

Pendal Concentrated Global Share Fund

ARSN: 613 608 085

Factsheet

Global Equities

30 April 2023

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 investment manager recognises that ESG factors can create risks and opportunities for companies, and as such incorporates ESG risks into their analytical framework and portfolio construction.

The Fund will not invest in companies directly involved in the following activities, where such activities account for 10% or more of a company's gross revenue:

- tobacco production (including e-cigarettes and inhalers);
- uranium mining for the purpose of nuclear power generation;
- manufacture, ownership or operation of gambling facilities, gaming services or other forms of wagering;
- mining of thermal coal; and
- factory animal farming

The Fund will also not invest in companies directly involved in the following activities, where such activities account for 50% or more of a company's gross revenue:

- weapons systems, components and support systems and services

The Fund may also exclude businesses whose activities give rise to human rights violations, excessive animal testing of their products, corruption and corporate fraud and unremediated destruction of the environment.

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.

For more information on how these exclusions are applied, refer to section 5 'How we invest your money' of the Fund's Product Disclosure Statement at www.pendalgroup.com/PendalConcentratedGlobalShareFund-PDS.

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	2.13	2.21	3.16
3 months	7.14	7.38	9.40
6 months	15.47	15.98	8.61
1 year	16.80	17.86	11.12
2 years (p.a)	8.91	9.90	7.88
3 years (p.a)	16.45	17.50	12.71
5 years (p.a)	9.50	10.50	11.11
Since Inception (p.a)	11.28	12.39	11.94

Source: Pendal as at 30 April 2023

"Post-fee" returns assume reinvestment of distributions and is calculated using exit prices. "Pre-fee" returns exclude the effects of management costs and any taxes. Returns for periods greater than one year are annualised. Fund inception: July 2016.

Past performance is not a reliable indicator of future performance.

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 April 2023)

United States	55.4%
France	10.6%
Belgium	6.5%
United Kingdom	5.8%
Japan	4.9%
Spain	4.1%
Switzerland	4.0%
Germany	2.7%
Netherlands	2.4%
Hong Kong	1.7%
Cash & Other	1.8%

Sector Allocation (as at 30 April 2023)

Energy	6.2%
Materials	5.3%
Industrials	14.9%
Consumer Discretionary	2.5%
Consumer Staples	13.3%
Health Care	7.1%
Information Technology	11.7%
Telecommunication Services	12.7%
Utilities	0.0%
Financials ex Property Trusts	21.8%
Property Trusts	2.7%
Cash & other	1.8%

Top 10 Holdings (as at 30 April 2023)

Alphabet Inc	4.5%
Wells Fargo & Co	4.3%
Lloyds Banking Group PLC	4.1%
Sanofi	4.0%
Anheuser-Busch InBev SA/NV	4.0%
Analog Devices Inc	3.8%
Freeport-McMoRan Inc	3.6%
Airbus SE	3.6%
Boeing Co/The	3.6%
Exxon Mobil Corp	3.1%

Investment Team

Pendal's Global Equities team is led by Ashley Pittard. Ashley is the Portfolio Manager for the Concentrated Global Share Fund and has been analysing and investing in global businesses for over 27 years. He was appointed as Pendal's Head of Global Equities in 2016. The two person Global Equities team is organised on an industry basis and has an average finance industry tenure of over 25 years. The Global Equities team will also leverage Pendal Group's global investment management resources, including those of TSW, Regnan and J O Hambro Capital Management, which are 100% owned by Pendal Group, with offices in London, Singapore, New York, Boston and Washington. Pendal Group Limited is a subsidiary of Perpetual Limited (ASX ticker: PPT).

Fees and costs

You should refer to the latest Product Disclosure Statement for full details of the ongoing fees and costs that you may be charged.

Management fee ¹	0.90% pa
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¹ This is the fee we charge for managing the assets and overseeing the operations of the Fund. The management fee is deducted from the Fund's assets and reflected in its unit price.

Other Information

Fund size (as at 30 April 2023)	\$630 million
Date of inception	29 July 2016
Minimum investment	\$25,000
Buy-sell spread ²	
For the Fund's current buy-sell spread information, visit www.pendalgroup.com	
Distribution frequency	Yearly
APIR code	BTA0503AU

² 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 or withdraw funds, and may vary from time to time without notice.

Market review

Developed market equities were the strong point, while small caps (especially small banks) were the weakest. World Developed Market rose 1.7% in April. Emerging Markets underperformed, falling only -0.7% over the month driven by performance in Asia ex Japan. Developed Markets returns were led by Japan (2.7%) and Europe (2.6%) with the US lagging behind. The top performing sectors globally were Consumer Staples (3.9%), Energy (3.6%) and Health Care (3.2%). Materials (-0.7%), IT (-0.1%) and Consumer Discretionary (0.1%) were the bottom-performing sectors globally.

In Europe, the UK was one of the top performers as the FTSE100 returned a positive 3.1%. The French CAC 40 (2.3%), German DAX (1.9%) and EuroStoxx index (1.0%) all made gains. In the U.S., the S&P 500 continued its positive trend and closed 1.6% higher in April. Continued uncertainty and speculations regarding regional banks marked investor sentiment during the month. The growth biased NASDAQ was slightly ahead of the S&P500, gaining 1.9%.

Emerging markets dipped slightly during the month, with the S&P Emerging broad market index finishing -0.5% lower. A majority of markets (17 out of 24) grew in April. Poland (up 13.1%) and Hungary (up 9.8%) performed best in the group, while Turkey (down 4.8%) and Thailand (down 4.7%) shed the most.

Fund performance

The Fund underperformed the benchmark in April. Over half of the S&P 500 reported their first quarter results in April, with expectations broadly beating consensus forecasts, albeit with mixed messages from management on outlook. As suggested by the CEO of Morgan Stanley; the first war in Europe in over 70 years, the first pandemic in 100 years, and the highest inflation in 40 years is testing business models. Notable this month was the continued outperformance of US big cap technology names, particularly Apple and Microsoft, which now account for ~14% of the S&P 500 and have driven ~40% of the S&P500 gains this year. Not owning these two companies was a drag on performance this month, along with the underperformance of our semiconductor holdings who reversed some of the gains made in March.

Our holding in copper producer Freeport McMoRan underperformed in April, following weakness in the underlying copper price, as well as previously flagged production issues at their Grasberg copper mine in Indonesia. The first quarter results confirmed that the production at Grasberg had been safely restored in March. Grasberg ranks as the world's second largest copper mine and as a result of gold by-products extracted from the mine, the net cash cost of production is currently negative. The company are currently in negotiations with the Government to extend operating rights beyond 2041. Freeport's higher cost US operations were challenged by weather events, unplanned maintenance issues and labour shortages during the month. Management's focus is to improve reliability as well as pursue technology and automation initiatives for these operations. To that end, the company been working to develop technology to enable the commercial extraction of copper (previously unrecoverable) from the significant leach stockpiles at their operations in the US and South America. This initiative appears to be gaining traction with ~200m pounds per annum run rate targeted by year end. With a large reserve/resource position, low-cost production and a longer-term copper price underpinned by demand drivers such as electrification and infrastructure build we feel comfortable in the longer term value presented to investors by Freeport.

Our holding in Merck outperformed this month after reporting first quarter results that revealed double digit growth in the core growth drivers of the business; oncology and vaccines. The animal health division also performed well. The operational momentum behind the business gave management the confidence to upgrade and narrow the guidance for full year 2023 results. The company also announced the acquisition of Prometheus Biosciences (RXDX) which will serve to diversify their portfolio. The acquisition will accelerate a growing presence in immunology, with their leading development a treatment for inflammatory bowel disease where there is considerable unmet need. The US\$10.3bn acquisition will leave significant capacity within a strong investment grade credit rating to pursue other opportunities as well as grow the dividend.

Outlook

The uncertainty in which corporates have framed the outlook for 2023 and beyond will lead to continued volatility and dispersion of share prices. Economic and geopolitical conditions are difficult to predict. We prefer to focus on owning companies that can withstand externalities, whilst at the same time outperform their peers. Our job is to protect and grow our investors capital over the long term. The companies held within the portfolio have a proven ability to withstand economic downturns and strengthen their market positions. We invest in companies where we can garner a deep understanding of the business model, the inherent risks and opportunities. Heightened volatility and uncertainty in markets leads to indiscriminate selling, we intend to remain alert to the long-term investment opportunities that may present themselves as a result.

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.

For more information please call **1300 346 821**,
contact your key account manager or visit pendalgroup.com

PENDAL

This fact sheet has been prepared by Pental Fund Services Limited (**PFSL**) ABN 13 161 249 332, AFSL No: 431426 and the information contained within is current as at the date of this factsheet. It is not to be published, or otherwise made available to any person other than the party to whom it is provided.

PFSL is the responsible entity and issuer of units in the Pental Concentrated Global Share Fund (**Fund**) ARSN 613 608 085. A product disclosure statement (**PDS**) is available for the Fund and can be obtained by calling 1300 346 821 or visiting www.pentalgroup.com. The Target Market Determination (**TMD**) for the Fund is available at www.pentalgroup.com/ddo. You should obtain and consider the PDS and TMD before deciding whether to acquire, continue to hold or dispose of units in the Fund. An investment in the Fund is subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested.

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Performance figures are calculated in accordance with the Financial Services Council (**FSC**) standards. Where performance returns are quoted "Post fees" then this assumes reinvestment of distributions and is calculated using exit prices which take into account management costs but not tax you may pay as an investor. Where performance returns are quoted "Pre fees and tax", they exclude the effects of management costs and any taxes. Past performance is not a reliable indicator of future performance.

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 fact sheet and PFSL reserves the right to vary these from time to time.