

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

VOLATILITY⁸ 10.6%

NUMBER OF STOCKS 68

BETA⁹ 0.82

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2022¹

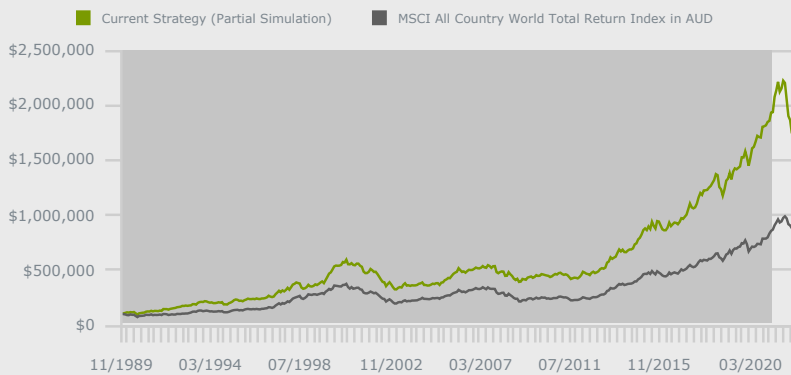
Pengana Harding Loevner International Fund Class B

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

	1M	Since Harding Loevner Appointed June 2021 ¹	1Y	3Y	5Y	Since Fund Inception July 2015 ²	Since Strategy Inception November 1989 ³
Fund (APIR PCL0026AU)^{1,2} Managed by Harding Loevner from June 2021	-6.5%	-10.0%	-7.5%	7.5%	9.0%	8.7%	
Current Strategy (Partial Simulation)⁴ Harding Loevner Global Equity Strategy			-9.8%	8.0%	10.6%	10.6%	9.2%
Index⁵	-2.8%	1.4%	2.8%	9.1%	10.6%	9.8%	6.9%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon	Consumer Discretionary
Deere & Co	Industrials
First Republic Bank	Financials
Meta Platforms Inc	Communication Services
Microsoft	Information Technology
Schneider Electric SE	Industrials
SVB Financial Group	Financials
UnitedHealth Group Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	7.6%
Consumer Staples	1.7%
Energy	1.3%
Financials	14.4%
Health Care	24.4%
Industrials	15%
Information Technology	24.4%
Real Estate	1.3%
Communication Services	9.3%
Cash	0.4%

CAPITALISATION BREAKDOWN

Under 5bn USD	2%
In between 5bn - 10bn USD	2.5%
In between 10bn - 50bn USD	37.3%
In between 50bn - 150bn USD	23.7%
In between 150bn - 500bn USD	21.2%
Above 500bn USD	12.8%
Cash	0.4%

REGION BREAKDOWN

North America	63.8%
Europe ex-UK	15.4%
Emerging Markets	12.5%
Japan	2.9%
UK	1.8%
Asia Pacific ex-Japan	2.2%
Australia/New Zealand	0.8%
Cash	0.4%

MONTHLY REPORT - APRIL

COMMENTARY

1. Continued geopolitical and economic headwinds, particularly for the quality growth holdings targeted by the strategy.
2. New positions added to benefit from de-globalisation and industrial onshoring.
3. Notwithstanding compelling company fundamentals, Chinese exposure was reduced due to increased country risk concerns.

Markets have been buffeted by stubbornly high inflation, aggressive interest rate hikes, the ongoing war between Russia and Ukraine, and COVID-19 lockdowns in China. The MSCI ACWI Index declined by 8%, the worst monthly performance since the onset of the COVID-19 pandemic in March 2020. Growth stocks led the way down, continuing their year-to-date underperformance — the MSCI ACWI Growth Index has declined nearly 20% in 2022. Declines were broad across sectors and regions. The US performed the worst due to the sharp decline in technology stocks; the NASDAQ Index had its worst month since October 2008.

The Portfolio fell -6.5% in April, compared to the Index (MSCI All Country World Total Return Index (net) in \$A) which fell -2.8% for the same period.



We are mindful of evolving array of investment risks, including rising geopolitical uncertainty.

In recent months, we've added to our portfolio three companies that are well-positioned to benefit from these rising tensions: **Keyence, Rockwell Automation, and Hexagon.**

The war in Ukraine has given new urgency to the question of whether globalization has reached a tipping point and if the familiar web of decentralized, just-in-time, global supply chains will be a casualty of the inward turn dividing countries into competing trading blocs. It is probably too soon to know. It is likely, however, that companies everywhere will be reassessing presuppositions about access to low-cost transportation, cheap foreign labour, and business-friendly social and tax policies, and taking steps to minimize future supply disruptions or unanticipated regulatory shifts. At a minimum, we'd expect to see manufacturers begin to re-shore, or at least duplicate, production processes for critical operations, whether it's setting up plants closer to their end customers or encouraging their suppliers to do the same. We'd also expect future capital expenditures and supply chain reorganizations to take full advantage of the many advances occurring across the industrial automation landscape, which are propelling leading providers of so-called "Industry 4.0" solutions which focus on interconnectivity, automation, machine learning, and real-time data like onto favourable growth paths. Keyence, Rockwell, and Hexagon are all leading enablers of different aspects of industrial automation.

We have also taken steps over the course of the past quarter to reduce our exposure to China. We have grown more concerned about the country risk associated with our Chinese shares, especially shares heavily owned by US

investors, given the simmering tensions between the two nations. Our bottom-up fundamental research process continues to identify many high-quality-growth businesses in China that compare favourably with global peers, but we have decided to trim our overweight as we reassess the implications of our holdings there for overall, portfolio-level risk.

Year-to-Date Attribution Summary

- The Global Equity strategy extended its poor first-quarter performance into April, unable to escape the strong headwinds for fast-growing stocks which have continued to underperform the so called value stocks (companies trading at very low prices) by an increasing margin, with the most expensive quintile underperforming the least expensive by over 2,000 bps. The severity of these style headwinds has contributed to portfolio underperformance across all sectors and regions.
- In the face of this underperformance, we have maintained our steadfast focus on quality-growth companies which we believe offer the greatest prospects for long term outperformance.
- In certain circumstances, the elevated levels of market volatility and the severe reactions to news flow have allowed us to take of price dislocations and make portfolio adjustments at relatively favourable prices. We believe this will stand the portfolio in good stead over the longer term.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 0.811
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 51.53m
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. 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.

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