

## 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\$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

VOLATILITY<sup>8</sup> 11%

NUMBER OF STOCKS 61

BETA<sup>9</sup> 0.89

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Oct 2023<sup>1</sup>

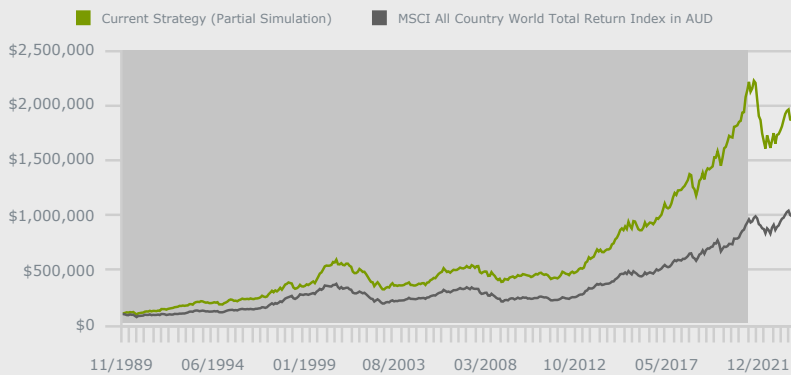
#### Pengana Harding Loevner International Fund Class B

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	-0.2%	11.1%	-6.9%	-1.5%	2.4%	7.6%	7.9%	
<b>Current Strategy (Partial Simulation)<sup>4</sup></b> Harding Loevner Global Equity Strategy					3.0%	8.2%	9.5%	9.0%
<b>Index<sup>5</sup></b>	-1.1%	11.6%	2.4%	5.5%	10.4%	9.9%	9.5%	7.0%

### PERFORMANCE CHART

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



### TOP HOLDINGS (ALPHABETICALLY)

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

#### SECTOR BREAKDOWN

Consumer Discretionary	7.8%
Consumer Staples	4.2%
Energy	1.8%
Financials	8.6%
Health Care	21%
Industrials	17.5%
Information Technology	20.9%
Materials	1.2%
Real Estate	1.1%
Communication Services	13%
Cash	3%

#### CAPITALISATION BREAKDOWN

Under 5bn USD	2.4%
In between 5bn - 10bn USD	1.6%
In between 10bn - 50bn USD	19.2%
In between 50bn - 150bn USD	32.6%
In between 150bn - 500bn USD	24.3%
Above 500bn USD	16.9%
Cash	3%

#### REGION BREAKDOWN

North America	69.2%
Europe ex-UK	14.3%
Emerging Markets	6%
Japan	4.9%
UK	1.7%
Asia Pacific ex-Japan	1%
Cash	3%

## OCTOBER REPORT

### COMMENTARY

- Global share markets again moved lower during October as longer-term bond yields increased further and the economy continued to slow.
- Quality growth stocks outperformed the broader market, as the technology sector made gains, while consumer spending showed signs of moderating further.
- The Fund returned -0.2% in October, while the benchmark returned -1.1%.

We are pleased to include a [recording](#) of the investor update for the year to 30 June that was presented to shareholders at our recent AGM.

#### Market Review

The global equity market fell for a third consecutive month as inflation remained 'sticky' across major developed economies. Rising prospects of ['higher-for-longer'](#) interest rates brought an increase in longer-term bond yields, which impacted most share prices. The outbreak of hostilities in the Middle East raised the level of geo-political risk and also oil prices. This dampened risk appetite, which led to gold having its best month since March.

The fall in share markets affected most sectors of the economy, although defensive sectors such as utilities and consumer discretionary provided some protection. Information technology outperformed upon stronger earnings reports by some companies in the sector. However, the more cyclical industrial companies were dragged down by the underperformance of large multinational capital goods companies.

China underperformed within the Emerging Markets universe, as factory orders shrank upon weaker global goods demand and slower construction activity.

Growth stocks outperformed value during October. Investors became more concerned about the impact of weaker consumer spending on corporate earnings growth and energy stocks weakened upon lower oil prices.

The Fund's focus on high-quality stocks contributed to relative returns during October. The most-expensively-valued stocks relative to earnings outperformed, as the market's highest-priced quintile declined by 3% less than the cheapest quintile.

Both these dynamics helped the Fund outperform the benchmark during the month.

#### Portfolio Comment

Strong stock performance in consumer discretionary, financials, and information technology contributed to relative returns. Weak stock performance and overweight positions in industrials and health care were the main detractors.

The underperformance of capital goods companies in October was perhaps a sign that global business sentiment is beginning to deteriorate. While it is impossible to accurately predict the future state of the economy, the Fund's capital goods holdings are well placed to weather a range of challenging business environments that could materialise.

The Fund is significantly overweight in the capital goods industry, with investments in diverse high-quality businesses that possess strong competitive advantages. Moreover, they stand to benefit from the energy transition and changes in industrial policies (e.g. onshoring) and technologies (e.g. automation).

The Fund's holdings include France-based digital automation and energy management group **Schneider Electric** the global leader in industrial electrification, **John Deere** the US-based expert in precision agriculture, and US-based **Ametek**, which produces ultra-precision instruments that monitor emission and power outputs.

Strong stock performance in the financials sector contributed to relative returns during October. Holdings in US financial exchanges **CME Group** and **Tradeweb** outperformed as rising market volatility led to higher trading volumes in bond and commodity markets.

The Fund's lack of exposure to US-based global automotive and clean energy company Tesla also contributed to relative returns. During the month, CEO Elon Musk cautioned investors that interest rates were putting pressure on the company to raise prices, which could hamper demand.

Weak stock performance in the healthcare sector detracted from relative returns. Danish biotechnology company **Genmab** which specialises in developing cancer treatments underperformed on fears of greater-than-anticipated operating expenses. Meanwhile, life sciences tools company **Thermo Fisher Scientific** reported a decline in year-on-year organic growth, citing continued weakness in China and falling demand for COVID-19 testing.

FEATURES	
APIR CODE	PCL0026AU
REDEMPTION PRICE	A\$ 0.8596
FEES *	Management Fee: 0.974% Performance Fee: Nil
MINIMUM INITIAL INVESTMENT	\$10,000
FUM AT MONTH END	A\$ 40.93m
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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