



Pengana Harding Loevner International Fund

This report has been prepared for financial advisers only



Superior

July 2022

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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Report Date: 25 July 2022

Star Rating*	Description	Definition	
4½ stars and above	Outstanding	Highly suitable for inclusion on APLs <i>SQM Research believes the Fund has considerable potential to outperform over the medium-to-long term. Past returns have typically been quite strong. Product disclosure statement (PDS) compliance processes are of a high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.</i>	High Investment grade
4¼ stars	Superior	Suitable for inclusion on most APLs <i>SQM Research considers the Fund has substantial potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.</i>	High Investment grade
4 stars	Superior	Suitable for inclusion on most APLs <i>In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no corporate governance concerns. Management is of a high calibre.</i>	High Investment grade
3¾ stars	Favourable	Consider for APL inclusion <i>SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality. There are no corporate governance concerns, or they are of a minor nature.</i>	Approved
3½ stars	Acceptable	Consider for APL inclusion <i>In SQM Research's view, the potential for future outperformance in the medium-to-long term is somewhat uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and capable. SQM Research has identified weaknesses which need addressing in order to improve confidence in the Manager.</i>	Low Investment grade
3¼ stars	Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potential substandard. There are possible corporate governance concerns. Management quality is not of investment-grade standard.</i>	Unapproved
3 stars	Strong Caution Required	Not suitable for most APLs <i>In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There may be some material corporate governance concerns. SQM Research has a number of concerns regarding management.</i>	Unapproved
Below 3 stars	Avoid or redeem	Not suitable for most APL inclusion	Unapproved
Event-driven Rating		Definition	
Hold		<i>Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks.</i>	
Withdrawn		<i>Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.</i>	

* The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

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SQM Rating ★★★★★

Superior. Suitable for inclusion on most APLs.

Fund Description	
Fund Name	Pengana Harding Loevner International Fund (Class B units and Class E units)
APIR code	PCL0026AU for Class B PCL1284AU for Class E
Asset Class	Global Equities
Management and Service Providers	
Fund Manager	Harding Loevner LP
Responsible Entity	Pengana Capital
Custodian	BNP Paribas
Fund Information	
Fund Inception Date	Fund: 1 July 2015. Note: Harding Loevner appointed 10 May 2021.
Fund Size	A\$47 million
Return Objective (as per PDS)	To obtain returns greater than the MSCI All Country World Total Return Index (net, AUD) ('Index') over the medium to long term.
Internal Return Objective	Not Applicable
Risk Level (as per PDS)	High
Internal Risk Objective	Not Applicable
Benchmark	MSCI All Country World Total Return Index (net, AUD)
Number of stocks/positions	Approximately 70
Fund Leverage	Nil
Turnover	Approximately 30% (refer to the Turnover section of the report)
Top 10 Holdings Weight	Approximately 25-30%
Investor Information	
Minimum Application	\$10,000
Redemption Policy	Daily
Distribution Frequency	Annually in June
Investment Horizon (as per PDS)	Five or more years
Currency Hedging Policy	Unhedged
Management Fee	Class B: 0.97% p.a. of the NAV Class E: 0.65% p.a. of the NAV
ICR/TCR - latest	Class B: 0.97% p.a. (estimate for June 2022) Class E: 0.65% p.a. (estimate for June 2022)
Buy Spread	0.30%
Sell Spread	0.30%
Performance Fee Rate	Class B: Not Applicable Class E: 15% of outperformance above the benchmark

Note: The Fund was managed by Pengana internally until May 2021. Following the departure of 2 key PMs of the Fund in March 2021, Pengana appointed Harding Loevner as the 'Investment Manager' for the Fund in May 2021. Also, the name of the Fund changed from Pengana International Fund to Pengana Harding Loevner International Fund.

Fund Summary

Description

The **Pengana Harding Loevner International Fund (the "Fund")** invests in high-quality, growing companies identified through fundamental research with a long-term, global perspective. The Fund invests principally in listed (or soon to be listed) global equities. The Fund will typically have 35 to 75 holdings, predominantly in developed markets and some in emerging markets.

The Fund aims to outperform the MSCI All Country World Total Return Index (net, AUD) over the medium to long term. Harding Loevner is a U.S. based Investment Manager that follows a "quality-growth" investment style, along with somewhat of a GARP (Growth at a reasonable price) style. The firm invests only in companies with both high-quality fundamentals (e.g. high and growing margins, relatively low debt/equity, and experienced management) and above-average long-term growth prospects. The Fund/Strategy is **moderately benchmark aware** and would generally have a relatively high Active Share.

The Fund is structured as an open-ended unlisted registered managed investment scheme.

Fund Rating

The Fund has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
4.00 stars	Superior	Suitable for inclusion on most APLs	High Investment Grade

Previous Rating: 4.00 stars (Issued July 2021)

SQM Research's Review & Key Observations

1. People and Resources

About the Fund Manager

Harding Loevner (based in NJ, USA) is the 'Investment Manager' for the Pengana Harding Loevner International Fund. Established in **1989**, Harding Loevner is a highly regarded global equity manager, with **118** employees responsible for the management of over **US\$58 billion** of investments on behalf of some of the world's largest and most sophisticated investors (including pension funds, sovereign wealth funds, endowments, and family offices).

Pengana Capital Limited (the Fund's Responsible Entity and former Investment Manager) was established in **2003** (AFSL 226 566) and is a wholly owned subsidiary

of Pengana Holdings Pty Ltd, which is a wholly owned subsidiary of Pengana Capital Group Ltd (PCG). Pengana Capital Group is a Funds Management group specialising in listed and unlisted equities. Their focus is on delivering distinct investment strategies that deliver superior risk-adjusted returns to investors, with a focus on capital preservation. Pengana is based in Sydney, Australia, with additional offices in Melbourne, Brisbane, and Perth. The directors and staff currently own circa **45%** of the business. Pengana manages about **A\$4 billion** and has about **45** staff members.

Investment Team

Note: The Fund was managed by Pengana internally until May 2021. Following the departure of 2 key PMs of the Fund - Jordan Cvetanovski (CIO/Portfolio Manager), and Steven Glass (Deputy Portfolio Manager) in March 2021, Pengana appointed Harding Loevner as the 'Investment Manager' for the Fund in May 2021.

The Harding Loevner Global Equity Strategy (including this Fund) is led by **2 Co-Lead Portfolio Managers - Peter Baughan**, CFA and **Jingyi Li**, who are responsible for all investment decisions for the strategy's Model Portfolio.

The team also includes **3** other Portfolio Managers - **Christopher Mack**, CFA, **Richard Schmidt**, CFA, and **Moon Surana**, CFA who each manage a paper portfolio from among the same universe of analyst-researched stocks. Client capital is not allocated to these paper portfolios, but they are managed with all of the operational requirements of "live" portfolios. The paper portfolios signal to Mr Baughan and Mr Li about timely opportunities that the paper portfolio managers perceive in the firm's pool of analyst-rated stocks. In addition, Messrs. Baughan, Li, Mack, Schmidt and Ms Surana each serve as equity research analysts. *SQM Research observes that this is quite a distinctive system compared to the peer group.*

The research personnel are organised primarily by the global sectors, with analysts studying companies worldwide that operate within their industry specialties. They also have regional analysts responsible for covering companies operating in emerging markets, frontier markets, Japan, and China. The CIO, in consultation with the Director of Research, decides which sector or regional specialty each Analyst is required to cover. Each Analyst is responsible for deciding what specific companies to cover within his/her sector or region specialty, which typically amounts to between 20-30 companies. Analysts may consult with portfolio managers and/or the Director of Research when deciding what companies to cover. Company research and ratings are solely the individual responsibility of analysts.

Considering the sector, the investment process and the size of the team, SQM Research is of the opinion that the Key Person risk is “low to medium”.

2. Investment Philosophy and Process

Investable Universe

The broad universe for the Global Equity strategy includes all listed (or soon-to-be listed) global equities. The securities include Ordinary shares, preferred shares, depository receipts, equity-linked participation notes, warrants, rights, and other security types and other securities convertible or exercisable into shares issued by any company listed on any stock exchange (or expected to be listed within six months of their acquisition.) This includes new, secondary, or additional offerings of shares by a public company.

Process / Philosophy / Style

Harding Loevner has a well-structured fundamental research process that employs both qualitative and quantitative analyses to identify and track companies that **1) meet their 4 key criteria (Competitive Advantage, Financial Strength, Quality Management, and Sustainable Growth); and 2) are reasonably priced.**

Analysts conduct in-depth research of qualified companies to gain a comprehensive understanding of their business models, growth potential, and management quality. Research activities include analysing annual reports and other company disclosures, reviewing specialised industry journals, participating in industry and investment conferences, and conducting interviews with company management (both of the target and other industry participants).

A distinctive feature of Harding Loevner's investment process is their proprietary “**Quality Assessment (QA) Framework**” that analysts use for researching each company. The QA Framework promotes consistency in the research process and facilitates collaboration among the entire research team in identifying companies that will generate consistently strong operating performance over time. The QA Framework includes ten factors that guide analysts in completing an in-depth evaluation of how a company meets the firm's quality-growth criteria. There are **ten factors** linked to their 4 key criteria (*detailed later in the report*).

Based on their forecasts, analysts estimate the company's fair value using a **multi-stage cash flow return on investment (ROI) model**. As a check on their estimates, analysts may also consult other valuation methods, including **discounted cash flow (DCF) analysis**

and ratio analysis (P/E & P/B etc.). The QA score, which, among other metrics, provides a measure of the durability of a company's returns on investment, is also incorporated into the valuation estimate.

Mr Baughan and Mr Li *each manage a separate sub-portfolio* by selecting investments from the pool of analyst-rated stocks based upon their potential risk-adjusted returns relative to the alternatives within the research universe and their ability to enhance the portfolio's overall risk/return profile. The two sub-portfolios are merged to create the Global Equity strategy's model portfolio. The goal is to construct a relatively concentrated portfolio that holds the firm's most-compelling global equity investment ideas and is well diversified. ***SQM Research observes that this approach to Portfolio Construction is relatively less common in the industry.***

Risk Management

Harding Loevner aims to manage risk through diversification – the portfolio comprises 35-75 stocks with limits on individual stock size, industry exposure and geographic exposure. Risk, including volatility and drawdown, is managed at the individual stock level and the overall portfolio level.

Harding Loevner controls investment risk by 1) investing only in companies with high-quality fundamentals and 2) ensuring prudent portfolio diversification across geographies, sectors, industries, and individual holdings. They also monitor portfolio exposures and expected volatility (both absolute and relative to the benchmark) using a global multi-factor risk model.

At the security level, the firm seeks to invest only in financially strong, well-managed companies identified through in-depth research. Portfolio managers also seek to mitigate stock-specific risk by investing in companies when their shares are reasonably priced relative to analysts' estimates of their fair values. At the portfolio construction level, Harding Loevner manages risk by strictly enforcing portfolio guidelines (*listed at the end of the report*).

3. Portfolio Characteristics

Portfolio Turnover

The Harding Loevner team's long-term investment perspective generally results in a low average portfolio turnover over a full market cycle. *As of 31 March 2021, the 5-year average annual portfolio turnover of their Global Equity Strategy was about 31%.* The typical holding period is 3-5 years. Harding Loevner believes the insights its research process uncovers add value over the long term.

*Note: The change of Investment Manager in **May 2021** led to an approximate **90%** turnover in the portfolio of this Fund, as there were only a few common holdings between the old and new strategies. Also, the Fund will have different portfolio turnover statistics over the last few years (compared to Harding Loevner's Global Equity Strategy discussed above), as it was managed by a different Fund Manager (i.e. by Pengana internally) before May 2021.*

Liquidity

Liquidity considerations are a part of stock selection and portfolio construction. Analysts are mindful of liquidity risk and carefully review trading volumes of all new investment ideas. They will not dedicate time to researching a new company if the stock liquidity is deemed insufficient to meet the needs of the firm's strategies.

Also, the team analyses liquidity in terms of the overall liquidity of the strategy/portfolio. In general, they seek to be able to transact **80%** of the portfolio within **20 days** while transacting no more than one-third of the long-term average daily volume of each holding. A small portion of the portfolio (no more than 20%) may take longer than 20 days to transact. *SQM Research observes that this liquidity target is more lenient (i.e., allows lower liquidity) than the peer group strategies.*

Leverage

This Fund does not employ direct leverage (through borrowing by the Fund) **or** economic leverage (through the use of derivatives).

4. Performance & Risk

Return Objective

The return objective stated in the PDS is: "The Fund aims to obtain returns greater than the MSCI All Country World Total Return Index (net, AUD) ('Index') over the medium to long term."

The Fund's benchmark, as stated in the PDS, is the **MSCI ACWI TR AUD Index**.

Over the **year to June 2022**, the Fund returned -22.65% (after fees) compared to -8.02% for the benchmark. This is an underperformance of -14.63%.

Length of Track Record

The Pengana Harding Loevner International Fund has a history of **7.0 years**. Observations and analysis of returns will have a *material* statistical meaning as a result of the sample size of observations.

Risk Objective

The Fund's PDS states that the risk level of the Fund is "**High**".

The Fund's **volatility** (standard deviation of monthly returns) over the **year to June 2022** was 14.03%, compared to a peer average of 14.31% and 10.40% for the benchmark.

5. Other Features

Governance

The Board of Directors of the Responsible Entity (**Pengana Capital Limited or PCL**) consists of **3** directors, **none** of whom are independent. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance and oversight. Board members have an average of **31** years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of **3** members, **2** of whom are independent. The Chair **is** independent. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance. Compliance Committee members have an average of **36** years of industry experience.

FUM (Funds under Management)

The Fund is approximately \$47 million in size (as of May 2022).

Performance

Fund Performance to 30 June 2022 (% p.a.)							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	-4.02	-13.91	-27.09	-22.65	4.00	6.70	7.20
Benchmark	-4.47	-7.90	-15.61	-8.02	6.93	9.37	8.70
Peer Average	-3.79	-10.60	-22.06	-15.68	5.31	8.88	8.33
Alpha	0.45	-6.01	-11.48	-14.63	-2.93	-2.67	-1.50

With dividends reinvested. Returns beyond one year are annualised. Return history starts Jul-2015

Benchmark: MSCI ACWI NR AUD

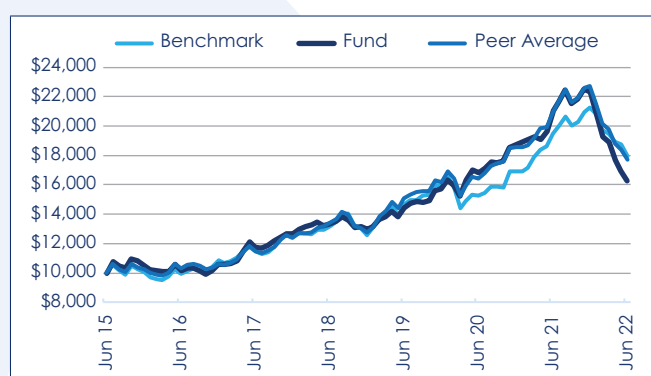
Note: There was a change of Investment Manager in May 2021. Therefore, going forward, any performance analysis needs to be cognisant of that fact. Also, the net returns used in the Quant Analysis are for the Fund's Class B units.

Annual Returns

Year	Fund	Benchmark	Peer Avg	vs. Bench	vs. Peers
2016	+0.23	+8.36	+3.82	-8.13	-3.59
2017	+19.81	+14.77	+16.75	+5.04	+3.06
2018	+2.12	+0.64	+2.53	+1.47	-0.41
2019	+21.67	+26.79	+26.96	-5.12	-5.30
2020	+18.73	+5.90	+14.85	+12.83	+3.88
2021	+19.35	+25.81	+22.33	-6.46	-2.98
Jun-22	-27.09	-15.61	-22.15	-11.48	-4.94

2022 data = 6 months ending Jun-22

Growth of \$10,000



Strengths of the Fund

- Pengana is a well-established name in the Australian Funds Management industry. It has built up a long track record (18 years) of managing money across various Funds, specialising in Australian & International Equities. Pengana currently manages about A\$4 billion in FUM and has about 45 employees.
- Harding Loevner is a highly regarded global equity manager, with 118 employees responsible for the management of over US\$58 billion of investments on behalf of some of the world's largest and most sophisticated investors.
- Harding Loevner's Global Equities Portfolio Management team, including the co-lead PMs Mr Baughan and Mr Li, is highly experienced. Additionally, the broader investment team is large and experienced.
- The investment/research process is robust and has been consistently applied by the team for many years.
- Until last year, the Fund (internally managed by Pengana until May 2021) had outperformed the benchmark over the longer term and since inception, whilst noting that due to the significant underperformance last year (to June 2022), the record is now weaker. It should also be noted that Harding Loevner's Global Equities Strategy performance track record has been relatively good.
- The Fund's volatility has tended to be slightly lower than the peer group for all time periods.
- The Fund's ICR (or total fees) for its B class units is materially lower than the peer group, as the Fund does not charge a performance fee. However, the fee structure for its E class units is different (it does charge a performance fee), and therefore the annual ICR can vary substantially and can be higher than the peer group.

Weaknesses of the Fund

- The Fund has underperformed the benchmark and the peer group over the longer term and since inception. The Fund's risk-adjusted returns (as measured by Sharpe ratios) have been slightly worse than the peer group.
- The departure of the 2 key Pengana PMs in March 2021 led to some short-term issues, including significant FUM outflows.

Other Considerations

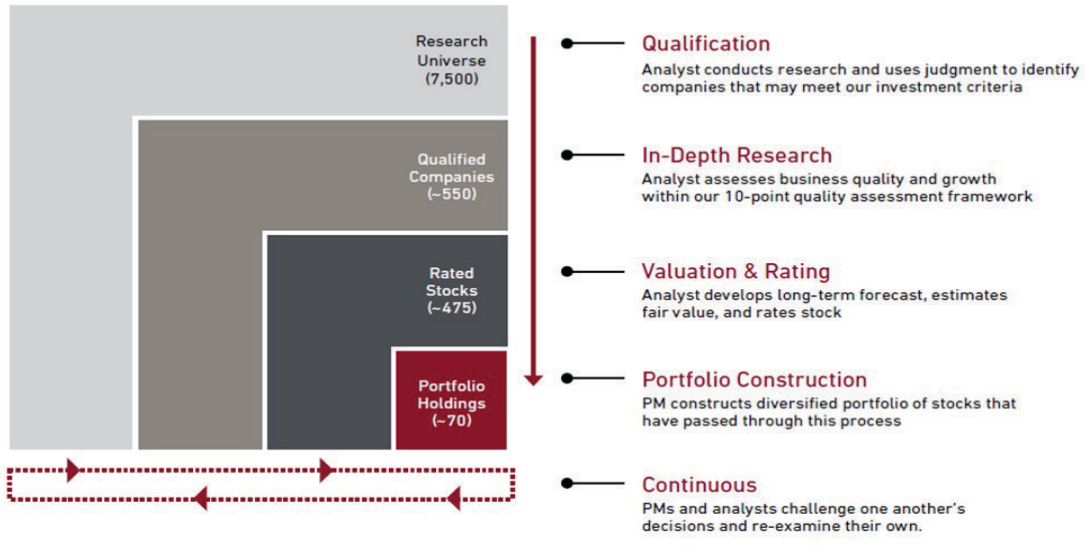
- There was a change of Investment Manager in May 2021 (from Pengana to Harding Loevner), as discussed above. Therefore, going forward, any performance analysis needs to be cognisant of that fact.
- The Fund is Unhedged and will therefore be impacted by currency (either positively or negatively).
- The Fund's Fee structure for its Class B units is different from its Class E units, as discussed in the Fee section. Therefore, the net returns of the 2-unit types will also vary.

Key Changes since the Last Review

- No material changes to the investment process or team since the previous review.

Investment Process Diagram

Collaborative, Highly Structured Process that Promotes Individual Accountability



Process Description

Universe	
Investable Universe	The broad universe for the Global Equity strategy includes all listed (or soon-to-be listed) global equities. The securities include Ordinary shares, preferred shares, depository receipts, equity-linked participation notes, warrants, rights, and other security types and other securities convertible or exercisable into shares issued by any company listed on any stock exchange (or expected to be listed within six months of their acquisition.) This includes new, secondary, or additional offerings of shares by a public company.
Investment Process	
Top-down or bottom-up	As bottom-up investors, Harding Loevner does not focus on incorporating top-down macroeconomic analysis into the investment decision-making process. The firm is mindful of top-down issues in its investment process; however, macroeconomic factors are addressed as part of analysts' in-depth research of individual companies. Analysts are particularly interested in broad industry developments that impact the competitive structures of the industries in which their companies operate. Additionally, country risk factors are incorporated in the discount rates used during the valuation stage of the investment process.
Research and Portfolio Construction Process	<p>Idea Generation & Screening</p> <p>Initial Qualification: Analysts draw upon their research experience and examine fundamental data to identify high-quality, growing companies that appear qualified for further in-depth investigation.</p> <p>The sources analysts use to uncover new investment ideas include their investigations into the competitors, suppliers, and customers of existing companies under research. They also gather ideas from management interviews, investor conferences, and trade shows. The qualitative factors they consider when evaluating a new company include the global competitive structure of its industry, the apparent sustainability of the company's competitive advantages, and the quality of its management. Analysts augment their qualitative research with quantitative analysis of a number of quality-growth metrics, including:</p>

Investment Process

Research
and Portfolio
Construction
Process*...continued*

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.

The determination of whether a company is qualified for in-depth research is always based upon the fundamental research judgment of the analysts. They use quantitative information as one tool for evaluating potential ideas, but companies are not automatically selected or excluded based on quantitative screens. Qualitative factors are also important in the evaluation process.

Research & Stock Selection

Harding Loevner has a well-structured research process that employs both qualitative and quantitative analyses to identify and track companies that **1) meet their 4 key criteria (Competitive Advantage, Financial Strength, Quality Management, and Sustainable Growth); and 2) are reasonably priced.**

Analysts conduct in-depth research of qualified companies to gain a comprehensive understanding of their business models, growth potential, and management quality. Research activities include analysing annual reports and other company disclosures, reviewing specialised industry journals, participating in industry and investment conferences, and conducting interviews with company management (both of the target and other industry participants).

A distinctive feature of Harding Loevner's investment process is their proprietary "**Quality Assessment (QA) Framework**" that analysts use for researching each company. The QA Framework promotes consistency in the research process and facilitates collaboration among the entire research team in identifying companies that will generate consistently strong operating performance over time. The QA Framework includes ten factors that guide analysts in completing an in-depth evaluation of how a company meets the firm's quality-growth criteria. The **ten factors** are linked to their key criteria as follows:

Competitive Advantage

1. Threat of New Entrants
2. Threat of Substitution
3. Bargaining Power of Buyers
4. Bargaining Power of Suppliers
5. Intensity of Rivalry

Quality Management

6. Foresight and Change Management
7. Environmental, Social, and Governance (ESG) Risk Factors

Financial Strength

8. Strength of Free Cash Flow
9. Balance Sheet Strength

Sustainable Growth

10. Growth Persistence and Variability

Investment Process

Research
and Portfolio
Construction
Process

...continued

Five of the ten factors in the QA Framework address Competitive Advantage and are derived from the “Five Forces” model developed by Michael Porter for analysing a company’s competitive advantages within its industry’s competitive structure.

Once analysts confirm that a company meets Harding Loevner’s four quality-growth criteria, they conduct an in-depth valuation analysis to estimate the fair value of its shares. The valuation process begins with the creation of a comprehensive financial model using the company’s historical income statements, balance sheets, and cash flow statements. Building from this model, analysts draw upon the industry and company research they completed using the QA Framework to develop proprietary long-term forecasts of earnings and cash flows. These forecasts incorporate analysts’ estimates of sales growth, margin expansion, capital expenditures, working capital needs, and cash reinvestment. The typical explicit forecast period used at Harding Loevner is 5–10 years.

Based on their forecasts, analysts estimate the company’s fair value using a **multi-stage cash flow return on investment (ROI) model**. As a check on their estimates, analysts may also consult other valuation methods, including **discounted cash flow (DCF) analysis and ratio analysis (P/E & P/B etc.)**. The QA score, which, among other metrics, provides a measure of the durability of a company’s returns on investment, is also incorporated into the valuation estimate.

Analysts also establish fundamental “**mileposts**” for future business results that a company must achieve for the fair value estimate to remain valid. Analysts compile the results of their research into a comprehensive standardised report that includes a research summary, QA Framework breakdown, valuation analysis, and the investment mileposts. After distributing the reports to colleagues and addressing any feedback, analysts rate the company’s shares (best buy, buy, hold, or sell). Analysts have final responsibility for their rating decisions and will continually monitor their recommendations, revising them as necessary.

Portfolio Construction

Only stocks that have undergone Initial Qualification, In-Depth Research, and Valuation & Rating may be considered for investment in the Global Equity strategy. The two co-lead portfolio managers - **Peter Baughan** and **Jingyi Li**, are responsible for all buy-and-sell decisions for the strategy’s model portfolio. All client portfolios invested in the strategy are managed according to this model portfolio, subject to any client-specific restrictions.

Mr Baughan and Mr Li **each manage a separate sub-portfolio** by selecting investments from the pool of analyst-rated stocks based upon their potential risk-adjusted returns relative to the alternatives within the research universe and their ability to enhance the portfolio’s overall risk/return profile. The two sub-portfolios are merged to create the Global Equity strategy’s model portfolio. The goal is to construct a relatively concentrated portfolio that holds the firm’s most-compelling global equity investment ideas and is well diversified. **SQM Research observes that this approach to Portfolio Construction is relatively less common in the industry.**

Weightings: The Model Portfolio is built from the bottom up based upon the co-lead portfolio manager’s company-specific investment decisions. The strategy’s initial position size is typically **0.5% to 1.0%** of the Model Portfolio. As long-term investors, they will maintain a position in a stock as long as it continues to meet their key criteria and its valuation represents an attractive investment opportunity. The strategy’s portfolio guidelines limit the size of a single holding to a maximum of **5%** of the Model Portfolio.

Position sizes are determined based on the judgment of the individual portfolio manager. The elements that the portfolio manager considers in managing each holding’s position size include an assessment of the quality-growth characteristics of the company based upon the Analyst’s research; the stock’s valuation relative to other companies that are rated by the firm’s analysts; the liquidity of the shares; and the stock’s potential impact upon the portfolio’s overall risk profile (i.e., volatility).

Investment Process

Research
and Portfolio
Construction
Process

...continued

Additionally, the Fund complies with certain limits/guidelines *(listed at the end of the report)*.

Sell Discipline

Harding Loevner invests with a long-term perspective. When considering the sale of a holding, portfolio managers discuss with the responsible Analyst the company's long-term fundamentals and the status of the operating mileposts the Analyst established to monitor the investment thesis. The decision to sell a holding is typically made for one of three reasons: the company no longer meets Harding Loevner's quality-growth criteria; a company is failing to meet the mileposts established by the Analyst to track the validity of the investment thesis, or other more attractive opportunities are identified. A portfolio manager may trim a stock for a variety of reasons, including if the weight of the stock is nearing the risk-control limit of 5%.

Risk Management

Harding Loevner aims to manage risk through diversification – the portfolio comprises **35-75** stocks with limits on individual stock size, industry exposure and geographic exposure. Risk, including volatility and drawdown, is managed at the individual stock level and the overall portfolio level.

Harding Loevner controls investment risk by 1) investing only in companies with high-quality fundamentals and 2) ensuring prudent portfolio diversification across geographies, sectors, industries, and individual holdings. They also monitor portfolio exposures and expected volatility (both absolute and relative to the benchmark) using a global multi-factor risk model.

At the security level, the firm seeks to invest only in financially strong, well-managed companies identified through in-depth research. Portfolio managers also seek to mitigate stock-specific risk by investing in companies when their shares are reasonably priced relative to analysts' estimates of their fair values. At the portfolio construction level, Harding Loevner manages risk by strictly enforcing portfolio guidelines *(listed at the end of the report)*.

Monitoring of model portfolios' compliance with risk limits is performed daily by the Client Management (CM) team. In addition, weekly reviews of risk reports are conducted by portfolio managers and the Compliance Committee, and quarterly reviews of client portfolios are conducted by the firm's Portfolio Review Committee. The members of the Portfolio Review Committee include the CEO, CIO, Chief Compliance Officer, and the Manager of Trading

Additionally, each quarter the CIO conducts a Risk Review of model portfolios that assesses the impact of stock-specific investment decisions, sector allocations, and stock concentration on forecast total risk (volatility) and active risk (tracking error). The Risk Review provides a routine and structured approach to analysing the links between company-specific investment decisions and portfolio risks.

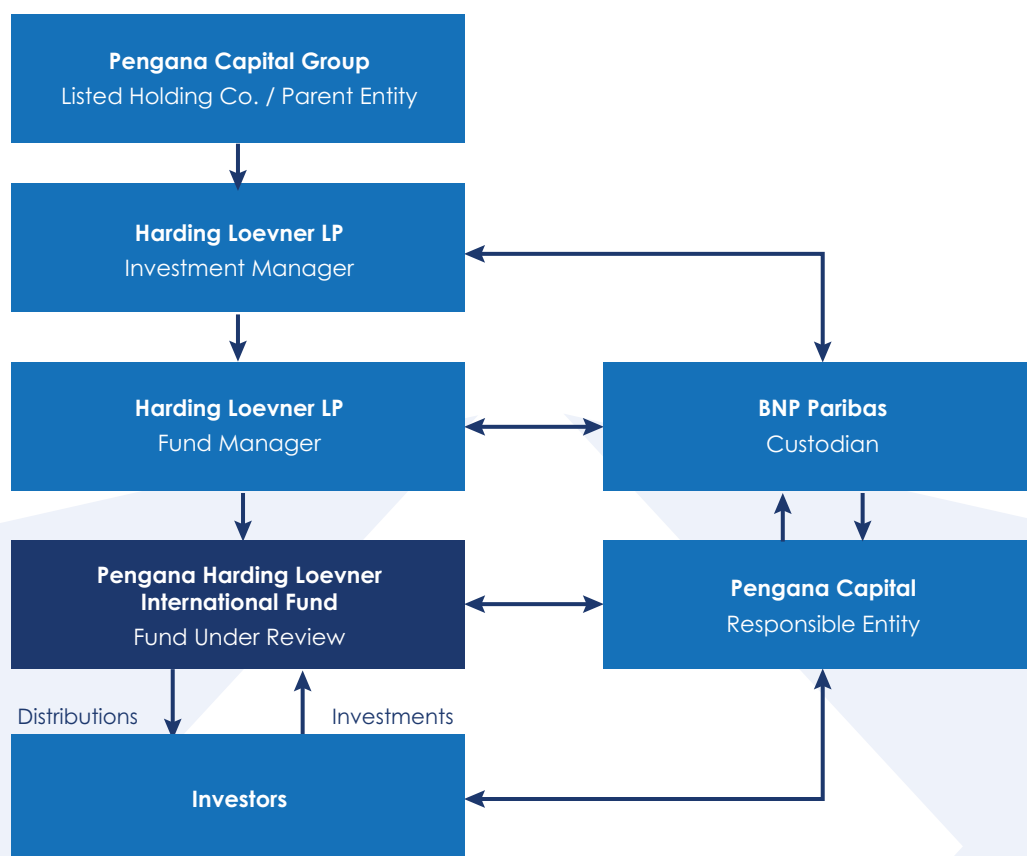
In addition to Harding Loevner's Risk Management processes and procedures, **Pengana** also has its own Risk Management processes and procedures in place (in the context of being the RE of the Fund). Monitoring of risk limits is performed daily by a Pengana Risk Analyst independent from the portfolio management team. The Analyst generates risk reports which are reviewed daily by the CIO or Performance and Risk Manager and monthly by a Risk Committee, which includes the CIO and Head of Operations. Portfolio risk analysis, attribution, liquidity analysis, and scenario analysis are also performed on a regular basis, independent of the Fund Manager, by Pengana's Risk and Performance team (using Bloomberg PORT).

Hedging & Derivatives

The Fund is Unhedged.

The Fund does not use derivatives.

Key Counterparties



Parent Company

Pengana Capital Limited (the Fund's Responsible Entity) was established in **2003** (AFSL 226 566 granted 7 May 2003) and is a wholly owned subsidiary of Pengana Holdings Pty Ltd, which is a wholly owned subsidiary of Pengana Capital Group Ltd (PCG). Pengana Capital Group is a Funds Management group specialising in listed and unlisted equities. Their focus is on delivering distinct investment strategies that deliver superior risk-adjusted returns to investors, with a focus on capital preservation. Pengana is based in Sydney, Australia, with additional offices in Melbourne, Brisbane, and Perth. The directors and staff currently own circa **45%** of the business. Pengana manages about **A\$4 billion** and has about **45** staff members.

Investment Manager / Fund Manager

Harding Loevner (based in NJ, USA) is the 'Investment Manager' for the Pengana Harding Loevner International Fund. Established in **1989**, Harding Loevner is a highly regarded global equity manager, with **118** employees responsible for the management of over **US\$58 billion** of investments on behalf of some of the world's largest

and most sophisticated investors (including pension funds, sovereign wealth funds, endowments, and family offices).

Responsible Entity

The Board of Directors of the Responsible Entity (**Pengana Capital Limited or PCL**) consists of **3** directors, **none** of whom are independent. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance and oversight. Board members have an average of **31** years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of **3** members, **2** of whom are independent. The Chair **is** independent. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance. Compliance Committee members have an average of **36** years of industry experience.

Management Risk

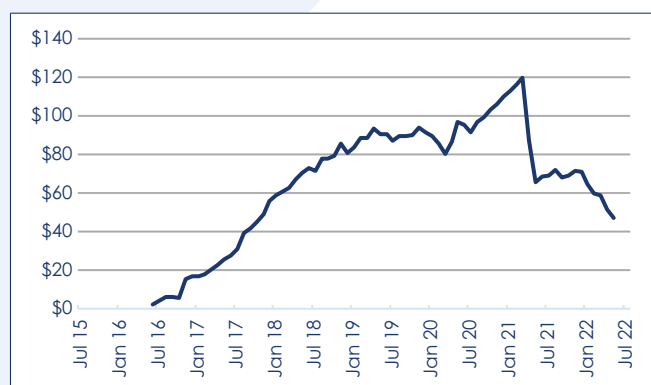
Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that Pengana/Harding Loevner and associated key counterparties are well qualified to carry out their assigned responsibilities. Management risk is rated as low/modest.

Funds under Management (FUM)

The Fund is approximately \$47 million in size (as of **May 2022**).

FUM for Fund under Review (\$mill)



Note: The departure of the 2 key Pengana PMs (end of March) has led to some short-term issues, including significant FUM outflows in April & May 2021

Distributions

Distributions occur on an **annual** basis, subject to the availability of distributable income. As a general comment, in a scenario where the Fund's realised losses and expenses exceed income in a distribution period, the Fund may elect not to make a distribution during that time.

Distribution Date	Distribution CPU
Jun-17	2.51
Jun-18	9.46
Jun-19	5.12
Jun-20	17.88
May-21	27.10
Jun-21	3.43
Jun-22	0.69

Note: The transition to the Harding Loevner portfolio in May 2021 created a significant amount of net realised gains. Pengana paid out the YTD net income and realised gains to all current investors via a special distribution in May.

Name	Responsibility / Position	Location	Years at Firm	Years in Industry
Peter Baughan	Co-Lead PM, Analyst	Bridgewater	25.0	39.0
Jingyi Li	Co-Lead PM, Analyst	Bridgewater	12.0	24.0
Ferrill Roll	CIO, Analyst	Bridgewater	26.0	42.0
Christopher Mack	Portfolio Manager, Analyst	Bridgewater	18.0	18.0
Sean O'Connell	Trading Manager	Bridgewater	17.0	21.0
Yoko Sakai	Director of Research, Analyst	Bridgewater	17.0	33.0
Timothy Kubarych	Deputy Director of Research	Bridgewater	12.0	12.0
Richard Schmidt	Portfolio Manager, Analyst	Bridgewater	11.0	36.0
Moon Surana	Portfolio Manager, Analyst	Bridgewater	13.0	13.0

Note: SQM Research has used an abbreviated list of the Investment team members, as Harding Loevner has a significantly large Investment team of 30-35 members (for the Global Equity Strategy).

Investment Team

Note: The Fund was managed by Pengana internally until May 2021. Following the departure of 2 key PMs of the Fund - Jordan Cvetanovski (CIO/Portfolio Manager), and Steven Glass (Deputy Portfolio Manager) in April 2021, Pengana appointed Harding Loevner as the 'Investment Manager' for the Fund in May 2021.

The Harding Loevner Global Equity Strategy (including this Fund) is led by **two co-lead portfolio managers** - **Peter Baughan**, CFA and **Jingyi Li**, who are responsible for all investment decisions for the strategy's portfolio.

The team also includes **3** other Portfolio Managers - **Christopher Mack**, CFA, **Richard Schmidt**, CFA, and **Moon Surana**, CFA who each manage a paper portfolio from among the same universe of analyst-researched stocks. Client capital is not allocated to these paper portfolios, but they are managed with all of the operational requirements of "live" portfolios. The paper portfolios signal to Mr Baughan and Mr Li about timely opportunities that the paper portfolio managers perceive in the firm's pool of analyst-rated stocks. In addition, Messrs. Baughan, Li, Mack, Schmidt and Ms Surana each serve as equity research analysts.

SQM Research observes that this is quite a distinctive system compared to the peer group.

In addition to the above-mentioned, the team includes **Ferrill D. Roll**, CFA (CIO & Analyst – Financials) and **2** portfolio specialists – Hannah Chase, CFA and Ray Vars, CFA. Harding Loevner has a total of **31** research analysts: **14** full-time analysts and **17** portfolio managers who also are engaged in equity research as Analysts. Research Support includes the firm's associate research manager, research associates, and research assistants.

The research personnel are organised primarily by the global sectors, with analysts studying companies worldwide that operate within their industry specialties. They also have regional analysts responsible for covering companies operating in emerging markets, frontier markets, Japan, and China.

The CIO, in consultation with the Director of Research, decides which sector or regional specialty each Analyst is required to cover. Each Analyst is responsible for deciding what specific companies to cover within their sector or region specialty, which typically amounts to between 20–30 companies. Analysts may consult with portfolio managers and/or the Director of Research when deciding what companies to cover. Company research and ratings are solely the individual responsibility of analysts.

Considering the sector, investment process and the size of the team, SQM Research is of the opinion that the Key Person risk is "low to medium".

Meeting Schedule

The table below shows regular meetings that form an essential part of the overall process.

Meeting	Purpose	Frequency	Participants
Security Research	Discuss new company research	As needed	Investment team
Sector/Country Research	Opportunity for analysts to provide an overview of key issues/ opportunities in the sectors or countries they cover.	Each Analyst presents 1-2 per year	Investment team
Risk Management	CIO leads a Risk Review to assess the impact of stock-specific investment decisions, sector allocations, and stock concentration on forecast total risk (volatility) and active risk (tracking error).	Quarterly	CIO and PMs

SQM Research believes the practice of constant communication and the broad-based inclusion of team members in decision-making is a vital ingredient to the success of the process. Interactive peer review and collaboration across a tightly knit group of experienced investors will likely make the best use of their combined intellectual property and shared history.

Staffing Changes

The staff changes for Harding Loevner over the **last 3-4 years** (*abbreviated version*) have been listed below:

Departures			
Date	Name	Responsibility	Reason for Departure
01-Feb-22	Shali Zhu	Analyst, Industrials	Resignation
28-May-20	Rusty Johnson	PM, EM strategy; Analyst, EM	Deceased
15-Dec-19	Alexander Walsh	Assistant Portfolio Manager	Retired
06-Sep-19	Lakshman Venkitaraman	Analyst, Information Technology	Resignation

Additions / Hires			
Date	Name	New Responsibility	Previous Position / Employer
15-Dec-20	Lee Gao	Analyst	PM Imprint Emerging Markets
14-Sep-20	Uday Cheruvu	Analyst, I.T & Comm. Services	Portfolio Manager/PM Capital
16-Jul-20	John Dickinson	Trader	Gold Trader/Ronin Capital
11-Nov-19	Edmund Bellord	Analyst, Asset Allocation Strategist	Managing Director/QMA
20-May-19	Igor Tishin	Analyst, Information Technology	Sr Research Analyst/ Oppenheimer Funds
05-Sep-18	Samuel Hosseini	Analyst, Health Care & Cons. Discretionary	Analyst/Canaccord Genuity

Note: SQM Research has used an abbreviated list of staff changes, as Harding Loevner has a significantly large investment team of 30-35 members (for the Global Equity Strategy). Therefore, Associate Analysts are not included in the tables above.

SQM Research observes that the levels of investment experience and company tenure are strong across the investment team. The size and nature of staff turnover are not an issue of concern, in SQM's view.

Remuneration and Incentives

Salaries are determined by considering investment professionals' qualifications, experience, length of service, and overall levels of responsibilities within the investment team.

Annual cash bonuses are determined for each employee based upon the completion of agreed-upon personal objectives and contributions to the achievement of firm-wide objectives. These annual objectives are determined collaboratively by the employee and their supervisor at the beginning of each year, placed in writing, and subject to final approval by the Compensation Committee.

Personal objectives for investment professionals are primarily concerned with their contributions to investment performance. Portfolio managers and analysts must achieve a specified level of outperformance in the trailing 12 months to earn a target bonus related to their investment performance. This portion of the annual cash bonus is adjusted upward or downward based upon the degree of out- or underperformance of their investment decisions.

Long-Term Compensation: Harding Loevner provides long-term equity or equity-linked compensation incentives to employees, believing it is an effective way to link employees' success to the long-term investment success of their clients.

SQM Research believes remuneration in the form of firm equity and client-focused performance bonuses function as strong incentives for optimising staff engagement, retention, and productivity. The intention (and SQM believes, the effect) is to align staff performance with client and shareholder objectives. It focuses on the customers' needs and medium to long-term results.

Fees and Costs	Fund	Peer Avg
Management Fee (% p.a.)	0.97%	0.95%
Expense Recovery (% p.a.)	–	–
Performance Fee (%)	–	20.00%
Indirect Cost Ratio ICR (% p.a.)	0.97%	1.09%
Buy Spread (%)	0.30%	0.18%
Sell Spread (%)	0.30%	0.18%
Other Features	Fund	
Redemptions	Daily	
Distributions	Semi-Annually	

Note: The table above applies to the **Class B units** (please refer to the PDS for more details). ICR is an estimate for 30 June 2022.

Management Fee

The management fee includes GST and is net of any applicable Reduced Input Tax Credits (RITC).

Performance Fee

The Fund does not charge a performance fee

Note: **Class E units** have a different fee structure – A management fee of 0.65% & Performance fee of 15% of outperformance above the benchmark. Please refer to the PDS for more details.

SQM Research observes that:

- The Fund management fee for Class B units is broadly similar to the peer group average.
- The Fund's ICR/TCR (total fee) for Class B units is 12 basis points lower than the peer group average.
- However, the Class E units have a different fee structure, as mentioned above. Therefore, the ICR for these units can vary significantly and can be higher than the peer group. The ICR as of 30 June 2020 was 2.71% p.a. (substantially higher than the peer group average) and was 0.61% as of 30 June 2021 (significantly lower than the peer group average).

Risk/Return Data to 30 June 2022							
Total Return	1-Month	3-Month	6-Month	1-Year	3-Year	5-Year	Inception
Fund	-4.02	-13.91	-27.09	-22.65	4.00	6.70	7.20
Benchmark	-4.47	-7.90	-15.61	-8.02	6.93	9.37	8.70
Peer Average	-3.79	-10.60	-22.06	-15.68	5.31	8.88	8.33
Alpha	0.45	-6.01	-11.48	-14.63	-2.93	-2.67	-1.50
Metrics				1-Year	3-Year	5-Year	Inception
Tracking Error (% p.a.) - Fund				6.41	7.16	6.46	5.97
Tracking Error (% p.a.) - Peer Average				7.67	7.03	6.28	6.16
Information Ratio - Fund				-2.28	-0.41	-0.41	-0.25
Information Ratio - Peer Average				-1.07	-0.17	-0.02	-0.00
Sharpe Ratio - Fund				-1.62	0.29	0.54	0.55
Sharpe Ratio - Peer Average				-1.09	0.41	0.67	0.60
Volatility - Fund (% p.a.)				14.03	12.58	10.65	10.86
Volatility - Peer Average (% p.a.)				14.31	13.05	12.04	11.90
Volatility - Benchmark (% p.a.)				10.40	11.18	10.81	10.78
Beta based on stated Benchmark				1.22	0.93	0.81	0.85

Dividends reinvested. Returns beyond one year are annualised. Return history starts Jul-2015

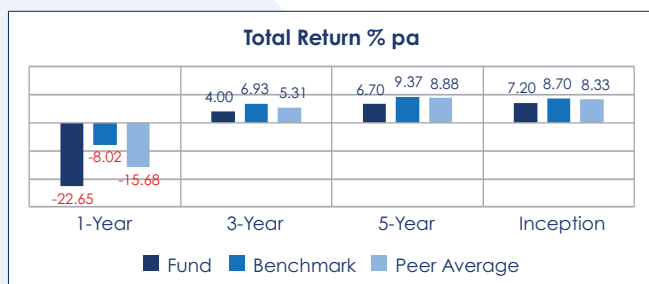
Benchmark: MSCI ACWI NR AUD

Note: There was a change of Investment Manager in May 2021. Therefore, going forward, any performance analysis needs to be cognisant of that fact. Also, the net returns used in the Quant Analysis are for the Fund's Class B units.

Quantitative Insight¹

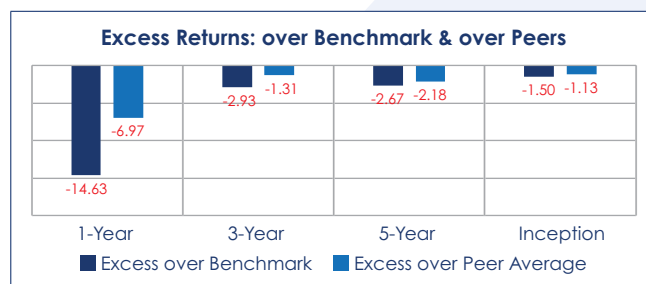
Note: Unless otherwise stated, all return and risk data reported in this section are after-fees and for periods ending June 2022.

Returns



At the time of last year's report, the Fund had displayed *good/competitive* performance across most periods when compared with the benchmark and the peers. However, the significant underperformance over the last year has impacted the returns for all periods, and therefore Fund's relative performance is now weaker for the longer term and since its inception. Whilst that is disappointing, it should be noted that this has been the case for several other Growth/Quality-Growth style Funds over the last year, which also reflects the change in market sentiment towards the higher growth but relatively expensive stocks.

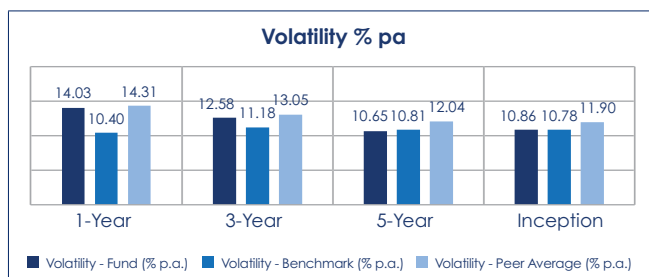
Excess Returns (Alpha)



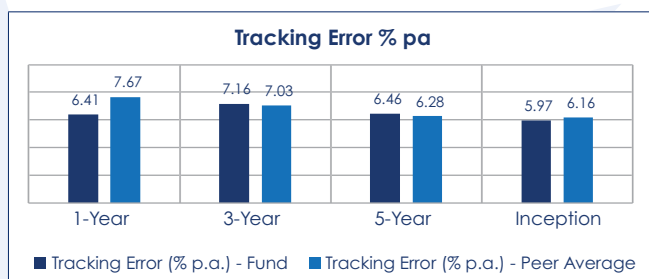
The **return outcomes** as described above are consistent with the PDS objective and are in line with SQM's expectations for the Fund relative to its fee level and volatility.

¹ **Note:** Sharpe and Information Ratios are not reliable comparison tools in periods where both the Fund and its peers/benchmark record a negative result

Risk



The Fund's **volatility** (standard deviation of monthly returns) has tended to be *similar/slightly lower* than the benchmark and the peers.



The Fund's **tracking error** (standard deviation of monthly excess returns) has tended to be *similar* to the peers.

The **risk outcomes** as described above regarding volatility and tracking error are consistent with the PDS statements about risk and are in line with SQM's expectations for this Fund.

Drawdowns

Drawdown Summary			
Drawdown Size (peak-to-trough)			
	Fund	Bench	Peers
Average	-5.27%	-4.64%	-6.78%
Number	13	14	13
Smallest	-0.22%	-0.08%	-0.74%
Largest	-27.77%	-15.61%	-24.66%
Length of Drawdown (in months)			
	Fund	Bench	Peers
Average	4.3	4.5	5.2

Length of Drawdown = time from peak to trough and back to the previous peak level

Drawdowns have, **on average**, been *slightly worse* than the benchmark and *slightly better* than the peer average. The largest drawdown was *significantly worse* than the benchmark and *slightly worse* than the peer average.

Snail Trail

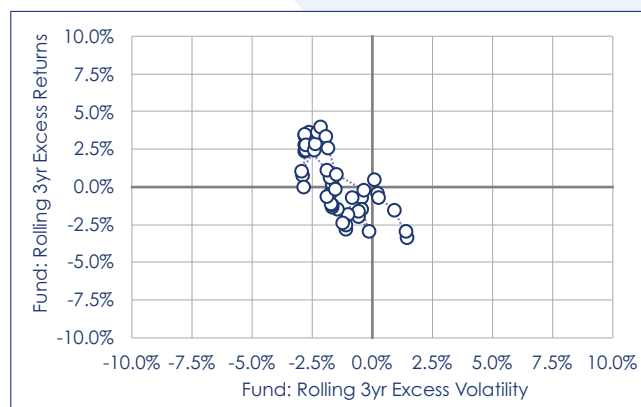
The snail trail chart and tables below show the combination of the Fund's **rolling 3-year** excess returns and rolling 3-year excess volatility.

There are **49** observations in total.

The two tables below display the distribution of these observations and their overall frequency across the risk/return quadrants.

Snail Trail Distribution			
Frequency	Lo-Vol	Hi-Vol	Total
Hi-Return	24	1	25
Lo-Return	19	5	24
Total	43	6	49

49 rolling 3-year observations			
% of Total	Lo-Vol	Hi-Vol	Total
Hi-Return	49.0%	2.0%	51.0%
Lo-Return	38.8%	10.2%	49.0%
Total	87.8%	12.2%	100.0%



In assessing a snail trail it is important to note the following:

Q1 upper left-hand quadrant - higher return than the Fund's market index with lower volatility (less risk). This is the optimal position.

Q2 upper right-hand quadrant - higher return than the Fund's market index with higher volatility (more risk). This can often be a desirable position depending on the attractiveness of the Sharpe ratios produced in this zone. It is important to note that in the case of inflation or cash-style benchmarks, the Q1 top left-hand quadrant is unachievable as it is not possible to deliver lower volatility than what is virtually zero for the benchmark. In such cases, the Q2 zone is the optimal position.

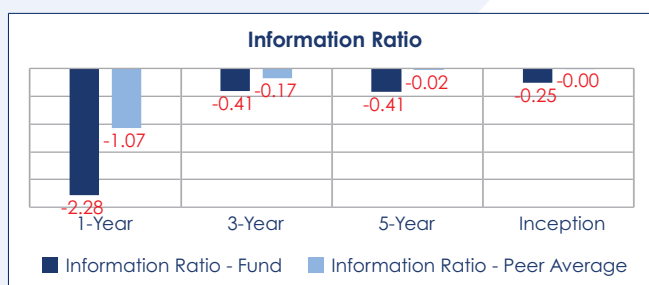
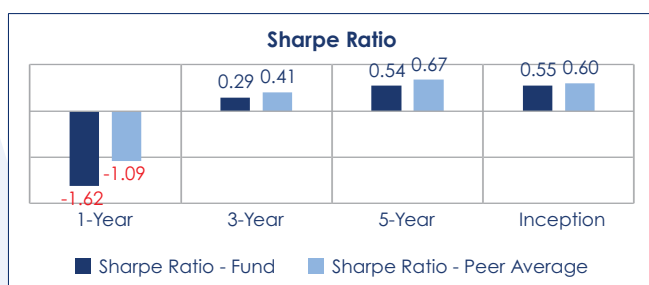
Q3 lower left-hand quadrant - lower return than the Fund's market index with lower volatility (less risk). Less than ideal, and Sharpe ratios can assist in assessing the risk/return trade-off in this zone.

Q4 lower right-hand quadrant - lower return than the Fund's market index with higher volatility (more risk). The least desirable outcome.

Consistency

The more "bunched together" the cluster of dots, the more consistent is the performance. A second indicator of consistency is the trail's nomadic nature. Trails that roam across multiple quadrants over time are indicating **low consistency** in the Fund's risk-return profile. The quadrant that **contains the bulk** of the Fund's snail trail is likely to be more representative of the Fund's risk/return characteristics and identity.

Risk-Adjusted Returns



The Fund's risk-adjusted returns (as measured by Sharpe ratios) have been *slightly worse* than the peer average over the longer term and since inception. *As noted above, the significant underperformance over the last year has impacted the returns (and therefore ratios) for all periods.*

Correlation of Fund to Asset Classes

Market	3 years	Inception	
Aust Bonds	+40.3%	+32.3%	Bloomberg AusBond Composite 0+Y TR
Aust Equity	+57.5%	+55.5%	S&P/ASX 300 TR
Global Bonds	+64.3%	+40.0%	Bloomberg Global Aggregate TR Hdg AUD
Global Equity	+82.2%	+84.5%	MSCI World Ex Australia NR AUD

There is a *moderate* correlation of the Fund's returns with the S&P ASX300 index and a *strong* correlation to global equities.

Tail Risk

*(The analysis in the table below looks at the **tail risk performance relationship of the Fund to the ASX300**, a practice that SQM has set as common across asset classes in Fund reviews. This approach recognises that for the large bulk of financial planner clients, their key traditional asset class **risk** regarding **size** and **volatility** is to Australian equities. Exploring that relationship is useful regardless of the asset class of the Fund itself, as it is helpful to understand how a Fund has acted in times of Australian equity market stress in terms of softening or exaggerating the negative performance experienced at such times.)*

The table below details the **largest negative monthly returns** for the ASX 300 **since the inception of the Fund**. This is compared to the Fund's performance over the same months.

Extreme Market Returns vs Fund Return Same Month

Index: S&P/ASX 300 TR		From Jul-15 to Jun-22		
Rank	Date	Market	Fund	Difference
1	Mar-20	-20.83%	-4.60%	+16.23%
2	Jun-22	-8.97%	-4.02%	+4.94%
3	Feb-20	-7.76%	-2.20%	+5.56%
4	Aug-15	-7.70%	-2.78%	+4.92%
5	Jan-22	-6.45%	-6.90%	-0.45%
6	Oct-18	-6.16%	-3.46%	+2.70%
7	Jan-16	-5.45%	-3.04%	+2.41%
8	Mar-18	-3.73%	+1.32%	+5.04%
9	Sep-20	-3.59%	-0.22%	+3.38%
10	Sep-15	-2.86%	-1.03%	+1.83%
Totals		-73.50%	-26.93%	+46.57%

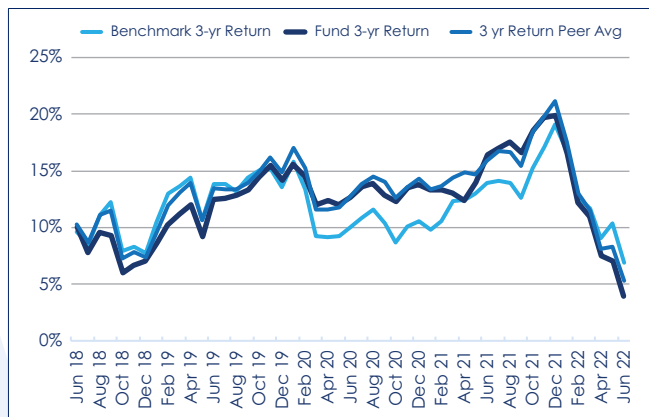
No. of Months			
Correlation	+49.7%	Positive Return	1
Capture	+36.6%	Outperform	9

Tail Risk Observations:

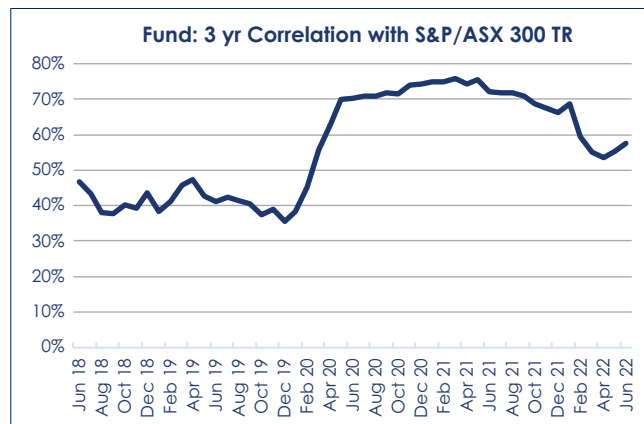
The data in the table above indicate that the Fund displays **significant/strong defensive characteristics** in the face of extreme Australian Equity tail risk *(in the context of this being a Global Equities Fund, not a defensive Fixed Interest Fund).*

Return and Risk

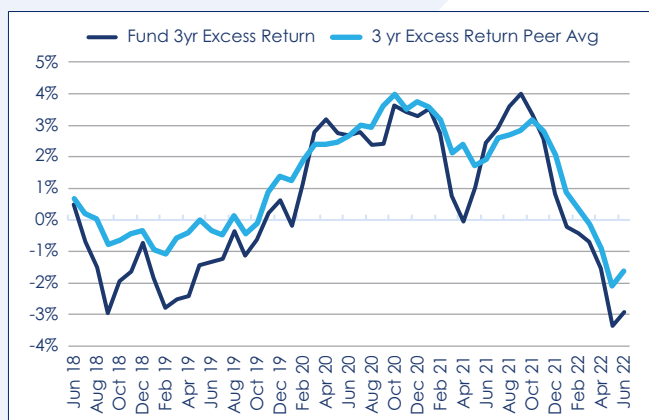
Rolling Returns



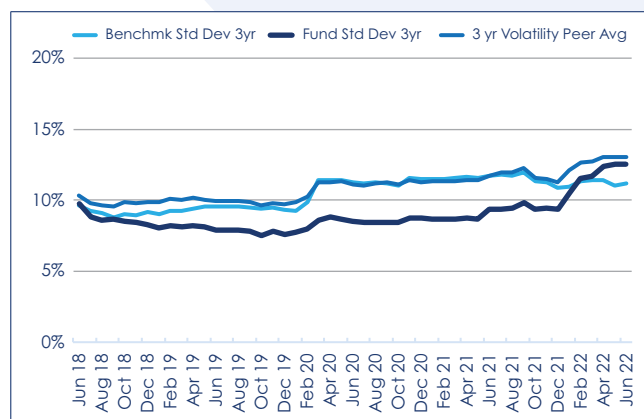
Rolling Correlation



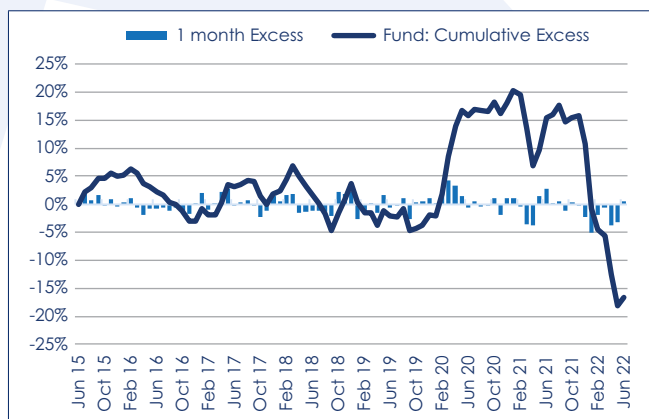
Rolling Excess Returns



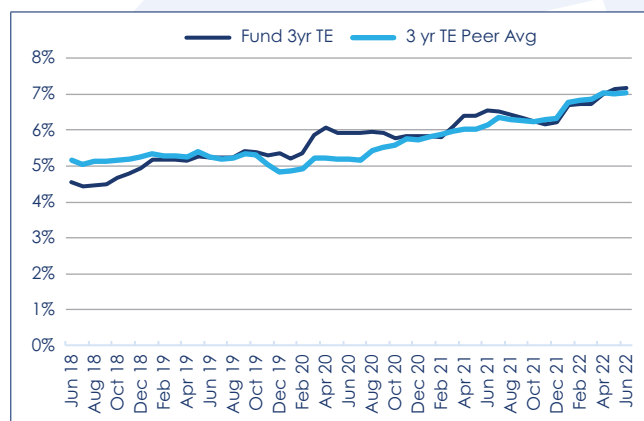
Rolling Volatility



Cumulative Excess Returns

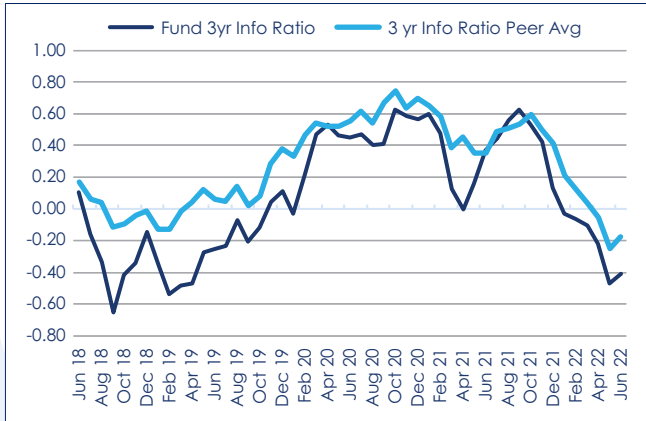


Rolling Tracking Error

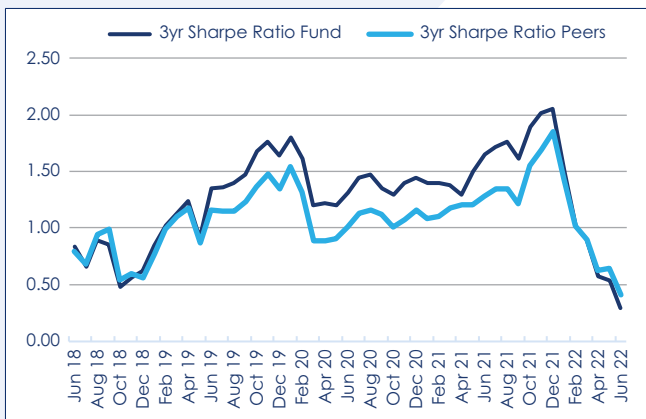


Return and Risk

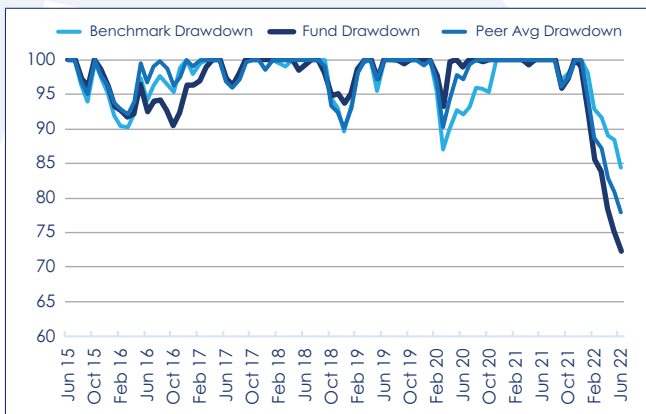
Rolling Information Ratio



Rolling Sharpe Ratio



Drawdowns



The tables below outline the limits on the Fund's asset allocation and other risk parameters:

Global Equity Strategy: Overall Portfolio Guidelines	
Number of holdings	35 – 75
Minimum number of markets	15
Maximum cash	10% (normally around 3%)
Maximum in one security at market	5%
Maximum in one industry	15%
Minimum number of sectors	7
Maximum in one sector	25%
Geographic / Regional Guidelines	
United States	25 – 65%
France, Germany, Japan, Switzerland, United Kingdom	0 – 20%
Australia, Canada, Hong Kong, Netherlands	0 – 10%
China	0 – 15%
China and Hong Kong, in aggregate	0 – 15%
Brazil, India, South Korea, Taiwan	0 – 7%
Other single developed or emerging market	0 – 5%
Single frontier market	0 – 3%
Emerging & frontier markets in aggregate	0 – 25%
Emerging markets in aggregate	0 – 25%
Frontier markets in aggregate	0 – 10%

Note: The geographic/regional constraints provided above are per-country constraints, not aggregate constraints (except as noted), and are grouped together for convenience.

Key Investment Staff

Peter Baughan, CFA: Co-Lead Portfolio Manager/Analyst

Peter Baughan is a co-lead portfolio manager of the Global Equity strategy and a Consumer Discretionary and Industrials analyst. Peter is also a Partner of the firm and has over 35 years of industry experience. He joined Harding Loevner in 1997 as an analyst after nine years at Rockefeller & Co. While at Rockefeller, Baughan spent two years in New York as an investment analyst and the balance in Europe as manager of the firm's private equity investments. From 1983–1988, he worked at Chase Manhattan Bank, including two years managing problem loan workouts in Jakarta. He is a graduate of the University of North Carolina at Chapel Hill with a BA in Political Science and is a CFA® charter holder.

Jingyi Li: Co-Lead Portfolio Manager/Analyst

Jingyi Li is a portfolio manager of the Global Equity strategy and an analyst of Chinese, Industrials, and Utilities companies. He is a Partner of the firm and has more than 20 years of industry experience. Prior to joining Harding Loevner in 2010, Li worked at New China Capital Management, China International Economics Consultants, and Accenture. Li holds a BA in International Trade from Shanghai Jiaotong University and an MBA in Finance from the Yale School of Management.

Christopher Mack, CFA: Portfolio Manager/Analyst

Christopher Mack is a co-lead portfolio manager of the Global Small Companies Equity strategy, portfolio manager of the Global Equity strategy, and an Information Technology analyst. Mack has over 15 years of industry experience and began his career at Harding Loevner in 2004 as an investment assistant. In 2006, he became a research associate, and in 2008 he assumed analyst responsibilities. Mack joined the portfolio management teams of the Global Equity and Global Small Companies Equity strategies in 2014 and 2018, respectively. He graduated from Lafayette College with a BA in Economics and Business and is a CFA® charterholder.

Richard Schmidt, CFA: Portfolio Manager/Analyst

Richard Schmidt is a member of the portfolio management teams for the Global Equity and Emerging Markets Equity strategies and a Partner of the firm. He is also a Consumer Staples analyst. Schmidt joined Harding Loevner in 2011 and has over 30 years of experience in emerging markets research and portfolio management. He worked for 15 years with Asian specialist Jardine Fleming and its corporate successor JP Morgan Asset Management, for which he served as managing director

until 2005. He began his career in Hong Kong with Winfull, Laing & Cruickshank, where he was a research analyst for two years before moving to BT Brokerage to serve as vice president. Immediately prior to joining Harding Loevner, Schmidt served as the chief investment officer at Oranda Capital Management. Schmidt graduated from Georgetown University with a BS in Foreign Service and is a CFA® Charterholder.

Moon Surana, CFA: Portfolio Manager/Analyst

Moon Surana is a member of the portfolio management teams for the Global Equity and the Research suite of strategies and a Partner of the firm. She is also a Financials sector analyst. She has 13 years of industry experience, having joined Harding Loevner in 2009 as a research associate and assumed analyst responsibilities in 2011. Prior to joining Harding Loevner, she worked as a software engineer at Infosys Technologies Limited. Moon is a graduate of the Manipal Institute of Technology with a BE in electronics & communications, and the University of Michigan with an MS in financial engineering. She is a CFA® charterholder.

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