

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.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Jun 2024¹

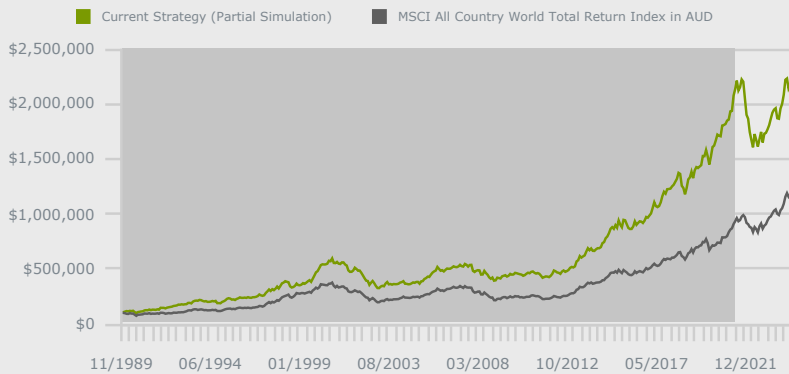
Pengana Harding Loevner International Fund Class B

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	3Y	Since Harding Loevner Appointed June 2021 ¹	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	3.3%	16.6%	18.1%	2.6%	4.8%	9.4%	9.5%	
Current Strategy (Partial Simulation)⁴ Harding Loevner Global Equity Strategy						9.9%	11.0%	9.4%
Index⁵	1.8%	18.9%	19.7%	9.6%	10.9%	11.9%	11.0%	7.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alcon Inc	Health Care
Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
Netflix Inc	Communication Services
Pinterest Inc	Communication Services
Schneider Electric SE	Industrials
Thermo Fisher Scientific Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	8.2%
Consumer Staples	3.5%
Energy	1.2%
Financials	6.7%
Health Care	19.2%
Industrials	15.3%
Information Technology	23%
Materials	1.2%
Real Estate	0.9%
Communication Services	17.3%
Cash	3.4%

CAPITALISATION BREAKDOWN

Under 5bn USD	0.9%
In between 5bn - 10bn USD	4.2%
In between 10bn - 50bn USD	15.1%
In between 50bn - 150bn USD	24.3%
In between 150bn - 500bn USD	29.2%
Above 500bn USD	22.9%
Cash	3.4%

REGION BREAKDOWN

North America	62.5%
Europe ex-UK	21%
Emerging Markets	5.6%
Japan	4.2%
UK	2.5%
Asia Pacific ex-Japan	0.6%
Cash	3.4%

STATISTICAL DATA

VOLATILITY⁸ 11.1%

NUMBER OF STOCKS 61

BETA⁹ 0.9

JUNE REPORT

COMMENTARY

- The Fund returned 3.3% in June, while the benchmark returned 1.8%, as strong global equity returns were somewhat offset by the strength of the Australian dollar.
- Global equities delivered strong gains in June, driven by technology stocks.
- Inflation continues to slow, encouraging expectations that interest rates will fall across developed economies in the second half of the year, especially boosting growth stocks.

Market Review

Global equity markets continued to move higher during June as inflationary pressures receded and hopes rose that the Federal Reserve will begin to reduce US interest rates later this year.

Market gains were driven by continued strength in the technology sector, as investors continued to focus on the earnings growth in business models aligned to the adoption of generative AI. Emerging Markets also performed well, boosted by expectations of lower US interest rates.

However, recent election results have introduced new volatility into both developed and emerging markets. Far-right parties made significant gains in the European Union's parliamentary elections and saw their support rise in France and Germany.

In another anti-incumbent outcome, the centre-left Labour party, under more moderate leadership, secured a large majority in the UK Parliament, ending 14-years of Conservative government.

Indian equity markets fell sharply after Prime Minister Narendra Modi's Bharatiya Janata Party (BJP) failed to secure a majority in that country's elections. The market reaction proved short-lived, however, as it recovered to reach new highs by month-end.

In Mexico, Claudia Sheinbaum's decisive victory over Xóchitl Gálvez led to a larger drop in Mexican stock prices, as investors braced for more populist policies.

Portfolio Commentary

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

Growth investing is predicated on exposure to continuous waves of innovation, which can often lead to long periods of outperformance by well positioned stocks. The challenge for investors is to identify in advance the small number of companies which typically capture most of such wealth creation. The economic environment is changing continuously, which means today's winners must constantly evolve to maintain their competitive advantage.

Company-specific risk is managed through a portfolio of approximately 50 high-quality companies, diversified across regions, industries and sectors. Our investment process identifies companies which can deliver sustained high profitability from their alignment to waves of innovation. These demonstrate financial strength, strong management teams and a sustainable competitive advantage.

This approach helped the Fund outperform the benchmark in June. Strong performance by the Fund's holdings in information technology, consumer discretionary and communications services, and underweight positions in the weaker financials, materials and utilities sectors boosted relative returns. The underweight position in the high-performing technology sector and the overweight position in the underperforming industrials sector detracted from relative returns.

The Fund's largest contributor to relative returns was its overweight position in US-based content creation and publishing software company **Adobe**. It outperformed after reporting record revenue for the second fiscal quarter of 2024, helped by strong sales and earnings growth. The company also raised its guidance for the remainder of 2024.

Shares in US-based e-commerce and cloud computing company **Amazon** rose sharply after electric vehicle maker Rivian Automotive (in which **Amazon** owns a 16% stake) announced it would form a joint venture with Volkswagen.

US-based **Repligen**, a manufacturer of advanced bioprocessing technologies used to make biologic drugs, detracted from relative returns after the company did not reiterate its earlier forward guidance. It also announced that CEO Tony Hunt would be stepping down.

The Fund's holding in Denmark-based cancer drug manufacturer **Genmab** detracted from relative returns when it underperformed upon investor concerns regarding increasing costs.

The Fund exited its position in US-based sportswear manufacturer **Nike** due to rising competition from On Holding and HOKA. This has diminished the Fund Manager's confidence that Nike will be able to turn around the company's lagging sales trajectory.

Meanwhile, the Fund increased its position in US cloud-based software-as-a-service provider **Salesforce**, which provides customer relationship management and marketing automation software. It is attractively valued given the growth opportunities brought by its investment in generative AI capabilities.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 1.0329
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 39.97m
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



Rick Schmidt
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.

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