Perpetual Investment Funds

# BARROW HANLEY EMERGING MARKETS FUND

March 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

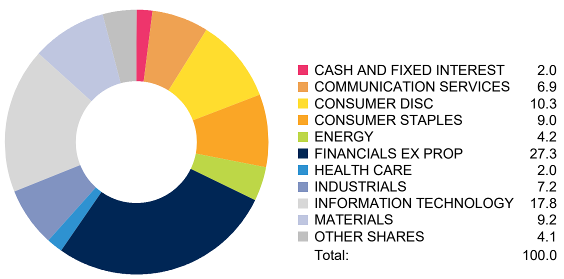
Provides investors with the potential for capital growth through a portfolio of emerging market shares using Barrow Hanley's experienced investment team and disciplined investment process. The Barrow Hanley team focuses primarily on fundamental securities analysis, valuation, and prospects for a return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

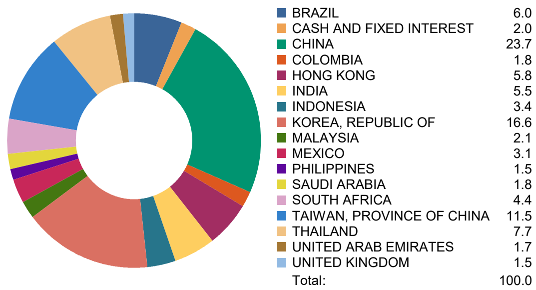
## PORTFOLIO SECTORS




## TOP 5 STOCK HOLDINGS

| | % of Portfolio |
|---|---|
| Mediatek Inc. | 4.2% |
| SK hynix Inc. | 4.1% |
| Samsung Electro-Mechanics Co., Ltd | 3.2% |
| JD.com, Inc. | 2.8% |
| China Merchants Bank Co., Ltd. | 2.7% |

## PORTFOLIO COUNTRIES

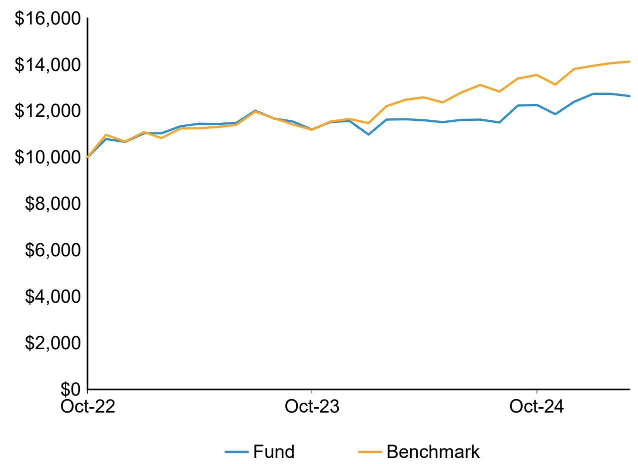



## NET PERFORMANCE - periods ending 31 March 2025

| | Fund | Benchmark | Excess |
|---|---|---|---|
| 1 month | -0.75 | 0.42 | -1.18 |
| 3 months | 1.99 | 2.27 | -0.28 |
| 1 year | 8.57 | 13.17 | -4.59 |
| 2 year p.a. | 5.60 | 12.09 | -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. | 9.93 | 14.13 | -4.20 |

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

The first quarter of 2025 began on an optimistic note but quickly gave way to turbulence, as geopolitical tensions and tariff-related uncertainty dominated market headlines. Erratic announcements and the unpredictable trajectory of global trade policy weighed on investor confidence, contributing to heightened market volatility and weaker overall performance across developed markets. The S&P 500 posted its third-worst first quarter since the Global Financial Crisis, declining -4.3%, with sentiment turning sharply as concerns over tariffs, inflation, and fiscal tightening overshadowed earlier enthusiasm around deregulation and tax reform. The reversal in fortunes for the so-called "Magnificent 7" megacap tech names – now dubbed the “Lag 7” – had a disproportionate impact, reflecting their heavy index weight and global supply chain significance.

Amid this backdrop, European equities were a standout. MSCI Europe rose 10.6%, outperforming U.S. markets by nearly 1,500 basis points. Supportive fiscal policy played a key role, with Germany increasing infrastructure and defense spending following national elections, and the European Commission loosening deficit constraints to allow for higher defense budgets across the bloc. These policy shifts, alongside Euro strength versus the U.S. dollar, helped drive relative outperformance in the region. In contrast, the MSCI World Index declined -1.8%, while emerging markets delivered positive returns, rising 2.9% over the quarter. A key driver was China, which gained 15% on renewed stimulus efforts and a more supportive stance toward its digital economy. The release of DeepSeek, a low-cost AI disruptor, marked a turning point for investor sentiment, with Chinese authorities signaling greater alignment with tech leaders and reinforcing their commitment to policy support. Measures to revive domestic consumption were also seen as constructive in addressing post-COVID demand weakness.

Emerging Europe and the Middle East delivered modest gains, buoyed by hopes of easing geopolitical tensions and improved sentiment around eurozone growth prospects. A major development came at quarter-end with the announcement of sweeping new U.S. tariffs—termed “Liberation Day Tariffs”—including a record 145% levy on Chinese imports. This escalation triggered sharp selloffs and revived fears of global supply chain disruptions and recession risk. China responded with retaliatory tariffs, raising concerns of a prolonged standoff. However, its diversified export base and capacity for stimulus may soften the blow and, in turn, support broader Asian and emerging market stability. The road ahead remains uncertain. Currency movements, especially a potentially weaker U.S. dollar, and further clarity on Chinese stimulus measures will be key areas to watch. Amid an increasingly complex geopolitical and macroeconomic backdrop, markets are likely to remain volatile, with discipline around valuation and fundamentals more important than ever.

## PORTFOLIO COMMENTARY

During the quarter the Barrow Hanley Emerging Markets Equity lightly underperformed the MSCI Emerging Markets Index. An underweight to and stock selection within the Information Technology sector was a strong contributor to relative returns. A significant driver of excess returns in the recent past has been lack of exposure to some of the larger index names. This quarter was no exception, where the strategy benefited largely from having no exposure to some of the large technology names, though where we had exposure to areas that touched the technology supply chain like Industrials, we saw some weakness. Our stock selection in China continues to be challenged but was primarily driven by no exposure to Alibaba (Consumer Discretionary) and Tencent (Communication Services) who both saw strong momentum on the back of supportive measures from the central government towards the technology related part of the economy. Effective stock selection within Materials sector, where companies held benefited from the strengthening of the gold price over the quarter, was a positive contributor to relative returns. Effective selection in the Utilities, Financials and Health Care sectors contributed to relative returns.

## OUTLOOK

Looking forward, markets must wrestle with an unusually high degree of uncertainty. If the last five years have prepared investors for anything, it might be for moments like this. The lessons from the COVID-19 pandemic will be needed by active managers, as they wrestle with the daily, if not hourly, volatility. The much anticipated “Liberation Day” is proving the need for that experience—with the announcement and subsequent 90-day pause for most countries providing as many questions as answers. Undertaking a reshaping of the global trade regime, which has been in place since the end of the Cold War and establishment of the World Trade Organization (WTO) in 1995, is no small feat. However, doing so with an Administration that is a self-proclaimed “dealmaker” is all the more challenging. As early April has proved, amid the volatility and sell-off, these tariffs could be paused, reduced, restarted, raised, or even entirely offset at any moment.



## MORE INFORMATION

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

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