

PENDAL

Pendal Sustainable International Share Fund

ARSN: 612 665 219

Factsheet

Global Equities

January 2021

About the Fund

The Pendal Sustainable International Share Fund (**Fund**) is an actively managed portfolio of international shares. Investments are selected on a range of sustainable, ethical and financial criteria.

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 by 2% p.a. over rolling 3 year periods.

Description of Fund

The Fund offers investors access to a diversified portfolio of international shares and seeks exposure to companies that demonstrate leading environmental, social and corporate governance (ESG) and ethical practices while avoiding exposure to companies with activities that we consider to negatively impact the environment or society.

The Fund will not invest in companies with material business involvement in the following activities:

- production of tobacco or alcohol,
- manufacture or provision of gaming facilities,
- manufacture of weapons or armaments,
- manufacture or distribution of pornography,
- directly mine uranium for the purpose of weapons manufacturing,
- extraction of thermal coal and oil sands production.

We consider that a company has a material business involvement in an activity if 10% or more of its total revenue is derived from that activity.

As the investment manager for the Fund, AQR's investment process is based on their quantitative investment strategies and aims to add value through active stock and industry selection and investment research. AQR employs a systematic investment process to maintain a highly diversified and risk controlled portfolio.

By incorporating ESG-related factors as an input into the multi-factor stock selection approach, the portfolio is able to favour companies that score better across all factors on average.

Consistent with the Fund's focus on sustainable and ethical investments, the Fund's proxy voting policy generally supports shareholder proposals advocating ESG related activities including proposals advocating enhanced disclosure and transparency.

Investment Team

Founded in 1998, AQR Capital Management is an investment management firm employing a disciplined multi-asset, global research process. AQR's team spans a variety of backgrounds including fund management and academic finance.

Management Costs¹

Issuer fee ²	0.70% pa
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¹ You should refer to the latest Information Memorandum 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.



The Pendal Sustainable International Share Fund has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.48	0.54	-0.45
3 months	6.11	6.30	6.41
6 months	6.84	7.22	8.53
1 year (pa)	-2.93	-2.25	0.87
2 years (pa)	8.61	9.37	13.76
3 years (pa)	5.20	5.94	10.35
Since Inception (pa)	8.40	9.17	11.95

Country allocation (as at 31 January 2021)

Belgium	0.2%
Denmark	0.8%
Finland	0.5%
France	3.7%
Germany	2.7%
Italy	0.8%
Netherlands	1.5%
Spain	0.8%
Sweden	1.2%
Switzerland	1.9%
United Kingdom	5.0%
Hong Kong	1.9%
Japan	6.8%
Canada	4.0%
USA	62.0%
Cash & other	6.2%

Top Ten Holdings (as at 31 January 2021)

Apple Ord Shs	4.2%
Microsoft Ord Shs	2.6%
Amazon Com Ord Shs	2.1%
Intel Corporation Ord Shs	1.6%
Cisco Systems Ord Shs	1.5%
Aviva Ord Shs	1.2%
Best Buy Ord Shs	1.2%
Newmont Ord Shs	1.1%
Walmart Ord Shs	1.1%
Lowe's Companies Ord Shs	1.1%

Other Information

Fund size (as at 31 Jan 2021)	\$251 million
Date of inception	July 2016
Minimum investment	\$500,000
Buy-sell spread ³	For the Fund's current buy-sell spread information, visit www.pendalgroup.com
Distribution frequency	Quarterly
APIR Code	BTA0568AU

³ The buy-sell spread represents a contribution to the transaction costs incurred by the Fund, when the Fund is purchasing and selling assets. The buy-sell spread is generally incurred whenever you invest in the Fund, and may vary from time to time without notice.

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 risks associated with an individual security.
- **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.

Please read the Fund's Information Memorandum (IM) for a detailed explanation of each of these risks.

Market review

Global markets pulled back toward the end of January, potentially from flows related to short squeezes. Globally, Energy & Health Care were the only sectors which rose in January. EM outperformed DM with the MSCI World Emerging Markets Index rising 3.1%, while the DM World returned -1.0% in USD terms. The Emerging Markets outperformance was partially driven by Asia ex Japan which rose by 4.1%. Australian investors benefitted from a fall of -0.57% in the Australian dollar vs the US dollar, however, the MSCI World ex Australia (Net Dividends) Standard in AUD returned a negative -0.45% for January.

In the US, the Nasdaq rose 1.42% in local currency terms, whilst the broader S&P 500 fell -1.01%. Market uncertainty impacted European markets with the German DAX market falling -2.08% and the UK FTSE market retreating -0.82%. Asian markets showed strength with the Hang Seng (3.87%) and Nikkei (0.80%) both earning positive returns in local currency terms.

As of the end of January 1.2% of the global population has received a COVID-19 vaccine. Israel (54%), the UAE (33.7%) and then the United Kingdom (13.9%) are the countries which have made the most progress in their respective vaccine rollout programs. The United States has been able to vaccinate 9.4% of its population. Looking ahead, there are concerns about vaccination supply constraints, as Bio-medical companies struggle to scale production to meet demand.

Fund performance

The Fund outperformed its benchmark over January, primarily driven by with active positioning within North America, while active positioning within Europe and Asia also contributed positively.

Thematically, Value and to a lesser extent Momentum & Quality signals drove outperformance, while Sentiment signals were weak over the month.

From a stock & industry perspective, intra-industry stock selection was the source of outperformance, with industry tilts ending the month with flat results. Described at the sector level, stock selection within industries was strongest within Information Technology & Industrials and weakest within Materials. While producing flat results overall, the underweight to Consumer

Staples was the largest positive contributor to inter-industry selection, and underweight Energy produced the largest negative offset.

At a stock level, the top 5 positive contributors to active returns were: an overweight position in Intel Corporation, an American technology company specializing in the manufacture of semiconductors and microprocessors; an overweight position in Nokia, a Finnish multinational telecommunications, consumer electronics and technology company; an underweight position in Visa Inc., an American multinational payment services corporation; an overweight position in Applied Materials Inc., an American supplier of equipment, services and software to semiconductor manufacturers; and an overweight position in Best Buy Co., Inc., an American consumer electronics retailer. The largest detractors were: an overweight position in Pandora A/S, an international Danish jewelry manufacturer and retailer; an overweight position in Yamana Gold Inc., a Canadian headquartered gold, silver & copper miner; an overweight position in Atos S.E., a French multinational information technology services and consulting company; an overweight position in Nintendo Co. Ltd, a Japanese multinational consumer electronics and video game company; and an underweight position in Eli Lilly and Company, an American multinational pharmaceutical company; and an underweight position in Abbott Laboratories, an American multinational medical devices and health care company.

The ESG screen had a number of changes over January, with additional companies being screened out of the investment universe, for example: Expedia Group Inc., an American online travel shopping company, due to deterioration of its industry-relative ranking. There was only one company that had sufficient improvement in its ESG scores relative to its peers that it became eligible for investment: Wynn Resorts Ltd, a US based casino & hotel developer & operator, due to improvement in its Governance score.

During January, a number of companies experienced sizeable changes in their ESG scores, for example: Trust Financial Corporation, a US Bank, and LyondellBasell Industries NV, a Dutch domiciled multinational chemical company, both had notable upgrades to their Environmental and Social scores. From a downgrade perspective: Rockwool International A/S, a Danish building products company, had a downgrade in its Social score; and Toppan Printing Co Ltd, a Japanese commercial services and supplies company, had a deterioration in its Environmental score.

Outlook

Entering February, the largest sector tilts are overweights in Consumer Discretionary and Materials, and underweight positions in Communication Services and Financials.

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

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If market movements, cash flows or changes in the nature of an investment (e.g. a change in credit rating) cause the Fund to exceed any of the investment ranges or limits specified, this will be rectified by PFSL as soon as reasonably practicable after becoming aware of it. If PFSL does so, it will have no other obligations in relation to these circumstances. The procedures, investment ranges, benchmarks and limits specified are accurate as at the date of this factsheet and PFSL reserves the right to vary these from time to time.