

## PENGANA HARDING LOEVNER INTERNATIONAL FUND

### DESCRIPTION

An International Fund targeting superior risk-adjusted returns through investing in high-quality and durable growing companies at reasonable prices.

...

The Pengana Harding Loevner International Fund invests in high-quality, growing companies identified through fundamental research with a long-term, global perspective.

Pengana has appointed Harding Loevner to managed the Fund. Harding Loevner is a New Jersey-based global equity fund manager formed in 1989 with over US\$86billion in Assets under Management.

Harding Loevner' analysts search the world for companies that meet their high quality and durable growth criteria, conduct fundamental research, then value and rate their stocks to make them available to PMs for investment.

### STATISTICAL DATA

VOLATILITY<sup>8</sup> 11.1%

NUMBER OF STOCKS 59

BETA<sup>9</sup> 0.89

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 29 Feb 2024<sup>1</sup>

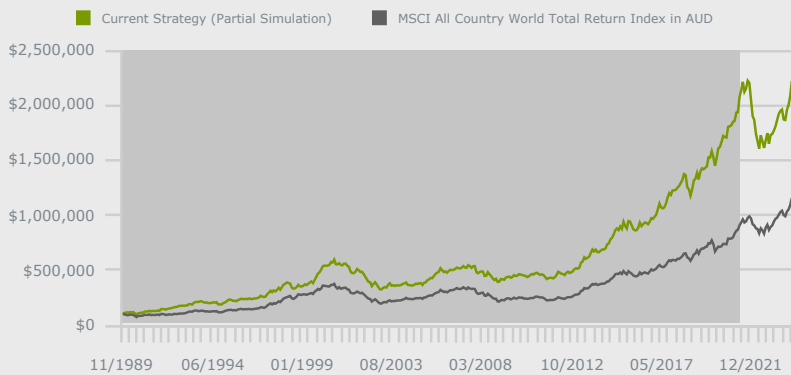
#### Pengana Harding Loevner International Fund Class B

The Class was established in 1 July 2015. From June 2021 Harding Loevner was appointed as the investment manager for the Fund.

	1M	1Y	2Y	Since Harding Loevner Appointed June 2021 <sup>1</sup>	3Y	5Y	Since Fund Inception July 2015 <sup>2</sup>	Since Strategy Inception November 1989 <sup>3</sup>
<b>Fund (APIR PCL0026AU)<sup>1,2</sup></b> Managed by Harding Loevner from June 2021	6.5%	27.7%	8.0%	5.1%	5.6%	10.5%	9.8%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b> Harding Loevner Global Equity Strategy					6.3%	11.1%	11.3%	9.5%
<b>Index<sup>5</sup></b>	5.9%	27.5%	12.2%	10.9%	13.1%	12.5%	11.1%	7.4%

### PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



### TOP HOLDINGS (ALPHABETICALLY)

Accenture PLC	Information Technology
Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
Deere & Co	Industrials
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
Netflix Inc	Communication Services
Schneider Electric SE	Industrials
Thermo Fisher Scientific Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

#### SECTOR BREAKDOWN

Consumer Discretionary	7.5%
Consumer Staples	4%
Energy	1.3%
Financials	7.7%
Health Care	19.2%
Industrials	17%
Information Technology	22.3%
Materials	1%
Real Estate	1.1%
Communication Services	15.2%
Cash	3.7%

#### CAPITALISATION BREAKDOWN

Under 5bn USD	0.3%
In between 5bn - 10bn USD	2.8%
In between 10bn - 50bn USD	16.8%
In between 50bn - 150bn USD	28.3%
In between 150bn - 500bn USD	27.1%
Above 500bn USD	21%
Cash	3.7%

#### REGION BREAKDOWN

North America	61.2%
Europe ex-UK	22%
Emerging Markets	5.1%
Japan	4.6%
UK	2.7%
Asia Pacific ex-Japan	0.8%
Cash	3.7%

## GLOBAL SHARE MARKETS CONTINUED TO PERFORM

### COMMENTARY

- Global share markets continued to perform strongly in February, setting new highs in the US, Europe, and Japan.
- Equity gains were driven by growth stocks, many of which reported stronger than expected quarterly earnings, especially technology businesses benefitting from AI innovation.
- The Fund returned 6.5% in February, outperforming the benchmark which returned 5.9%.

### Market Review

Global equity markets made strong gains across all major regions and sectors during February. The US performed particularly strongly, with the S&P 500 market index closing above 5,000 for the first time.

Emerging Markets also fared well as China stock prices rebounded upon the prospect of increased consumer spending during the lunar new year. Meanwhile, South Korea also delivered strong share market returns as its financial regulator launched a major initiative to improve corporate governance. In contrast, valuation levels in Europe outside the eurozone were little changed in aggregate.

Share market gains were led by strong performance in the consumer discretionary, information technology and industrial sectors. Index heavyweights such as **NVIDIA**, **Microsoft**, and **Amazon.com** – which announced strong earnings growth – boosted returns in the information technology and consumer discretionary sectors.

Utilities was the only sector to deliver a negative return in US dollar terms during February. Growth stocks comfortably outperformed value, with the fastest growing 20% of companies beating the slowest by over 7.0%.

Financial stocks performed well over the month, but New York Community Bank announced it had identified material weaknesses in internal controls related to how it monitors and assesses risk in its loan books. The company's shares plummeted, suggesting the turmoil which has impacted some US regional banks may not have yet run its course.

### Portfolio Commentary

The Fund again outperformed the benchmark during February. Strong performance by its holdings in communication services and financials, the overweight position in industrials and underweight positions in utilities, consumer discretionary, materials and energy boosted relative returns. Weaker performance by the Fund's holdings in consumer discretionary, the overweight position in health care and the underweight in consumer discretionary were the main detractors from relative returns.

The Fund is focussed on identifying great companies through bottom-up analysis and continues to identify exciting opportunities in health care, communications services, and industrials, in which it maintains overweight positions.

The strongest contributor to relative returns during February was the overweight position in US-based technology group **Meta Platforms** which owns Facebook. The company reported its best quarterly sales growth in more than two years and announced its first-ever dividend. This follows its significant investment in AI tools which have improved the targeting of its digital advertisements, increasing their value to enterprise customers.

France-based digital automation and energy management group **Schneider Electric** was another major contributor to relative returns. It reported record revenue and free cash flow in 2023, which exceeded investor expectations.

The Fund's holding in Japanese entertainment and consumer electronics company **Sony** was the largest detractor from relative returns in February. The stock underperformed after the company reported lower hardware sales of its PlayStation console and lower margins in its gaming business. Sony expects margins to improve next year and its long-term growth prospects remain positive.

The Fund sold its holding in US-based semiconductor developer **NVIDIA** in early February. Following the surge in stock price throughout 2023 and so far this year, the current market valuation now appears much less attractive. It reflects scant possibility of either a slowdown in the growth rate of artificial intelligence (AI) infrastructure spending or a shift in spending to its competitors. The mega-tech groups, which are NVIDIA's biggest customers, continue to aggressively develop their own processors that could potentially impact NVIDIA's sales.

However, NVIDIA outperformed strongly in February after announcing stronger than expected December quarter revenues and earnings. The Fund's underweight position detracted from its relative returns during the month.

Harding Loevner believes generative AI will have a disruptive—and even profound—impact on businesses and employees across the global economy. Many of the Fund's holdings are well positioned to benefit from this structural growth trend. However, few businesses are better placed than US technology group **Microsoft** to deliver next-generation solutions at immense scale. Accordingly, the Fund increased its position in the stock during February.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 1.0226
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 41.65m
STRATEGY INCEPTION DATE	1 December 1989
BENCHMARK	MSCI All Country World Total Return Index (net) in \$A

## FUND MANAGERS



**Peter Baughan**  
Portfolio Manager



**Jingyi Li**  
Portfolio Manager

1. Harding Loevner was appointed fund manager as of 10 May 2021. June 2021 represents the first full month of Harding Loevner managing the Fund.
  2. Class B Inception date 1 July 2015. Figures shown are calculated from the continuous performance of both the current and previous strategies. For performance see row labelled Fund (APIR PCL0026AU) in the table above which is the continuous performance of both the current and previous (shaded) strategies.
  3. Harding Loevner Global Equity Strategy inception 1 Dec 1989
  4. Prior to June 2021, the Harding Loevner Global Equity Strategy performance (labelled 'Current Strategy (Partial Simulation)' and shown in the shaded area) includes the strategy performance simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by: 1) the conversion of US-denominated gross returns to AUD, 2) applying the fee structure of Class B. From June 2021 the strategy performance is the performance of the Pengana Harding Loevner International Fund Class B.
  5. MSCI All Country World Total Return Index in AUD.
  6. Performance for periods greater than 12 months are annualised. Net performance figures are shown after all fees and expenses and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.
  7. The Harding Loevner Global Equity Strategy performance (shown in the shaded area in the chart, and in the performance table as row labeled 'Harding Loevner Global Equity Strategy') has been simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by: 1) the conversion of US-denominated gross returns to AUD, 2) applying the fee structure of the stated class. Strategy Inception 30 November 1989.
  8. Annualised standard deviation since inception.
  9. Relative to MSCI All Country World Total Return Index in AUD
- \* For further information regarding fees please see the PDS available on our website.

## PENGANA HARDING LOEVNER INTERNATIONAL FUND

### PENGANA CAPITAL LIMITED

ABN 30 103 800 568  
AFSL 226566

### CLIENT SERVICE

T: +61 2 8524 9900  
F: +61 2 8524 9901  
E: [clientservice@pengana.com](mailto:clientservice@pengana.com)



### PENGANA.COM

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services licence number 226566) is the issuer of units in the Pengana Harding Loevner International Fund (ARSN 610 351 641) (the "Fund"). A Product Disclosure Statement for the Fund is available and can be obtained from our distribution team or website. A person should obtain a copy of the Product Disclosure Statement and should consider the Product Disclosure Statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund. An investment in the Fund is subject to investment risk including a possible delay in repayment and loss of income and principal invested.