

## 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.

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Mar 2024<sup>1</sup>

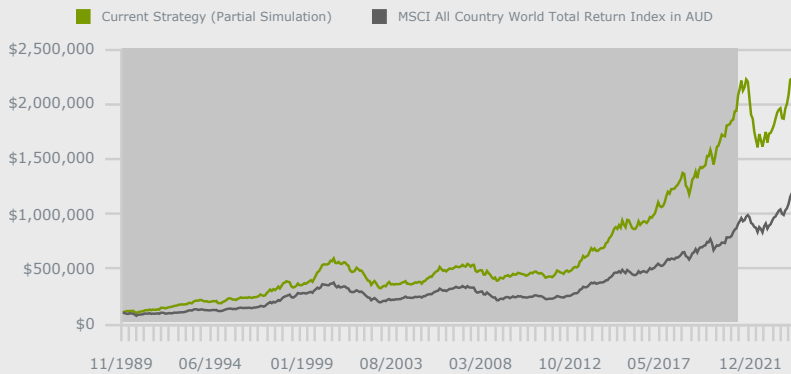
#### Pengana Harding Loevner International Fund Class B

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	0.5%	26.1%	9.4%	5.1%	5.5%	10.3%	9.8%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b> Harding Loevner Global Equity Strategy					6.3%	10.9%	11.3%	9.5%
<b>Index<sup>5</sup></b>	2.9%	26.4%	14.5%	11.7%	12.6%	12.8%	11.3%	7.5%

### PERFORMANCE CHART

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



### TOP HOLDINGS (ALPHABETICALLY)

Alcon Inc	Health Care
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	8.4%
Consumer Staples	3.5%
Energy	1.5%
Financials	7.5%
Health Care	19.6%
Industrials	16.8%
Information Technology	22.5%
Materials	1.1%
Real Estate	1.2%
Communication Services	15.5%
Cash	2.5%

#### CAPITALISATION BREAKDOWN

Under 5bn USD	0.3%
In between 5bn - 10bn USD	3.8%
In between 10bn - 50bn USD	16.8%
In between 50bn - 150bn USD	29.3%
In between 150bn - 500bn USD	26.5%
Above 500bn USD	20.8%
Cash	2.5%

#### REGION BREAKDOWN

North America	61.7%
Europe ex-UK	22.8%
Emerging Markets	5.2%
Japan	4.4%
UK	2.7%
Asia Pacific ex-Japan	0.6%
Cash	2.5%

### STATISTICAL DATA

VOLATILITY<sup>8</sup> 11.1%

NUMBER OF STOCKS 61

BETA<sup>9</sup> 0.9

## MARCH REPORT

### COMMENTARY

- Global share markets continued to perform well in March as inflationary pressures around the world moderate.
- Equity gains were driven by value stocks as share price gains extended to a broader range of the market.
- The Fund returned 0.5% in March, while the benchmark returned 2.9%.

### Market Review

Global equity markets made positive gains in March.

The US Federal Reserve kept its benchmark rate unchanged at 5.25 – 5.50% for the fifth consecutive meeting, while continuing to signal three rate cuts this year. Both the Bank of England and European Central Bank also kept rates unchanged. However, the Swiss National Bank unexpectedly reduced interest rates by 0.25% to 1.50% as inflation returned to the bank's target range.

The Bank of Japan raised short-term interest rates, ending the country's decade-long era of negative interest rates. In contrast, the People's Bank of China introduced measures to re-invigorate its moribund economy, including reducing the cash-reserve requirements for banks, freeing up more funds for lending.

European stocks also outperformed, led by strong returns in Spain, Italy, and Denmark. Pacific ex-Japan stocks underperformed, impacted by poor returns in Hong Kong, which were weighed down by ongoing economic weakness on the Chinese mainland. Poor returns in China also detracted from returns in emerging markets, although this was offset by strong performance in Taiwan and South Korea.

Energy and Materials were the strongest performing sectors, aided by higher oil and precious metal prices. Consumer discretionary and consumer staples were the weakest performing sectors. Information Technology also underperformed, dragged down by the poor performance of index heavyweights like Apple.

### Portfolio Commentary

The Fund underperformed the benchmark during March. Value stocks outperformed growth as the share market recovery broadened, following strong outperformance by growth companies at the start of the year. Strong performance by the Fund's holdings in materials and real estate and the underweight position in consumer discretionary boosted relative returns. However, this was offset by weaker performance by the Fund's holdings in information technology, healthcare and financials.

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 March was the overweight position in US-based agricultural equipment manufacturer **Deere**. The stock outperformed upon rising sentiment in the agricultural sector, driven by stronger commodity prices, which should support increased capital investment.

The US-based global technology group **Alphabet** outperformed after announcing it was in talks with Apple to include Google's Gemini AI technology into the iPhone. This would help Google maintain its market leading position in internet search.

The Fund's holding in US-based **Vertex Pharmaceuticals** detracted from relative returns in March. This followed concerns around a lull in its drug development pipeline and progress on its phase 3 trial for an acute pain treatment.

Hong Kong-based China life insurer **AIA Group** also detracted from the Fund's relative performance. Weakness in China's economy has impacted investor sentiment across the Hong Kong and China stock markets. Investors were further disappointed when it failed to announce more stock repurchases.

The Fund established a new position in US-based **Booking Holdings**, an online travel agency which owns brands such as Booking.com, Priceline and Agoda. It benefits from an experienced management team, positive free cash flow generation and a strong competitive position in the US, European, and Asian markets. The global travel market remains fragmented, with only about half of total bookings made online. Continuing adoption of online booking and the company's recent expansion into airline tickets and alternative accommodation are expected to drive future earnings growth.

The Fund also opened a new position in US-listed – but Argentina-based – **Globant**. The company specialises in designing and building cloud applications, data-analytics solutions, cybersecurity solutions, and mobile-optimised user interfaces. The company helps customers improve their digital interactions as businesses undertake major digital transformation initiatives to better engage with customers, counterparties and employees. Rising corporate demand for digital solutions and Globant's ability to win market share is expected to drive earnings growth over the next decade.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 1.0283
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 41.5m
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

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### PENGANA.COM

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