

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 Aug 2023¹

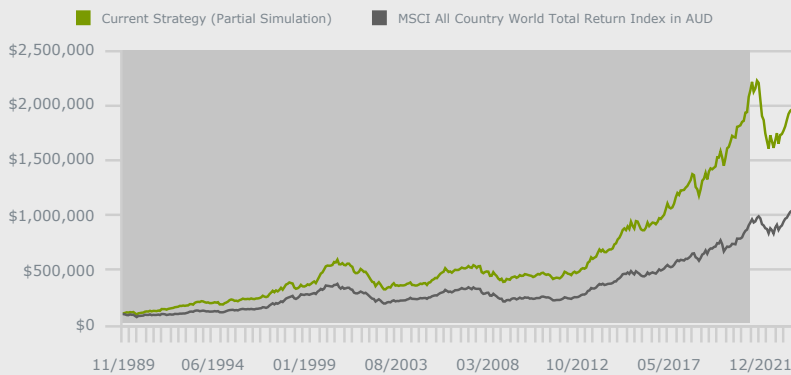
Pengana Harding Loevner International Fund Class B

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	0.6%	17.3%	-5.9%	0.5%	4.2%	7.5%	8.8%	
Current Strategy (Partial Simulation)⁴ Harding Loevner Global Equity Strategy					4.4%	7.4%	10.4%	9.2%
Index⁵	1.1%	20.6%	4.0%	8.4%	12.1%	9.9%	10.3%	7.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Accenture PLC	Information Technology
Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
Danaher Corp	Health Care
Deere & Co	Industrials
Meta Platforms Inc	Communication Services
Microsoft Corp	Information Technology
Schneider Electric SE	Industrials
Thermo Fisher Scientific Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	7.8%
Consumer Staples	4%
Energy	1.8%
Financials	8.5%
Health Care	21.8%
Industrials	18.7%
Information Technology	21.5%
Materials	1.2%
Communication Services	11.8%
Cash	3%

CAPITALISATION BREAKDOWN

Under 5bn USD	0.4%
In between 5bn - 10bn USD	2.7%
In between 10bn - 50bn USD	18.8%
In between 50bn - 150bn USD	30.7%
In between 150bn - 500bn USD	27.8%
Above 500bn USD	16.5%
Cash	3%

REGION BREAKDOWN

North America	68.7%
Europe ex-UK	15%
Emerging Markets	6.1%
Japan	4.7%
UK	1.4%
Asia Pacific ex-Japan	1%
Cash	3%

AUGUST REPORT

COMMENTARY

- Global share markets were weaker in August across most sectors and regions as the global economy continued to slow and inflationary pressures persisted
- US dollar strength and China's sluggish economy brought a weaker Australian dollar, boosting returns in AUD terms
- The Fund returned 0.6% in August, while the benchmark returned 1.1%

Market Review

Global equity markets suffered a broad sell-off in August, as some of the gains of recent months were unwound. Signs of stubbornly high inflation brought concerns that global interest rates would be kept elevated for an extended period. This particularly impacted sentiment in the North American and European share markets.

Almost every region and sector made negative returns in local currency terms. The only exception was the energy sector, which outperformed after oil prices rebounded following production cuts by Saudi Arabia and Russia.

A faltering economy and continued weakness in its highly leveraged property sector pushed Chinese stocks lower. This weakened demand for materials and manufactured goods across global markets.

Technology and consumer stocks were generally weaker during August. However, the Fund's holdings in businesses that are exposed to innovation in artificial intelligence (AI), such as **Nvidia**, **Alphabet**, and **Amazon**, continued to perform relatively well.

Portfolio Comment

Strong stock performance in information technology and the Fund's overweight position in health care contributed to relative returns during August. This was offset by weak stock performance in financials and industrials. Strong stock performance in the US and Asia was offset by weakness in Europe.

Stocks in the financial sector were broadly weaker during August upon signs of a slowing economy and the possibility of higher interest rates. The Fund's holdings in the sector detracted from relative returns in August.

This reflected underperformance by Netherlands-based digital payments processing company **Adyen**. Its share price fell sharply after the company announced disappointing half-year earnings results, which reported that growth in its US digital e-commerce business had slowed to 23%, half the level of last year. Furthermore, margins compressed as Adyen continued to aggressively hire engineers.

Many US e-commerce businesses opted for payment platforms provided by lower-priced – and lower quality – competitors. These enterprises are focused on reducing costs to protect their own margins, which are coming under pressure as the economy slows. While these recent results were disappointing, the Fund believes that Adyen's management is right to focus on investing for future growth despite near-term margin compression.

Adyen has built a seamless, global, end-to-end payments, data and financial management platform, which it believes offers merchants superior functionality at the lowest total cost. Investing in technology and skilled employees to bolster its market-leading solutions in a period of industry weakness is expected to enhance the company's prospects for long-term, profitable growth.

US-based electronic design automation (EDA) company **Synopsys** reported strong third-quarter earnings and raised its full-year earnings guidance. Robust chip design activity fuelled demand for its software which is used in microchip design and manufacture.

US-based global technology group Alphabet, which owns Google, continues to dominate the internet search market. It outperformed after demonstrating impressive generative AI capabilities through several key partnerships at its annual Cloud Next customer conference.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 0.903
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 42.85m
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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