

## Pengana Harding Loevner International Fund Class B

Rating issued on 27 Nov 2025 | APIR: PCL0026AU

### Investment objective

To outperform the MSCI All Country World Total Return Index \$A (after fees) over the medium to long term. Internally, Harding Loevner aims to outperform the benchmark by 3% p.a. (before fees) over the long term.

Manager	Harding Loevner
Distributor	Pengana Capital Group
Sector	International Shares \ Global (Unhedged)
Investment Style	Fundamental
Equity Style	Growth
RI Classification	Integrated
Absolute Risk	High
Relative Risk	Active - Benchmark Unaware
Investment Timeframe	7+ Years
Zenith Benchmark	MSCI World Ex Aust \$A
Min Investment Amount	\$10,000
Redemption Frequency	Daily
Income Distribution	Half Yearly
Fund Size (31 Oct 2025)	\$28.65M
Management Cost	0.95% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.20% / 0.20%
Inception Date	01 Jul 2015

### Fund facts

- Expected to hold 35 to 75 positions
- Portfolio turnover is expected to average between 20% p.a. and 40% p.a. over a market cycle.

### Viewpoint

The Fund, managed by Harding Loevner (HL) and distributed by Pengana Investment Management Limited (Pengana), provides investors with a benchmark-unaware, quality and growth-biased global equities exposure. Zenith's conviction in the Fund has moderated due to sustained outflows, which we believe have heightened longevity risk. Furthermore, the Fund's persistent underperformance since HL's appointment as investment manager has remained a significant concern.

Established in 1989, HL is a global equities investment management firm headquartered in Bridgewater, New Jersey. As at 30 September 2025, HL managed approximately \$US 42.5 billion firmwide.

The investment team of 29 is spread across two offices, Bridgewater and London. The investment team is highly experienced and long-tenured. Zenith views the team's experience and tenure positively, which ensures the consistent application of HL's investment process.

The Fund is managed by Jingyi Li and Richard Schmidt, with each responsible for the management of two similarly weighted and independent sub-portfolios. In September 2024, Peter Baughan relinquished his co-lead portfolio management responsibilities following which Baughan retired from the firm in December 2024. As a result, Schmidt inherited Baughan's sleeve of the portfolio alongside Li. While Zenith believes Baughan's departure is a loss for the strategy, we draw comfort from Schmidt's significant experience and his long term working relationship with Li.

Through a fundamentally-driven, benchmark-unaware investment approach, HL aims to hold high-quality, growing companies at reasonable valuations. HL favours companies that have competitive advantages, quality management, financial strength and sustainable growth. HL believes companies that possess these characteristics produce superior risk-adjusted outcomes over the long term. Zenith believes that HL's investment philosophy is intuitive.

Analysts undertake a detailed research process, typically two to three months in duration, which involves meeting with management and company stakeholders. HL employs a standardised, multi-stage discounted cash flow valuation methodology that forecasts 5 to 10 years forward. In addition, analysts identify investment milestones that are linked to the successful execution of company strategy. Overall, Zenith believes HL's stock selection process is comprehensive, providing a strong input for portfolio construction.

Position sizing in each sub-portfolio is agnostic to benchmark weights and driven by the portfolio managers' view of company quality, relative valuations, stock liquidity and overall portfolio risk characteristics. Although Zenith acknowledges the benefits of HL's multiple portfolio manager approach, portfolio manager accountability and moderation of key person risk, it is not our preferred portfolio construction method. Zenith believes this approach leads to less transparency and may affect team cohesion in periods of poor performance.

**Prior to May 2021, the Fund was managed by Pengana's internal investment team. As such, the Fund's performance prior to this date should not be used when assessing HL's performance as the investment manager.**



## Fund analysis

### Fund characteristics

Constraint	Value
Security Numbers	35 to 75
Absolute Stock Weight	Max: 5%
Absolute Sector Weight	Max: 30%
Number of Invested Sectors	Min: 7
Active Country Weight	Max: 25% (Typically)
Number of Invested Countries	Min: 15
Absolute Emerging Market Weight	Max: 25%
Cash	Max: 10% (Typically 3%)

### Investment objective and philosophy

The Fund's investment objective is to outperform the MSCI All Country World Total Return Index \$A (after fees) over the medium to long term. Internally, HL aims to outperform the benchmark by 3% p.a. (before fees) over the long term.

Through a fundamentally driven, benchmark-unaware investment approach, HL aims to hold high-quality, growing companies at reasonable valuations. HL favours companies that have the following characteristics:

- Competitive advantage
- Quality management
- Financial strength
- Sustainable growth

HL believes companies that possess these characteristics produce superior risk-adjusted outcomes over the long term.

Zenith notes that HL's investment philosophy is intuitive and has been consistent applied to its suite of strategies since 1989.

### Portfolio applications

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer term with some income. However, this higher growth is also often associated with higher volatility, particularly with international equities when currency movements are considered. International equities provide investors with a broad exposure to industries and countries. With this broad universe, it is expected that managers can deliver superior returns to more conservative asset classes. Therefore, we recommend investors adopt a longer time frame when investing in international equities. It is also recommended that investments in international equities are blended with domestic equities and other asset classes to improve portfolio diversification.

HL constructs the Fund in a benchmark-unaware manner and, as such, investors should be aware that its returns may vary considerably from the benchmark and peers.

The Fund typically exhibits a growth style. However, given HL also aims to invest in high-quality companies and maintains sensitivity to valuation, Zenith expects the Fund to outperform in falling market environments. Zenith believes a more diversified

exposure to international equities could be achieved by blending the Fund with style-neutral or value-oriented global equity products.

Zenith notes that the Fund typically holds meaningful exposure to emerging market securities. Although we believe this feature of the Fund is a point of differentiation, investors should be aware of this when blending this Fund with other emerging market equities funds.

The Fund's currency exposure remains unhedged, which may suit investors seeking an international equity investment with exposure to fluctuations in the Australian dollar. For investors who are concerned about the short-term risks associated with fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

The Fund's portfolio turnover is expected to average between 20% p.a. and 40% p.a. over a market cycle, which Zenith considers to be low. HL has indicated that approximately 25% of the expected turnover is attributed to resizing existing positions and approximately 75% is due to initiating and closing positions. Given this expected level of turnover, the majority of the Fund's returns are expected to be delivered via capital appreciation in the unit price, rather than through the realisation of capital gains in income distributions. In addition, realised capital gains are highly likely to be eligible for the capital gains tax discount. As such, holding all else equal, the Fund may be more appealing to investors who are high marginal tax rate payers as it will result in superior after-tax return outcomes.

### Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Integrated
Has Responsible Investment Policy	Yes
PRI Status	
PRI Signatory	Yes

\*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact



# Absolute performance

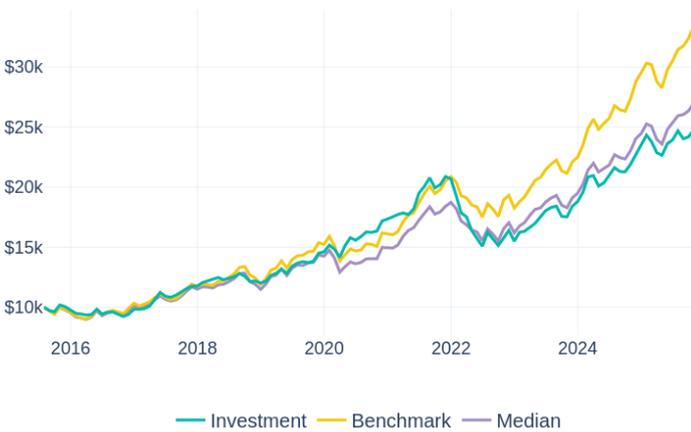
Performance as at 31 Oct 2025

## Monthly performance history (% , net of fees)

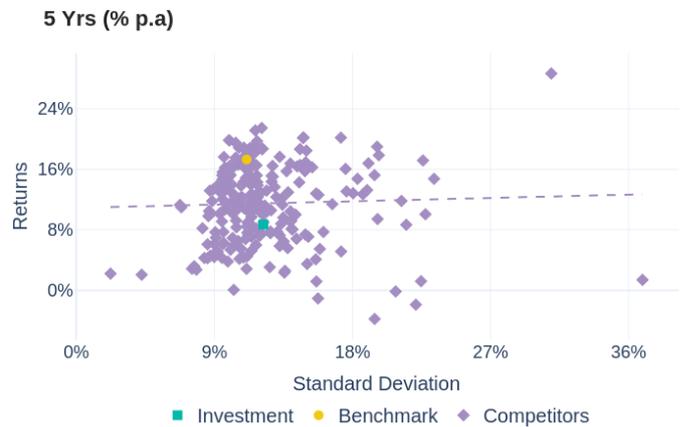
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2025	3.41%	-2.15%	-3.92%	-0.97%	4.28%	1.30%	3.17%	-2.66%	0.65%	2.52%			5.39%	13.37%
2024	4.14%	6.50%	0.54%	-4.15%	1.38%	3.28%	2.79%	-1.51%	-0.06%	2.92%	3.51%	3.76%	25.16%	31.18%
2023	4.84%	0.46%	1.83%	2.18%	3.21%	2.93%	1.46%	0.65%	-4.64%	-0.24%	4.97%	2.18%	21.32%	23.23%
2022	-6.90%	-7.26%	-1.91%	-6.50%	-4.07%	-4.03%	7.54%	-3.15%	-3.58%	4.14%	3.98%	-5.51%	-25.10%	-12.52%
2021	1.22%	0.90%	0.79%	-0.77%	2.72%	7.14%	2.86%	3.62%	-4.07%	1.40%	3.28%	-0.93%	19.28%	29.58%

\*MSCI World ex Aust \$A

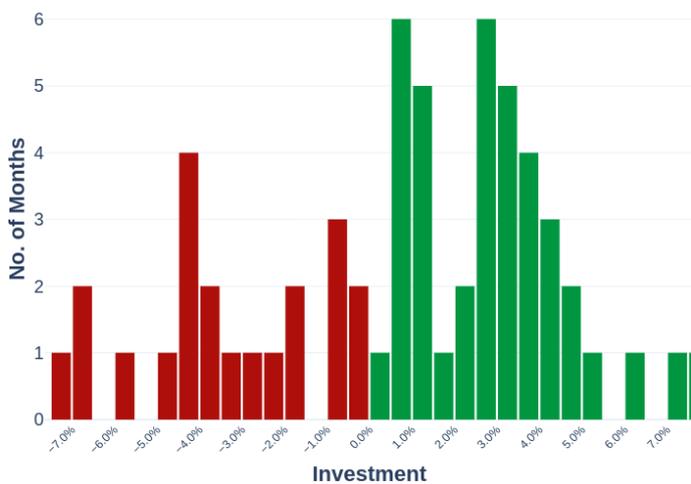
## Growth of \$10,000



## Risk / return



## Monthly histogram



## Minimum and maximum returns (% p.a.)





### Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	13.19%	16.28%	8.70%	9.30%	9.26%
Benchmark	22.32%	20.90%	17.30%	12.82%	12.50%
Median	17.26%	17.78%	13.98%	10.48%	10.18%
Cash	4.11%	4.07%	2.58%	2.09%	2.09%

### Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	159 / 230	134 / 202	119 / 191	138 / 156
Quartile	3rd	3rd	3rd	4th

### Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
<b>Standard Deviation (% p.a.)</b>					
Investment	9.44%	10.00%	12.19%	10.63%	10.69%
Benchmark	9.51%	9.60%	11.10%	10.98%	11.11%
Median	8.79%	9.10%	10.48%	10.28%	10.39%
<b>Downside Deviation (% p.a.)</b>					
Investment	5.29%	5.76%	7.99%	6.54%	6.52%
Benchmark	5.03%	5.32%	6.00%	6.38%	6.44%
Median	4.75%	5.08%	5.95%	6.26%	6.30%

### Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
<b>Sharpe Ratio (p.a.)</b>					
Investment	0.96	1.22	0.50	0.68	0.67
Benchmark	1.92	1.75	1.33	0.98	0.94
Median	1.50	1.51	1.09	0.82	0.78
<b>Sortino Ratio (p.a.)</b>					
Investment	1.72	2.12	0.77	1.10	1.10
Benchmark	3.62	3.16	2.45	1.68	1.62
Median	2.77	2.70	1.92	1.34	1.28

For consistency purposes, Zenith benchmarks all products categorised within our International Shares - Global (Unhedged) sub-asset class against the MSCI World ex Australia \$A Index. Accordingly, all performance and risk measurements are calculated with Zenith's assigned index. However, HL measures the Fund against the MSCI All Country World Total Return Index \$A.

Prior to May 2021, the Fund was managed by Pengana's internal investment team. As such, the Fund's performance prior to this date should not be used when assessing HL's performance as the investment manager.

All commentary below is at 31 October 2025.

The Fund's investment objective is to outperform the MSCI All Country World Total Return Index \$A (after fees) over the medium to long term. Internally, HL aims to outperform the benchmark by 3% p.a. (before fees) over the long term.

The Fund has not achieved its investment objective since HL assumed responsibility for its management, materially underperforming the benchmark over the period. However, Zenith draws a degree of comfort from the long-term track record of the underlying strategy, which has outperformed the benchmark since its inception in 1989.

The Fund's volatility (as measured by Standard Deviation) has been greater than the benchmark and peers over the same timeframe.

The Fund's Sharpe Ratio has been less than the benchmark over the same timeframe, which indicates that investors have been insufficiently compensated for its risk.

Investors should be aware that HL does not target a specific level of income for the Fund, with distributions made semi-annually where possible.



## Relative performance

### Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	-9.13%	-4.62%	-8.60%	-3.52%	-3.24%
Monthly Excess (All Mkts)	41.67%	38.89%	35.00%	41.67%	42.28%
Monthly Excess (Up Mkts)	33.33%	37.04%	35.00%	32.89%	32.47%
Monthly Excess (Down Mkts)	66.67%	44.44%	35.00%	56.82%	58.70%

### Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	102.14%	103.76%	127.08%	87.85%	86.67%
Upside Capture	71.66%	86.26%	81.11%	80.17%	80.50%

### Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	4.66%	4.42%	5.74%	5.78%	5.75%
Median	1.61%	1.54%	1.62%	1.57%	1.57%

### Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	-1.96	-1.04	-1.50	-0.61	-0.56
Median	-3.14	-2.03	-2.04	-1.50	-1.48

### Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	0.87	0.94	0.97	0.83	0.83
R-Squared	0.77	0.81	0.78	0.74	0.74
Correlation	0.88	0.90	0.88	0.86	0.86

All commentary below is at 31 October 2025.

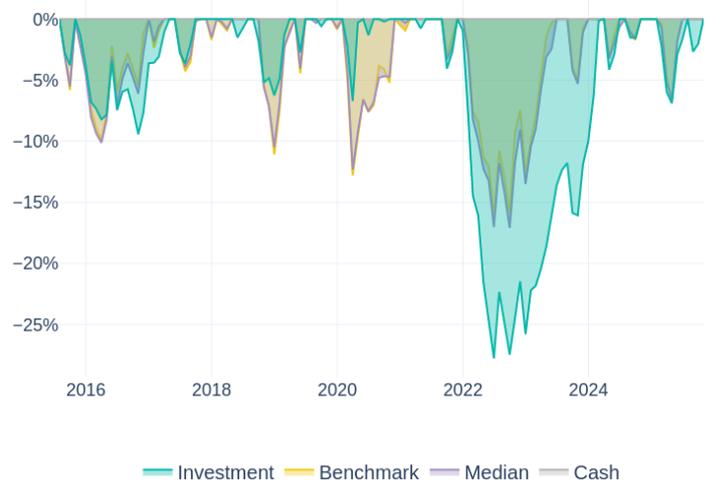
Zenith seeks to identify products that can outperform their index in greater than 50% of months in all market conditions as we believe this represents a persistence of manager skill. In addition, we view a strategy's ability to produce stronger upside capture ratios relative to downside capture ratios as an attractive feature.

The Fund has not achieved either outcome since HL was appointed investment manager.

The Fund's Information Ratio has been lower than the benchmark over the long term, which indicates that investors have been insufficiently compensated for tracking error relative to the benchmark.

### Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below is at 31 October 2025.

Disappointingly, the Fund has struggled to provide downside protection during declining markets since HL was appointed investment manager.



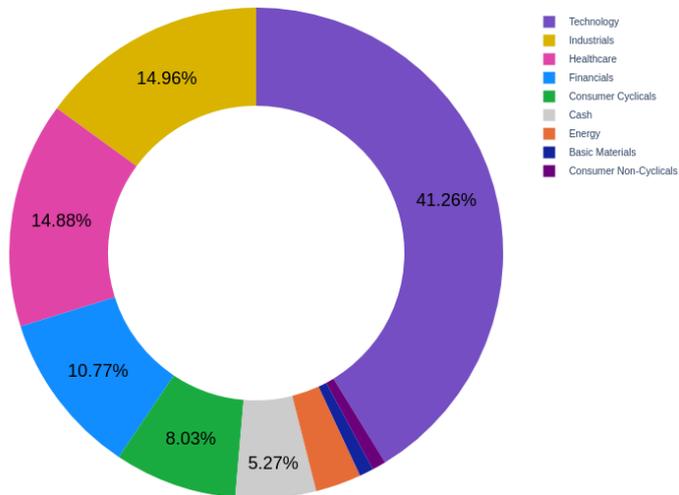
## Product exposures

### Holdings as at 30 Sep 2025

#### Top 10 holdings

Stock	Weight	Country	Sector	Active Exposure
MICROSOFT CORP.	4.71%	United States	Technology	0.15%
ALPHABET INCO.	3.98%	United States	Technology	0.73%
NETFLIX INCO.	3.92%	United States	Technology	3.29%
AMAZON.COM INCO.	3.88%	United States	Consumer Cyclical	1.27%
META PLATFORMS INCO.	3.49%	United States	Technology	1.51%
SCHNEIDER ELECTRIC SE	3.33%	France	Industrials	3.14%
VERTEX PHARMS.INCO.	3.08%	United States	Healthcare	2.95%
TRADEWEB MARKETS INCO.	2.55%	United States	Financials	2.54%
CME GROUP INCO.	2.49%	United States	Financials	2.37%
TENCENT HOLDINGS LTD.	2.41%	China	Technology	2.41%
<b>Total</b>	<b>33.84%</b>			

#### Equity sector exposure



#### Equity country exposure





## Fund commentary

### Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

**Key person risk:** Whilst HL's co-portfolio manager approach reduces key person risk, Zenith believes the departure of either Jingyi Li or Richard Schmidt would be considered a material loss, warranting an immediate reassessment of the Fund's rating. We note that both portfolio managers are equity holders, which mitigates the risk of their departure, at least over the medium term.

**Longevity risk:** Funds that fail to grow funds under management (FUM) to a scalable level could be wound up and terminated by the manager or Responsible Entity. The risks associated with a fund wind-up are principally that of timing, performance slippage and forcing a crystallisation of tax consequences to investors, which may be to their detriment.

As at 31 October 2025, FUM in the Fund was \$A **XXX** million. Given persistent outflows, the Fund is now unprofitable in its own right. Pengana has flagged a willingness to support the operation of the Fund with lower levels of FUM in the short to medium term. Notwithstanding this commitment, Zenith believes the Fund's longevity risk has increased in recent years and considers a period of sustained retail inflows to be critical to its long-term viability.

**Relative performance risk:** Investors should be aware that HL's benchmark-unaware, quality and growth-biased investment process may lead to performance outcomes that deviate significantly from the benchmark and peers.

**Capacity risk:** Excessive levels of FUM can inhibit a manager's ability to trade portfolio positions effectively, thereby limiting outperformance potential. HL has indicated that the strategy's capacity is approximately \$US 50 billion.

As at 31 October 2025, FUM in the strategy totalled approximately \$US **XXX** billion. Given the strategy's current levels of FUM, Zenith does not believe capacity is an issue. However, we note that HL has significant firmwide FUM invested in ex-US and emerging market equities. As such, we will continue to monitor HL's global equities exposure to ensure the Fund's performance is unimpeded.

**Emerging market risk:** The Fund typically maintains a material allocation to emerging markets. While exposure to emerging markets has the potential to enhance returns and add diversification to the Fund, it can also be a source of added volatility and may be detrimental to the preservation of capital.

### Security/asset selection

The Fund's investment universe comprises over 5,500 globally listed companies.

HL employs quantitative screens to source investment ideas. HL's screens focus on identifying companies with quality and growth characteristics. Metrics include:

- **Quality:** returns on assets, invested capital and equity, the variability of those returns over time, profit margins, cash flow generation capabilities, and leverage relative to book equity and to market capitalisation
- **Growth:** historical and anticipated growth in earnings, revenues, cash flows, and assets

In addition, investment ideas are identified from qualitative sources such as:

- Competitor analysis
- Customers and suppliers of existing stocks under coverage
- Industry analysis
- Investor conferences
- Professional networks

HL undertakes detailed research on approximately 550 companies, predominantly focusing on assessing company quality. Analysts undertake a detailed research process, typically two to three months in duration, meeting with management and company stakeholders. Analysts are required to evaluate 10 key criteria:

- Threat of new entrants
- Threat of substitutions
- Bargaining power of buyers
- Bargaining power of suppliers
- Intensity of industry rivalry
- Foresight and change management
- Environmental, social and governance (ESG) risk factors
- Strength of free cash flow
- Balance sheet strength
- Growth persistence and variability

Each criterion is scored out of 10. The overall scores are used as an input in the valuation and stock rating process.

HL employs a standardised, multi-staged discounted cash flow valuation methodology that forecasts 5 to 10-year periods. Alternative valuation methodologies are utilised to cross-check valuation outcomes. In addition, analysts identify investment milestones that are linked to the successful execution of company strategy. Zenith believes HL's standardised valuation approach ensures ease of comparison between all stocks under coverage.

Stock research is ultimately captured in a Buy, Hold or Sell rating, which signals the analyst's view of a stock's expected excess returns over the investment horizon (5 to 7-year periods). The performance of analysts' ratings is measured annually. Approximately 500 stocks are rated by the investment team. Given HL's long-term investment philosophy, Zenith believes the assessment of analysts' ratings could be further aligned by extending the timeframe.

Research is peer-reviewed by the investment team, with analysts often required to perform additional analysis or potentially revise their ratings. Zenith views the peer review process positively, as it ensures that key issues are addressed. Furthermore, we believe HL's experienced team has the requisite experience and expertise to perform this function comprehensively.



Overall, Zenith believes HL's stock selection process is comprehensive, providing a strong input for portfolio construction.

### Responsible investment approach

HL has an established Responsible Investment Policy, last updated in May 2023, that guides its investment decisions. To be in line with industry best practice, Zenith believes HL's Responsible Investment Policy should be reviewed every 12 months, at a minimum, to reflect the constantly evolving nature of responsible investing.

Whilst the Fund does not have any specific ESG exclusions, HL takes an active approach to ESG issues. ESG is evaluated as part of the team's fundamental analysis process with any concerns included in the research report on each company.

Zenith believes that this qualitative analysis of a company's operations is crucial on a forward basis, given that a company's performance with regard to ESG considerations is increasingly being reflected in the company's share price. Overall, Zenith is comfortable with HL's approach to ESG.

### Portfolio construction

The Fund comprises two independent portfolios managed by Schmidt and Li. The sub-portfolios are approximately equally weighted, with rebalancing occurring when the weights of the two sub-portfolios diverge by 6% or greater.

Selecting from the list of rated stocks, Schmidt and Li are responsible for the construction of their own sub-portfolio. Whilst consideration may be given to the benchmark weights of prospective companies, position sizing in each sub-portfolio is predominantly benchmark-unaware and driven by the portfolio managers' view of:

- Company quality
- Relative valuations
- Stock liquidity
- Portfolio risk characteristics

Each portfolio manager generally aim to hold approximately 40 positions at relatively equal weights. When the sub-portfolios are combined, the Fund is expected to hold between 35 and 75 positions. Initial positions are typically held at 1% weights and are permitted to drift to a maximum of 5%. In general, high conviction positions are a result of further additions rather than position drift.

Zenith notes that the sub-portfolios have historically had relatively limited stock overlap (approximately 30% to 40%), which is somewhat inconsistent with our expectations. Given the portfolio managers operate under the same investment philosophy and process, we would expect the sub-portfolio exposures to be materially higher. However, we acknowledge that the portfolio managers select stocks from a common list of rated stocks, which is aligned with the overarching HL quality-growth investment philosophy.

As HL does not typically disclose the underlying holdings and performance of each sub-portfolio, Zenith notes that it is difficult to assess the abilities of the underlying portfolio manager and the effectiveness of the capital allocation outcomes.

HL aims to maintain a fully invested portfolio, with the maximum cash limit set at 10%. Zenith is supportive of this approach, believing that active managers should remain fully invested and keep cash holdings to a minimum, with the asset allocation decision left to the underlying investor.

Positions are generally sold or reduced due to the following reasons:

- Deterioration in its expected excess return
- Thesis violation
- Displacement by a more attractive opportunity
- Nearing the 5% position limit

Portfolio turnover is expected to average between 20% p.a. and 40% p.a. over a market cycle, which Zenith considers to be low.

Although Zenith acknowledges the benefits of HL's multiple portfolio manager approach, portfolio manager accountability and moderation of key person risk, it is not our preferred portfolio construction method. Zenith believes this approach leads to less transparency and may affect team cohesion in periods of poor performance.

### Risk management

HL operates within a disciplined framework at the stock selection stage with each portfolio manager required to invest only in stocks that are rated by the investment team. In Zenith's view, this is an inherent risk management measure as it ensures that a range of individual stock-specific risks are considered before an investment is made.

The portfolio managers are responsible for monitoring the contributions to portfolio risk, including industry risk factors, sector allocations, country exposures, style risks and stock risks.

Zenith is satisfied that HL's risk management processes are adequately monitored. However, investors should be aware that there is a significant reliance on the judgement and skill of the co-portfolio managers in mitigating risk in the Fund.

### Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	1.01% p.a.	0.86% p.a.
Management Fees and Costs	0.95% p.a.	0.77% p.a.
Transaction Costs	0.06% p.a.	0.03% p.a.
Performance fees	N/A	0.08%
Performance fees description	N/A	
Management Cost	0.95% p.a.	0.80% p.a.
Buy / Sell spread	0.20% / 0.20%	0.15% / 0.14%

*All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).*

*The sector average management cost is based on the average management cost of all flagship International Shares - Global (Unhedged) products surveyed by Zenith.*



Overall, Zenith believes the Fund's fee structure is fair, relative to peers, given its stated objectives. However, we believe that investors have been insufficiently compensated by way of risk-adjusted performance given the fees paid over the past three years (ending 30 June 2025).

Pengana also offers an alternative vehicle (APIR: PCL1284AU) that is identical in all respects except that it charges a management fee of 0.65% p.a. and a 15% performance fee on outperformance of the MSCI All Country World Index \$A (after management fees), subject to the recoupment of all prior benchmark underperformance.

*The fees mentioned above are reflective of the flagship version only and may differ when the product is accessed through an alternate investment vehicle such as a platform.*

## About the fund manager

### Organisation

Founded in 1989, Harding Loevner (HL) is a global equities investment management firm headquartered in Bridgewater, New Jersey. The firm was established by Daniel Harding and David Loevner, both former fund managers for the Rockefeller family. Harding stepped back from day-to-day involvement in 2008, followed by Loevner in 2022. Loevner continued as Chairman of the Executive Committee until July 2025, when CEO Aaron Bellish succeeded him. Loevner remains a Senior Adviser to the firm.

In 2009, Affiliated Managers Group (AMG) bought a 60% stake in the firm, with 12 HL staff holding the balance. AMG is an asset management company with equity investments in a range of boutique investment management firms. AMG is not involved in the day-to-day operations of HL.

As at 31 October 2025, HL managed approximately \$US 42.5 billion firmwide.

The Fund is offered in Australia by Pengana, an Australian funds management boutique founded in 2003. Pengana is headquartered in Sydney, with offices in Melbourne, Perth and Brisbane. Pengana's goal is to find and support experienced fund managers with long track records. Pengana provides staff and support for its fund managers, leaving the investment staff responsible for the management of its funds. In June 2017, Pengana completed a merger with Hunter Hall International Limited (ASX:HHL). As a result, HHL was renamed Pengana Capital Group Limited (ASX:PCG). The combined entity offers a diversified range of equity-based strategies totaling \$A 3.84 billion in FUM, as at 31 October 2025.

Zenith has a favourable view of the arrangement between HL and Pengana, believing that it pairs a high quality investment manager with a distribution partner that has a strong domestic footprint.

As at 31 October 2025, HL managed approximately \$US 42.5 billion in global and ex-US equities strategies. Of which, approximately \$A 28.7 million was invested in the Fund.

### Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Jingyi Li	Portfolio Manager	27	15	Bridgewater, USA
Richard Schmidt	Portfolio Manager	39	14	Bridgewater, USA

Primarily based in Bridgewater, New Jersey, the investment team of 29 is led by Ferrill Roll, who joined HL in 1996 and has over 42 years of investment experience. Roll was previously a co-lead portfolio manager of the strategy, relinquishing responsibilities in 2020 following his promotion to Chief Investment Officer.

Richard Schmidt and Jingyi Li are co-portfolio managers of the Fund. Each portfolio manager is responsible for half the portfolio, which is managed independently of each other. In September 2024, Peter Baughan relinquished his co-lead portfolio management responsibilities following which Baughan retired from the firm in December 2024. As a result, Schmidt inherited Baughan's sleeve of the portfolio alongside Li. While Zenith believes Baughan's departure is a loss for the strategy, we draw comfort from Schmidt's significant experience and his long term working relationship with Li.

Joining HL in 2010, Li replaced Roll as a co-portfolio manager of the strategy in 2021. Prior to his appointment, Li served as a paper portfolio manager (fully tracked portfolio without actual allocated capital) for the strategy. Li has analyst coverage of the industrials and utilities sectors, as well as China. Zenith believes Li is a capable investor, with the requisite skills and experience to manage his portion of the Fund.

Prior to joining HL in 2011, Schmidt held equity research and portfolio management roles at Oranda Capital Management and JPMorgan Asset Management. Schmidt has research responsibilities for the consumer staples sector. Zenith notes that Schmidt served as a paper portfolio for the strategy since 2014 until his appointment to portfolio manager in October 2024, over which period he generated a respectable track record. Zenith draws comfort from Schmidt's long-term working relationship with Baughan and Li.

Schmidt and Li are further supported by two paper portfolio managers, whose hypothetical portfolios may be leveraged for investment insights and opportunities.

The investment team comprises 11 dedicated analysts and 4 portfolio managers, all of which have research responsibilities. The team is spread across two offices, Bridgewater and London. Research coverage is structured along sector and regional lines. The investment team is highly experienced and long-tenured, averaging over 23 years of investment experience and over 11 years with the firm. Zenith views the team's experience and tenure positively, which ensures well considered views and consistency of the investment process.

Remuneration for HL's investment professionals is dependent on three factors: overall firm profitability, the individual's investment results and the individual's level of teamwork and collaboration. Portfolio managers are held accountable for their contribution to the team and overall investment process and the performance of their portfolios. Research analysts are held



accountable for their stock ratings, the subsequent performance of those recommendations and for their contribution to the team. In addition, portfolio managers and analysts are eligible to participate in equity ownership, either as a limited partner or as a participant in the long-term deferred compensation program. Overall, Zenith believes that HL's incentive-based compensation arrangements are well structured and align the interests of the team with those of investors.

In Zenith's view, the investment team is well-resourced and experienced.

## About the sector

### Sector characteristics

International equities offer Australian investors the ability to access a broader opportunity set, with the potential to invest in segments not well represented in the Australian equity market. Given that international markets are not perfectly correlated with the Australian equity market, funds that invest internationally can provide diversification benefits to a portfolio.

The Zenith 'International Shares - Global (Unhedged)' sector consists of long-only products that invest in global equity markets. The sector incorporates both benchmark-aware and benchmark-unaware strategies that focus predominantly on larger capitalisation stocks. The sector is one of the most competitive fields in the investment landscape, based on the number of managers and strategies available to investors.

Zenith benchmarks all products in this sector against the MSCI World ex-Australia Index (Index), which corresponds with the benchmark employed by most funds in the sector. The Index is market-capitalisation weighted, resulting in companies with the largest market capitalisations receiving the highest weightings. Zenith expects rated international equity funds to outperform the Index over the long term.

The Index consists of approximately 1,352 securities listed in 22 developed markets (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States). As at 31 August 2025, the United States, Japan and United Kingdom represented a significant portion of the MSCI World ex-Australia Index, with each country accounting for 73%, 6% and 4% respectively. In addition, the top 10 stocks represented approximately 27% of the Index. Although the Index excludes emerging and frontier markets, many products retain mandate flexibility to invest in these markets.

Products in this sub-asset class are currency unhedged, resulting in their returns being affected by fluctuations in the Australian Dollar (AUD) relative to other global currencies.

### Sector risks

Products within the 'International Shares - Global (Unhedged)' sector are exposed to the following broad risks:

**Market and economic risk:** A sustained downturn across international equity markets is a risk to the absolute performance of products in the sub-asset class. Additionally, changes in economic, social, technological or political conditions, as well as market sentiment, could also lead to negative fund performance. Investors adhering to a fund's

prescribed investment timeframe can significantly reduce this risk.

**Australian dollar (AUD) currency risk:** The AUD has historically experienced declines during weaker market environments, and appreciation in market upturns. A hedged global equities fund is likely to benefit relative to an unhedged fund in periods when the AUD depreciates. Conversely, an unhedged global equities fund is likely to benefit relative to hedged funds in periods where the AUD depreciates.

Zenith believes that the currency impact on performance will be minimal over the long term and therefore does not advocate retail investors making active currency decisions based on near-term currency predictions. For investors who are concerned about the short-term risks associated with taking fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

**Specific security risk:** This is the risk associated with an individual security. The price of common shares in a company may be affected by unexpected changes in company operations, such as changes in management or the loss of a significant customer.

**Liquidity risk:** This is the risk that a security or asset cannot be traded promptly, due to insufficient trading volumes in equity markets. When trading volumes are low, buyers/sellers can significantly impact the price of a security when entering or exiting a position.

**Style bias risk:** International equity managers employ different investment styles such as Growth, Value or Neutral (a combination of Value and Growth). Each style is conducive to certain market conditions. Investors adhering to a fund's prescribed investment timeframe can significantly reduce this risk.

**Capacity risk:** High levels of funds under management (FUM) can present additional challenges to an equity manager. High FUM has the potential to restrict a manager's ability to trade efficiently and/or be forced to disclose substantial shareholdings to the market (more common in smaller companies).

**Regulatory Risk:** All investments risk being affected by changes to government policies, regulations and laws. Security prices in which funds may have exposure are also subject to certain risks arising from government intervention across international equity markets. Such regulation or intervention could adversely affect fund performance.

## Administration and operations

Responsible Entity

Pengana Capital Limited

## Zenith rating

### Report certification

Date of issue: 27 Nov 2025

Role	Analyst	Title
Analyst	Bradley Antman	Associate Investment Analyst



Role	Analyst	Title
Sector Lead	Quan Nguyen	Head of Equities

### Association & relationship

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### Rating history

As At	Rating
27 Nov 2025	Approved
21 Oct 2025	Approved
28 Nov 2024	Recommended
07 Jun 2024	Recommended
29 Nov 2023	Recommended
30 Nov 2022	Recommended
24 Nov 2021	Recommended
06 Aug 2021	Recommended
26 Apr 2021	Not Rated - Screened Out
25 Mar 2021	Redeem
25 Nov 2020	Recommended

*Last 5 years only displayed. Longer histories available on request.*

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.



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This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

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