

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\$84billion 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 9.4%9.5%

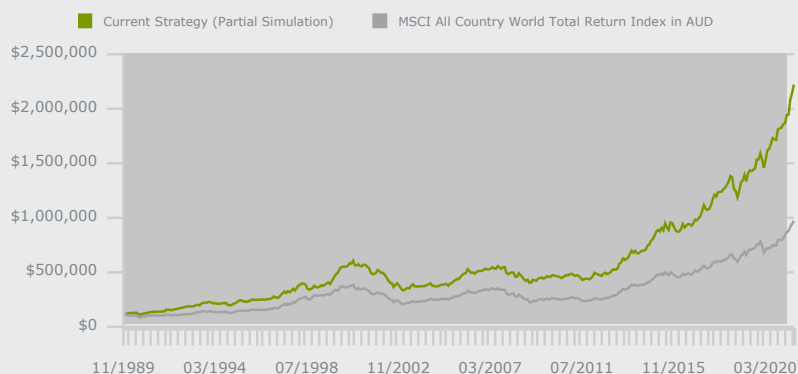
NUMBER OF STOCKS 74

BETA (USING DAILY RETURNS)⁹ 0.76

PERFORMANCE TABLE
NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2021¹
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	3.6%	14.2%	27.8%	17.5%	16.7%	14.0%	
Current Strategy (Partial Simulation)⁴ Harding Loevner Global Equity Strategy			28.5%	17.2%	18.9%	16.2%	10.2%
Index⁵	3.1%	10.8%	30.2%	13.9%	14.9%	12.5%	7.4%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

Adobe Inc	Information Technology
Alphabet Inc	Communication Services
Amazon	Consumer Discretionary
Deere & Co	Industrials
Facebook Inc	Communication Services
First Republic Bank	Financials
Illumina	Health Care
Microsoft	Information Technology
PayPal	Information Technology
SVB Financial Group	Financials

SECTOR BREAKDOWN

Consumer Discretionary	9.5%
Consumer Staples	2.2%
Energy	2%
Financials	12.6%
Health Care	22.3%
Industrials	11.1%
Information Technology	23.8%
Real Estate	1.7%
Communication Services	11.8%
Utilities	0.6%
Cash	2.3%

CAPITALISATION BREAKDOWN

Under 5bn USD	2%
In between 5bn - 10bn USD	0.8%
In between 10bn - 50bn USD	29.2%
In between 50bn - 150bn USD	28.5%
In between 150bn - 500bn USD	21.6%
Above 500bn USD	15.5%
Cash	2.3%

REGION BREAKDOWN

North America	64.4%
Europe ex-UK	12.7%
Emerging Markets	13%
Japan	3.3%
UK	1.8%
Asia Pacific ex-Japan	1.9%
Australia/New Zealand	0.5%
Cash	2.3%

ANOTHER MONTH OF GAINS FOR GLOBAL EQUITY MARKETS

COMMENTARY

Global equity markets posted another month of gains as comments from US Federal Reserve Chairman Jerome Powell comforted investors. He indicated that the Fed would move more slowly than expected to reduce its asset purchase program. This support seemed to offset concerns that rising COVID cases, driven by the Delta variant, would dampen economic growth. All regions in the MSCI ACWI delivered positive returns. In Emerging Markets, China managed to end the month flat after a sharp initial decline due to tighter regulations across several sectors. By sector, Financials led market returns, while increasing expectations that commodity prices will decline due to weaker demand kept a lid on the Materials and Energy sectors.

Companies with leading competitive positions and strong pricing power over their customers are often able to do well in an inflationary environment, as they can pass along rising costs to customers. Indeed, two of our Information Technology (IT) holdings announced significant price increases in August. Microsoft plans to increase prices by 10-15% for its most popular Office 365 software options, while semiconductor foundry TSMC is reportedly planning price hikes of 10% for its most advanced chips and 20% for its less advanced models. These companies joined PayPal, which in June announced it was raising the fees it charges merchants for transactions.

August continued to be an eventful month in terms of new regulatory policies in China. However, the direction of some actions is clearer today than in past months, with the Chinese government targeting “Common Prosperity” by sharing wealth and directing capital to rural areas, lower-income groups, and underdeveloped industries such as manufacturing and technology. As a result, there has been share price weakness in Chinese e-commerce, gaming, and social media stocks on the expectation that the favorable tax treatment of these firms, which are income-rich, might wane as the government seeks to deploy more equitable tax treatment. Health Care stocks in China also underperformed due to fears of additional regulation of pharmaceutical and medical device pricing. Within our portfolio, shares of gaming company **NetEase**, property manager **Country Garden Services**, and **Alibaba** each declined in response to regulatory crackdowns by the Chinese government.

China’s regulatory crackdown has led many to question the “investability” of China. Our exposure to China is the result of our careful bottom-up research, valuation discipline, and risk management rather than any policy forecasts, which we think are usually a fool’s errand. China’s new regulations will likely make the competitive structure of some industries less favorable, hurting the profitability and growth of many companies. Yet the stock prices of some strong businesses appear to have declined more than merited, while others appear to be floating on hope. Balancing these considerations, we have sold, bought, and adjusted various Chinese positions over the course of the year.

August Attribution – In IT, software companies Synopsys and Workday both raised their full-year guidance after reporting stronger-than-expected sales growth. Dutch payments processor Adyen reported strong revenue growth, especially in North America. – We underperformed in Emerging Markets (EMs), as nearly all of our Chinese holdings detracted from returns. Shares of gaming company NetEase, property manager Country Garden Services, and Alibaba each declined in response to regulatory crackdowns by the Chinese government. – In the US, enthusiasm for eCommerce stocks boosted shares of Etsy and eBay , which both issued good quarterly results.

Year to Date Attribution – In the US, Alphabet, which experienced accelerating advertising demand, and IT services company EPAM, which reported robust growth in demand for digitalization-projects, boosted relative returns. Conversely, shares of Vertex Pharmaceuticals declined after a new respiratory disease therapy had disappointing clinical-trial outcomes. – In EMs, Brazil's COVID-19 struggles have weighed on Itaú Unibanco and stock exchange B3. Polish video game developer CD Projekt also detracted after its botched Cyberpunk 2077 launch. – In IT, PayPal reported strong growth amidst efforts to develop a new superapp, while Adobe reported accelerating growth due to strong demand for the company's Creative Cloud and Document Cloud offerings.

FEATURES

APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 1.0277
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 71.84m
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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