PENDAL

Factsheet

Global Equities

November 2020

Pendal Concentrated Global Share Fund

ARSN: 613 608 085

About the Fund

The Pendal Concentrated Global Share Fund (**Fund**) is an actively managed concentrated portfolio of global shares diversified across a broad range of global sharemarkets. The Fund is managed by Pendal's Global Equities team and typically holds between 35-55 stocks that we believe are undervalued in the near term and offer long term capital growth.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the MSCI World ex-Australia (Standard) Index (Net Dividends) in AUD over the medium to long term. The suggested investment timeframe is five years or more.

Description of Fund

The Fund is designed for investors who want the potential for long term capital growth from a concentrated portfolio of global shares, diversified across a broad range of global sharemarkets and are prepared to accept higher variability of returns. The Fund invests in global companies that offer attractive investment opportunities predominately in markets such as the USA, UK, Continental Europe, Asia and Japan. The Fund may also hold cash and use derivatives.

Pendal's investment process for global shares aims to add value through active stock selection and fundamental company research. Pendal focuses on identifying a company's long term value and potential risk reward opportunity and is benchmark agnostic. Our high conviction approach to the Fund's investments seeks to invest in companies that are out of favour, considered to be undervalued in the near term and offer long term capital growth. The Fund will typically hold between 35-55 stocks.

The Fund has assets that are denominated in foreign currencies. This means that changes to the Australian dollar relative to foreign currencies may affect the value of the assets of the Fund. Generally, these currency exposures will not be hedged to the Australian dollar but Pendal may do so from time to time.

Derivatives may be used to reduce risk and can act as a hedge against adverse movements in a particular market and/or in the underlying assets. Derivatives may also be used to gain exposure to assets and markets.

Investment Team

Pendal's Global Equities team is led by Ashley Pittard. Ashley has been analysing and investing in global businesses for over 20 years and was appointed as Pendal's Head of Global Equities in 2016. The five person Global Equities team is organised on an industry basis and has an average finance industry tenure of over ten years. The Global Equities team will also be able to leverage Pendal Group's global resources, including those of J O Hambro Capital Management, 100% owned by Pendal Group, an investment management business with offices in London, Singapore, New York and Boston.

Management Cost[1]

Issuer fee[2]	0.90% pa

[1] You should refer to the latest Product Disclosure Statement for full details of fees and other costs you may be charged.

[2] This is the fee we charge for overseeing the operations of the Fund and managing the assets of the Fund. The Issuer fee is paid from the assets of the Fund and is reflected in the unit price of your investment.

Other Information

Fund size (as at 30 Nov 2020)	$563 million
Date of inception	29 July 2016
Minimum investment	$25,000
Buy-sell spread[3]	
For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Yearly
APIR code	BTA0503AU

[3] The buy-sell spread represents transaction costs incurred whenever you invest or withdraw funds, and may vary from time to time without notice.

Performance

(%)	Total Returns		Benchmark
	(post-fee)	(pre-fee)	Return
1 month	14.33	14.42	7.43
3 months	11.73	11.98	5.89
6 months	14.66	15.18	8.99
1 year (pa)	-2.39	-1.51	5.35
2 years (pa)	6.38	7.36	14.10
3 years (pa)	6.59	7.60	10.71
Since Inception (pa)	10.23	11.38	12.80

We have made some historic revisions to our pre-fee returns. From December 2018 to January 2020, returns for the Fund included a 'gross up' for fees that overstated the issuer fee deducted from the Fund. The historic pre-fee returns have been reduced to reflect the correct fee 'gross up'. The magnitude of the reduction is around 0.2% p.a.

Country Allocation (as at 30 November 2020)

Belgium	6.0%
France	7.2%
Germany	3.3%
Netherlands	5.2%
Spain	3.0%
Switzerland	6.2%
United Kingdom	4.8%
Hong Kong	2.0%
Japan	3.9%
USA	56.7%
Cash & other	1.6%

Sector Allocation (as at 30 November 2020)

Energy	4.9%
Materials	7.6%
Industrials	15.3%
Consumer Discretionary	5.2%
Consumer Staples	11.7%
Health Care	5.1%
Information Technology	13.3%
Telecommunication Services	12.5%
Financials ex Property Trusts	20.7%
Property Trusts	2.1%
Cash & other	1.6%

Top 10 Holdings (as at 30 November 2020)

Freeport-Mcmoran Inc	4.0%
Anheuser-Busch Inbev	4.0%
Alphabet Inc Common	3.9%
Total Se Common Stoc	3.8%
Facebook Inc Common	3.6%
Analog Devices Inc C	3.5%
Wells Fargo & Co Com	3.4%
Airbus Se Common Sto	3.4%
Infineon Technologie	3.3%
Mgm Resorts Internat	3.3%

Risks

An investment in the Fund involves risk, including:

- **Market risk** - The risk associated with factors that can influence the direction and volatility of an overall market, as opposed to security-specific risks. These factors can affect one country or a number of countries.
- **Security specific risk** - The risk associated with an individual asset.
- **International investments risk** – The risk arising from political and economic uncertainties, interest rate movements and differences in regulatory supervision associated with international investments.
- **Currency risk -** Currency exchange rate fluctuation risk arising from investing across multiple countries.
- **Concentrated portfolio risk –** The Fund's investment strategy of seeking to generate high returns by investing in a concentrated portfolio of global shares may make the Fund more volatile than a diversified global share fund with a larger number of shares. This means there is a greater risk of negative returns, particularly over the short to medium term.

Please read the Fund's Product Disclosure Statement (**PDS**) for a detailed explanation of each of these risks.

Market review

Against the backdrop of a contested US presidential election and a still rampant COVID-19, multiple equity markets have delivered record monthly returns and stand at-or-near record highs with the MSCI World ex Australia (AUD) climbing 7.43%. In USD terms, DM (6.7%) outperformed EM (2.2%) in the month of November. Iron ore prices saw continued strength in November and the copper-gold ratio surged. The AUD was buoyed by the rallying iron ore and appreciated 4.93% over the month against the US Dollar, softening the strong November returns for Australian investors.

With US presidential election uncertainty falling from previous months and rising hopes of a COVID-19 vaccine, US markets rose in November with the S&P 500 (USD) (10.75%), NASDAQ (USA) (11.80%) & Dow Jones (USA) (11.84%) all riding double digit growth. France's ability to flatten its curve has seen a 20.12% rise in the CAC 40 in November. Elsewhere in Europe, the German DAX (15.01%) and UK FT 100 (12.35%) also performed strongly. Across Asia, the Hang Seng (9.27%) and the Nikkei (15.04%) rose.

Fund performance

The Fund outperformed its benchmark over the month of November.

With positive news regarding the progress of various COVID vaccines announced in October, the market has started to think about and what post COVID business environment looks like. The market's more optimistic outlook for business conditions as a result of the introduction of a vaccine saw companies that had found themselves "in the eye of the COVID storm" outperform this month. Our holdings in Boeing and Airbus are two such companies. Adding to our positions, in March along with initiating positons in monopoly airports in April & May, may have appeared a counter-intuitive move in the midst of a pandemic where all air travel had effectively been halted, however our view at the time was that the share price declines were not reflective of the compelling longer term value of these companies. Adding to the positions came after a process of stress testing the liquidity of both companies, our pre COVID longer term forecasts, and becoming comfortable that the respective balance sheets of each company had the resilience to withstand a sustained downturn in air travel. Once satisfied that this was the case we made the decision to add to our positions. With still much uncertainty regarding the global roll-out of a vaccine, we expect both companies to face challenging operating conditions for some time, however we believe over time, as vaccines become widespread, operating conditions will begin to normalise, which despite the >40% share price moves this month is not reflected in current share prices.

Our holding in Infineon Technology also outperformed this month after reporting third quarter results in November which signalled a bottoming of the automotive market in the second quarter, with automotive segment sales up ~30% quarter on quarter. Automotive industry sales account for ~40% of Infineon's total revenue and hence the company is particularly leveraged to a recovery in automotive markets, and the continued growth of electric vehicles. A subsequent investor event in November highlighted that aside from the opportunities in the automotive segment the industrial power control segment is positioned to benefit from the structural growth in renewables, with the company supplying a broad spectrum of companies involved the delivery of renewable energy solutions. Research and development remains a focus for the company who are at the forefront of silicon carbide (SiC) technology, a material which solves for the problems faced by semiconductors manufactured with traditional silicon that are unable to withstand the higher voltages generated by power applications. With excess capacity, a leading positon in power management and a diversified customer base, we continue to belief the company will benefit from the structural demand drivers for electric vehicles, battery management and renewable energy solutions for many years to come.

Hong Kong Exchange was a relative underperformer for the fund in November. Whilst the third quarter results were largely in line with consensus estimates, and net profit at a historical record, uncertainty regarding the IPO pipeline led to a consolidation in the share price in November. Whilst the pulling of the Ant Financial IPO by the Chinese Government was disappointing, we believe that ultimately the IPO pipeline remains promising, with the Chinese Government wanting avenues for foreign investment in their economy to remain open. In addition the tightening rules in the US on Chinese listed ADR companies will likely accelerate the pace at which Chinese listed US ADR companies convert to secondary listings in the HK market. With the HK market increasingly becoming a conduit for Chinese domestic investors to invest outside China and foreign investor to gain access to the Chinese domestic market we expect volumes to continue to improve.

Outlook

Whilst the US election results are now known and multiple vaccination trials have shown promising results, there remains a high degree of uncertainty on how these factors will impact the global economy into 2021. Geopolitical tensions remain heightened, however a Biden led administration is likely to lead to a more collegiate approach to global affairs amongst Western economies. We continue to believe that the greatest upside to performance will come from businesses that are currently being discounted on their near term earning profile, and where the market is overlooking their long term earnings power. We also continue to believe that owning a concentrated portfolio of businesses, rather than having indiscriminate broader market exposure is the best way to optimise investment performance over the longer term.

For more information please call **1800 813 886**,
contact your key account manager or visit **pendalgroup.com**

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