%
HIWIN Technologies Corp.	3.1%
JD.com, Inc.	2.8%

PORTFOLIO COUNTRIES



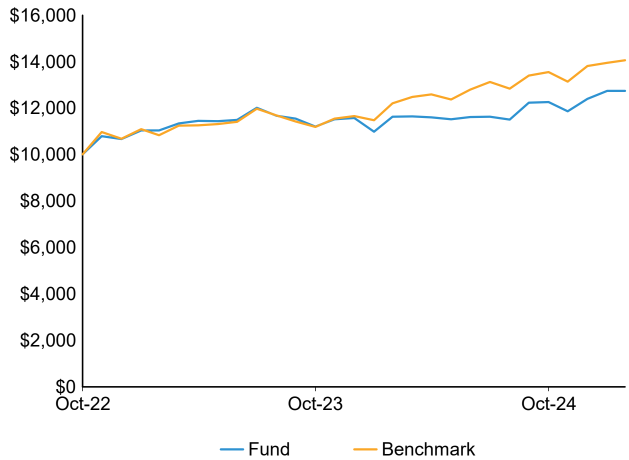
BRAZIL	5.4
CASH AND FIXED INTEREST	2.1
CHINA	24.0
COLOMBIA	1.9
HONG KONG	5.0
INDIA	5.8
INDONESIA	3.2
KOREA, REPUBLIC OF	17.4
MALAYSIA	2.1
MEXICO	3.0
PHILIPPINES	1.4
SAUDI ARABIA	1.7
SOUTH AFRICA	3.8
TAIWAN, PROVINCE OF CHINA	13.2
THAILAND	7.3
UNITED ARAB EMIRATES	1.7
UNITED KINGDOM	1.2
Total:	100.0

NET PERFORMANCE - periods ending 28 February 2025

	Fund	Benchmark	Excess
1 month	-0.02	0.79	-0.82
3 months	7.42	7.00	+0.42
1 year	9.54	15.26	-5.72
2 year p.a.	7.44	13.93	-6.49
3 year p.a.	-	-	-
4 year p.a.	-	-	-
5 year p.a.	-	-	-
7 year p.a.	-	-	-
10 year p.a.	-	-	-
Since incep. p.a.	10.64	14.46	-3.82

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

Emerging markets posted positive results in the month, with the MSCI Emerging Markets Index up 0.5% and, similar to global developed stocks, value stocks outpaced their growth peers by more than 100bps in the month, making up for last month's underperformance. Value stocks are now up year-to-date over their growth peers by a modest margin. Global investors are all wondering what the impact of Trump 2.0 means for the globe, and the style shift and broader market in the first two months of the year may be 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 have been developed at a fraction of the cost of comparable American products. Even though blue chip AI companies are reporting high growth, the rates are decelerating, leading to volatility. The challenge to these high momentum AI-related companies was evident in the performance of stocks like Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC), which was down 8.6% in the period; given its significant weight in the MSCI Emerging Market Index and even larger in the growth index, it was a meaningful drag on performance of those indexes.

Building on a similar theme of strong performing markets retracing previous gains, India continued to sell off in February, returning-8% in the month, bringing year-to-date performance to -11%. Slowing growth in India and a concern over global growth has seemed to pressure Indian stocks. Further, recently released government estimates show targeted growth continuing to decelerate with the government only announcing modest tax cuts and infrastructure spending and no other significant stimulus plans. India may continue to see pressure as the market appeared to us to be extremely overvalued and the recent correction does not look meaningful enough to warrant a significant shift into Indian stocks.

Unlike global markets, emerging markets remained narrow in the month as only three sectors outpaced the broader index: Communication Services (8.7%), Consumer Discretionary (9.3%), and Real Estate (3.5%). The dispersion across sectors was large as the Energy sector was down more than 5% in the month and seven of the 11 sectors posted negative returns. Further, even in the sectors that did beat the market, the performance appears to be driven by larger benchmark weighted stocks performing well, such as Alibaba Group Holdings Limited in the Consumer Discretionary Sector and Tencent Holdings Ltd. in the Communication Services sector which combined for a greater than 7% weight in the index. Conversely, the Information Technology sector was down meaningfully for similar reasons driven by TSMC as noted earlier, which is more than 10% of the MSCI Emerging Market Index weight.

PORTFOLIO COMMENTARY

During the month the Barrow Hanley Emerging Markets Equity strategy lagged the MSCI Emerging Markets Index despite flat to positive contribution from eight of the 11 sectors. The primary detractors to performance in the month were the Communication Services and Consumer Discretionary sectors in which we did not own Alibaba and Tencent, respectively; combined, they detracted ~190bps and this negative impact outpaced the benefit from not owning TSMC, which contributed 100bps.

OUTLOOK

Following constructive market sentiment in January, cracks started to show in February, with a notable sentiment change on the largest consumer economy, the U.S. Despite the new U.S. administration being in office for over a month, there remain more questions than answers. The volatile rhetoric on tariffs from the Trump administration keeps markets guessing about the path forward, and uncertainty regarding the ultimate impact on the economy remains historically high. Despite this, as noted in prior months, we believe 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 , though they do not come without some degree of uncertainty. With the increase in tariffs on China from a new U.S. administration, it appears that China will need to do more to provide stimulus for domestic growth to outweigh the impact of tariffs on its export economy. Latin American countries such as Mexico and Brazil, which have been depressed, could also contribute further on positive fiscal changes but will need to address the impact of higher tariffs.

One other key area is the strength of the U.S. dollar, though it is showing some signs of abating. Where the U.S. dollar goes from here will be important for risk assets, and while we believe it continues to look over-valued, we acknowledge that it can benefit from U.S. 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. 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 it will achieve this with stronger growth and higher interest rates. We believe improving fundamentals in emerging markets combined with decade-low valuation multiples continue to make this asset class a compelling investment opportunity. The portfolio continues to trade at a significant discount to the broad market and we maintain high conviction in our current positioning.

MORE INFORMATION

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