

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.

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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 11%

NUMBER OF STOCKS 62

BETA⁹ 0.89

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jan 2024¹

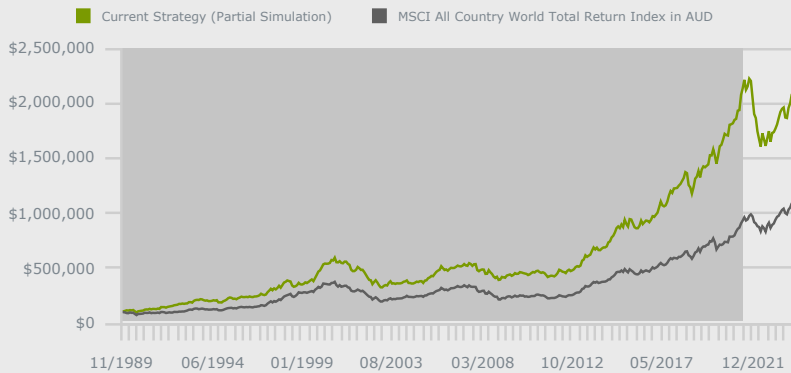
Pengana Harding Loevner International Fund Class B

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	Since Harding Loevner Appointed June 2021 ¹	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	4.1%	20.5%	0.8%	2.8%	3.7%	10.0%	9.1%	
Current Strategy (Partial Simulation)⁴ Harding Loevner Global Equity Strategy					4.7%	11.0%	10.6%	9.3%
Index⁵	3.8%	22.3%	6.1%	8.9%	11.5%	12.3%	10.4%	7.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

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
Sony Group Corp	Consumer Discretionary
Thermo Fisher Scientific Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	7.7%
Consumer Staples	4.1%
Energy	1.4%
Financials	7.6%
Health Care	20.9%
Industrials	17.1%
Information Technology	22.6%
Materials	1.1%
Real Estate	1.1%
Communication Services	15%
Cash	1.4%

CAPITALISATION BREAKDOWN

In between 5bn - 10bn USD	3.2%
In between 10bn - 50bn USD	17.7%
In between 50bn - 150bn USD	30.8%
In between 150bn - 500bn USD	26.8%
Above 500bn USD	20%
Cash	1.4%

REGION BREAKDOWN

North America	62.3%
Europe ex-UK	22%
Emerging Markets	5.7%
Japan	5.2%
UK	2.6%
Asia Pacific ex-Japan	0.8%
Cash	1.4%

GLOBAL SHARE MARKETS CONTINUED TO MAKE GAINS

COMMENTARY

- Global share markets continued to make gains during January as corporate earnings announcements held up reasonably well, although expectations that interest rate cuts could be delayed have constrained market sentiment.
- Australian dollar weakness boosted returns when expressed in AUD terms.
- The Fund returned 4.1% in January, outperforming the benchmark which returned 3.8%.

Market Review

Global equity markets again delivered positive returns during January. Investors grew increasingly concerned that stubborn inflationary pressures would bring a delay in anticipated US interest rate cuts by the Federal Reserve. However, the US outperformed other international markets thanks in part to relatively stronger quarterly earnings releases.

The Information Technology (IT) sector delivered the strongest returns in January, while Materials fell on concerns about declining demand due to China's weak property market.

Japanese stocks posted a 5% gain in local currency terms while emerging market valuation levels fell by a similar amount, weighed down by the near 11% decline in China's share market. China continues to grapple with a weak economic outlook, a troubled property sector and geopolitical tensions.

Strong performance in the IT and communications services sectors ensured that growth stocks continued to outperform value during the month. This was reflected in the fastest-growing 20% of stocks in the MSCI ACWI Index outperforming the slowest-growing 20% by 6.0%.

Portfolio Comment

The Fund again outperformed the benchmark during January. Strong performance by the Fund's holdings in IT, consumer discretionary and communication services, underweight positions in materials and utilities, and overweight positions in health care, communications services and consumer discretionary boosted relative returns. Weaker performance by the Fund's holdings in industrials, financials and health care 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, industrials and communications services, in which it maintains overweight positions.

Some December quarter corporate earnings reports showed a slowdown in profit growth. These reflected the more challenging macroeconomic environment across North America and Europe. However, some companies managed to deliver strong earnings growth, particularly those companies that are poised to benefit from innovation in artificial intelligence.

US-based multinational technology group **Meta Platforms**, which owns Facebook, reported a surge in revenues and operating margins during the December quarter. The company also announced it would pay its first quarterly dividend, which helped the stock outperform strongly.

US-based international streaming and production company **Netflix** outperformed after the company reported strong subscriber and revenue growth. This followed the company's crack down on password sharing and the introduction of advertisement-supported plans which have increased its total addressable market.

Netherlands-based **ASML** supplies manufacturers of advanced semiconductors and is Europe's largest technology company. It outperformed in January after reporting strong demand for its extreme ultraviolet lithography (EUV) equipment, demonstrating its insulation from the volatile chip cycle.

The Fund has long maintained a zero weighting to US-based global automotive and clean energy company **Tesla**. This reflects concerns about corporate governance and management behaviour. The stock underperformed in January after announcing lower-than-expected earnings, contributing to the Fund's outperformance.

US-based industrial automation company **Rockwell Automation** underperformed in January following a drop in operating margins caused by supply chain issues and customers' high inventory levels.

The Fund's financial holdings in emerging markets detracted from relative returns. India-based **HDFC Bank** underperformed after the company reported that loan growth exceeded deposit growth in the most recent quarter. Meanwhile, Hong Kong-based pan-Asian life insurance group **AIA Group** underperformed as broader negative sentiment in China's equity market impacted valuation levels, despite the company reporting an ongoing rebound in new business growth.

China-based **WuXi AppTec**, the world's largest contract drug developer and manufacturer, underperformed sharply during January. This followed a US House Select Committee introducing the Biosecure Act that would restrict US medical providers funded by the Federal Government from trading with biotech companies with links to China's military. WuXi AppTec was one of several companies named in the bill, but denies any military links. The legislation is currently delayed in the Senate.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 0.9606
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 44.27m
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.

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