

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 10.7%

NUMBER OF STOCKS 68

BETA⁹ 0.83

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 May 2022¹

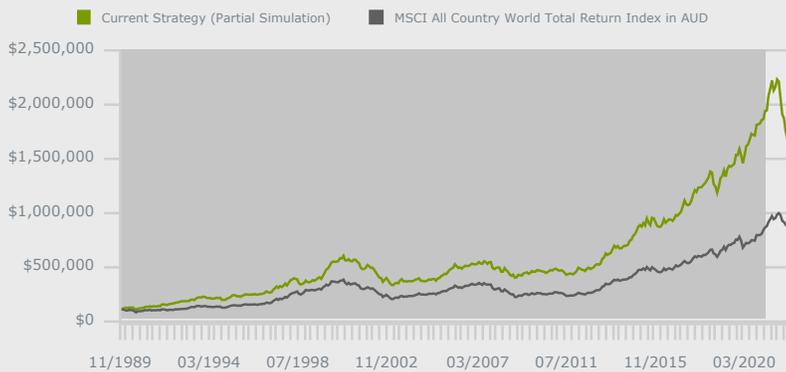
Pengana Harding Loevner International Fund Class B

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	-4.1%	-13.7%	-13.7%	7.0%	6.9%	7.9%	
Current Strategy (Partial Simulation)⁴ Harding Loevner Global Equity Strategy				8.1%	8.6%	9.8%	9.1%
Index⁵	-0.8%	0.6%	0.6%	10.4%	9.8%	9.5%	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	6.8%
Consumer Staples	2.6%
Energy	1.5%
Financials	14.2%
Health Care	22.7%
Industrials	14.6%
Information Technology	23.9%
Real Estate	1.2%
Communication Services	9%
Cash	3.4%

CAPITALISATION BREAKDOWN

Under 5bn USD	1.8%
In between 5bn - 10bn USD	4%
In between 10bn - 50bn USD	33.7%
In between 50bn - 150bn USD	23%
In between 150bn - 500bn USD	21.8%
Above 500bn USD	12.2%
Cash	3.4%

REGION BREAKDOWN

North America	61%
Europe ex-UK	15.9%
Emerging Markets	12.4%
Japan	2.3%
UK	1.9%
Asia Pacific ex-Japan	2.2%
Australia/New Zealand	0.8%
Cash	3.4%

MONTHLY REPORT - MAY

COMMENTARY

- Relatively flat returns in May belied the volatility during the month
- The style-headwinds experienced by high-quality, fast-growing companies continued unabated through May
- Amid strong style-headwinds and economic uncertainty, we continue to find opportunities to add to our ownership of high-quality, growing businesses whose current share prices fail to reflect their underlying value.

We recently held a Portfolio and Investment Update webinar. Financial planners may complete a short questionnaire available [HERE](#) for CPD points.



Market Review

Relatively flat returns in May belied the volatility during the month as investors wrestled with the implications of sustained inflation and the inevitable response by central bankers, including the US Federal Reserve increasing rates by 50 basis points. US retailers Target and Wal-Mart spooked markets with warnings of weaker consumer spending, fuelling speculation about a looming recession. In China, the extent to which the country's Zero-COVID policy and extensive lockdowns have hurt the economy became more apparent, although government reopening efforts and planned stimulus led to optimism toward the end of the month.

Attribution

The style headwinds experienced by high-quality, fast-growing companies continued unabated through May. On a year-to-date basis, value companies (represented by the least expensive quintile) have outperformed the most expensive quintile by over 2,800 bps. The severity of these style headwinds has contributed to portfolio underperformance across all major sectors and regions.

Significant stock declines during May from:

- **Rockwell Automation** which reported disappointing earnings due to supply chain constraints that prevented fulfillment of its growing order book; and
- **Illumina in the health care sector** which experienced a sharp decline in share price after a Delaware jury ordered the company to pay more than \$333 million in damages after ruling that the company's DNA-sequencing systems infringed upon two patents of Chinese genomics rival BGI.
- The portfolio's underweight in Consumer Staples contributed to relative returns as worries about consumer spending weighed on the sector.

Portfolio Comment

Amid strong style headwinds and economic uncertainty, we continue to find opportunities to add to our ownership of high-quality, growing businesses whose share prices fail to reflect their underlying value. One is **Schneider Electric**, a French electrical component specialist. Schneider helps its industrial and other commercial customers capture real-time data, with a focus on measuring and evaluating electricity consumption to identify and implement energy efficiencies to save money and lower carbon emissions. While Schneider is not immune to economic cycles, we expect rising energy prices and demand for energy efficiency projects will lead to sustained growth over the long run. We've added to our holding in the company several times this year, most recently in May.

FEATURES

APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 0.7783
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 47.11m
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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