

PENDAL

Pendal Global Select Fund Class R

ARSN: 651 789 678

About the Fund

The Pendal Global Select Fund (**Fund**) is an actively managed portfolio of global shares.

Investment Return Objective

The Fund aims to provide a return (before fees, costs and taxes) that exceeds the MSCI ACWI NR Index (net dividends reinvested) in AUD over rolling 5 year periods. 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 developed and emerging market listed global equities, with an investment timeframe of 5 years or greater and are prepared to accept higher variability of returns.

The Fund's strategy is based on a belief that stock markets are inefficient and aim to exploit market anomalies via an investment process that combines both top-down and bottom-up research. As investment manager, JOHCM's distinct '4-Dimensional' investment process (stocks, sectors, countries, time/change) focuses on the behaviour of each share price to determine whether the most important driver of each prospective investment is stock specific, sector or country-based.

The Fund will typically hold 30-60 stocks and is benchmark agnostic.

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. Further, the Fund employs exclusionary screens to avoid investments in companies that cause significant social and/or environmental harm.

The Fund will not invest in companies directly involved in either of the following activities:

- tobacco production (including e-cigarettes and inhalers); or
- controversial weapons manufacture (including cluster munitions, landmines, biological or chemical weapons, nuclear weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments).

The Fund will also not invest in companies which derive 10% or more of their gross revenue directly from any of the following activities:

- extraction, exploration, distribution, or refinement of fossil fuels, or fossil fuel-based power generation*;
- production of alcoholic beverages;
- manufacture, ownership or operation of gambling facilities, gaming services or other forms of wagering;
- manufacture of non-controversial weapons or armaments;
- manufacture or distribution of pornography; and
- uranium mining for the purpose of nuclear power generation.



CERTIFIED BY RIAA

The Pendal Global Select Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestments.com.au 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.

Factsheet

Global Equities

31 August 2023

Performance

(%)	Total Returns		Benchmark Return
	(post-fee)	(pre-fee)	
1 month	0.96	1.03	1.14
3 months	4.66	4.89	6.53
6 months	6.60	7.09	14.83
1 year	7.80	8.77	20.62
2 years (p.a)	-7.93	-7.10	4.00
Since Inception (p.a)	-6.34	-5.49	5.38

Source: Pendal as at 31 August 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 2021.

Past performance is not a reliable indicator of future performance.

Country Allocation (as at 31 August 2023)

United States	65.0%
Italy	5.0%
United Kingdom	4.5%
Japan	4.1%
Indonesia	2.6%
Denmark	2.5%
Australia	2.4%
Mexico	2.3%
Korea, Republic of	2.3%
France	2.2%
Other countries	3.5%
Cash & other	3.7%

Sector Allocation (as at 31 August 2023)

Energy	2.7%
Materials	6.5%
Industrials	9.3%
Consumer Discretionary	11.2%
Consumer Staples	6.9%
Health Care	21.9%
Information Technology	20.2%
Telecommunication Services	3.4%
Utilities	0.0%
Financials ex Property Trusts	14.2%
Property Trusts	0.0%
Cash & other	3.7%

Top 10 Holdings (as at 31 August 2023)

Alphabet Inc	3.4%
Microsoft Corp	3.1%
Globant SA	2.8%
Repligen Corp	2.8%
Linde PLC	2.8%
Vertex Pharmaceuticals Inc	2.7%
Intercontinental Exchange Inc	2.7%
Tenaris SA	2.7%
Accenture PLC	2.7%
Bank Mandiri Persero Tbk PT	2.6%

*Companies with a climate transition plan may be exempted from this exclusion, provided that they have in place a Paris Agreement aligned transition plan and produce climate-related financial disclosures annually, which in both cases we consider credible. We define fossil fuels as coal, oil and natural gas.

All reasonable care has been taken to implement the Fund's exclusionary screens to meet the criteria described above. We draw on internal and supplementary external research, believed to be accurate, to determine whether a company is subject to the exclusionary screens.

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 <https://www.pendalgroup.com/PendalGlobalSelectFundClassR-PDS>

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

The strategy is managed by Christopher Lees Senior Fund Manager and Nudgem Richyal, both Senior Fund Managers at JOHCM since joining in 2008. Chris has 34 years of industry experience and Nudgem has 23 years of industry experience. Prior to joining JOHCM, Chris and Nudgem worked together at Baring Asset Management. They have employed their current approach to investing in global equities since 2004. The team leverages the full breadth of JOHCM's 40+ portfolio managers and analysts as part of the investment process. J O Hambro Capital Management's immediate parent, Pendal Group Limited, is a wholly owned 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 31 August 2023)	\$7 million
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Date of inception	30 July 2021
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Minimum investment	\$25,000
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Buy-sell spread²

For the Fund's current buy-sell spread information, visit www.pendalgroup.com

Distribution frequency	Yearly
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APIR code	PDL6767AU
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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.

Fund manager commentary

In August, global markets faced increased volatility due to concerns over the Chinese property market, weak Chinese economic data, and rising sovereign bond yields. The MSCI All Country World Index declined -1.04% in USD terms, but rose 1.14% in AUD terms. The US maintained a robust economy with a resilient job market, while the Eurozone and China struggled with weak data. In China, economic indicators were disappointing, including negative CPI and ongoing PPI deflation. Retail sales missed expectations, and weak business confidence resulted in a decrease in private investment, particularly in the real estate sector. We worry that the current Chinese slowdown might be more structural than cyclical, so we are reviewing and closely monitoring the few indirect China stocks in the portfolio (eg Australian mining, Japanese Industrials), and we have no direct China stocks in the portfolio.

The fund slightly underperformed the benchmark in August. The best performing holdings were Globant, Novo Nordisk and Regeneron Pharmaceutical. Conversely, our worst performing holdings were Orsted, Keysight and Infineon, and we are reviewing these holdings.

Looking forward, there is statistically a very high probability that the 10 largest US stocks that significantly outperformed the global index during the first half of the year start underperforming and other stocks/sectors/regions start outperforming during the second half of 2023. Our scenario analysis is currently:

Scenario 1 = 5% probability of the top 10 largest US mega-cap stocks outperforming again as they did in the first half of the year. New bull market leadership is not usually the old bull market leaders, but we do recognise that several things are "different this time," eg AI, and Cold War 2.0.

Scenario 2 = 45% probability of a broadening bull market. Statistically there is now a high probability the largest 10 US stocks start underperforming and other stocks/sectors/regions start outperforming. The first six months of 2023's 1,100 basis points contribution from the largest 10 USA stocks to total index performance was the highest by far of any half-year period. It is around 60% greater than the second & third six-month periods which were the Tech bubbles of 2020 & 1999 (690 & 680 basis points contributions).

Scenario 3 = 50% probability of a sideways zigzag or a new bear market. Historically after similar periods of concentration that we saw in the first half of the year, market returns were modestly below historical averages, and the previous top 10 stocks underperformed by 380 basis points over the following 12 months.

Given that just a handful of technology-related stocks drove the first-half rally, sector performance has been extremely lopsided, and several defensive sectors have now reached statistically significant oversold levels. For example, the Ned Davies defensive SHUT (Staples, Healthcare, Utilities, Telecoms) index is almost 3.0 standard deviations oversold, its worst first-half performance of any year since it began in 1972. There is a high probability of this mean reverting, driven by the Fed tightening cycle and a deteriorating economic outlook, leading to a defensive-sector resurgence in the second half.

Outside the US equity market, we have not seen this extraordinary disparity between the top 10 largest companies and the rest. The most notable thing we are seeing is the deterioration in the Chinese stock market due to economic and geo-political concerns, versus the improvement in the Japanese stock market due to corporate restructuring driven by the Tokyo Stock Exchange and the Bank of Japan beginning to normalise monetary policy.

We are 'buyers of the dips' in the following areas: mid-cap technology as it will probably catch up to mega-cap technology, healthcare and consumer Staples which are now 3 standard deviations oversold, global champions trading at a valuation discount in the UK and Europe, Japanese restructuring, and domestic growth stocks in selected Emerging Markets (ex-China).

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.
- **Emerging markets risk** – The risk of asset price volatility and higher currency, default and liquidity risk from investments in emerging markets.
- **Derivatives risk** – The risks arising from use of derivatives to manage exposures to investment markets.
- **Class risk** - The Fund has been established as a separate class of units in the Scheme. As the assets are held on trust for all investors, there is a risk that investors of one class, may be exposed to liabilities of another class of units and they could lose some or all of their investment in the Fund. There is also a risk that in the event of an insolvency, the assets of the Fund could be made available to creditors of another class of units of the Scheme.

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

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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 of, and issuer of units in the Pental Global Select Fund - Class R ARSN: 651 789 678 (the "Fund"). PFSL has appointed J O Hambro Capital Management Limited to manage the assets of the Fund. 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.