



**PENGANA**  
INTERNATIONAL  
EQUITIES LIMITED

# **PENGANA INTERNATIONAL EQUITIES LIMITED**

**30 June 2018**

Investor presentation: Financial year ending 30 June 2018



# PENGANA INTERNATIONAL EQUITIES LIMITED

## ASX: PIA



Company details at as 30 June 2018

<b>Investment Manager</b>	Pengana Investment Management Limited 100% owned by Pengana Capital Group Limited (ASX: PCG)
<b>Net Tangible Assets 30 June 2018</b>	
Pre-tax	\$1.2296
Post-tax	\$1.2148
<b>Shares</b>	
Price at 30 June 2018	\$1.115
Discount to pre-tax NTA	6.07%
Shares on issue	247,448,622
Market capitalisation	\$287,040,402
<b>Options</b>	
Price	\$0.008
Options outstanding	242,676,374
Exercise price	\$1.180
Expiry	10 May 2019
<b>Final Dividend</b>	
Dividend	\$0.035
Franking	100% fully franked at 27.5%
Annualised yield	6.1%

Pengana International Equities Limited provides access to the benefits of an actively managed core portfolio of 30-50 ethically screened companies across developed and developing global markets via a listed investment company structure.

# PENGANA INTERNATIONAL EQUITIES LIMITED

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### Board of Directors



**FRANCIS GOOCH**  
INDEPENDENT  
NON-EXECUTIVE CHAIRMAN



**DAVID GROVES**  
NON-EXECUTIVE DIRECTOR



**JULIAN CONSTABLE**  
INDEPENDENT  
NON-EXECUTIVE DIRECTOR



**RUSSEL PILLEMER**  
NON-EXECUTIVE DIRECTOR

# PENGANA INTERNATIONAL EQUITIES LIMITED

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### Overview

#### Investment Objective

To generate long-term consistent returns whilst reducing volatility and the risk of losing capital

#### Dividend Policy

Objective is to deliver regular and growing fully franked dividends provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices

# PENGANA INTERNATIONAL EQUITIES LIMITED

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### Highlights

1

#### PROFIT AFTER TAX AND EPS FY2018

Profit of \$39.934 m

EPS 10.04 cps

for the year ending

30 June 2018

up on

loss of \$24.911 m

prior comparable period

2

#### FULLY FRANKED FINAL DIVIDEND

3.5 cents per share

Franked at 27.5%

unchanged from  
30 June 2017

Ex date  
20 September 2018

Record date  
21 September 2018

Payment date  
28 September 2018

3

#### TOTAL SHAREHOLDER RETURN

11.6%

for the year ending 30 June  
2018 comprising:

- increase in share price
- 3.5 cents per share fully franked at 30% dividend paid in October 2017
- 3.5 cents per share fully franked at 30% dividend paid in April 2018
- market value of options at 30 June 2018

4

#### TOTAL ASSETS

\$300.838 m

as at 30 June 2018

up on

\$289.940 m

as at 30 June 2017

# PENGANA INTERNATIONAL EQUITIES LIMITED

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### Key events

- New investment team appointed June 2017, led by Jordan Cvetanovski (Chief Investment Officer & Portfolio Manager) and Steven Glass (Head of Research & Portfolio Manager);
- New strategy to generate long-term consistent returns whilst reducing volatility and the risk of losing capital;
- Management fee reduction from 1.5% p.a. to 1.2% p.a. effective 1 December 2017;
- Board renewal – Mr Francis Gooch appointed Chairman effective 6 December 2017;
- One-for-one bonus options issued on 12 December 2017, with an exercise price of \$1.18 and expiry date of 10 May 2019;
- 42% reduction in operating expenses including a 18% reduction in Director's fees;
- Increase in Net Tangible Assets per share from \$1.19 to \$1.22, and shareholders received dividends of 7.0 cents per share; and
- Reduction of the discount between share price and Net Tangible Assets.

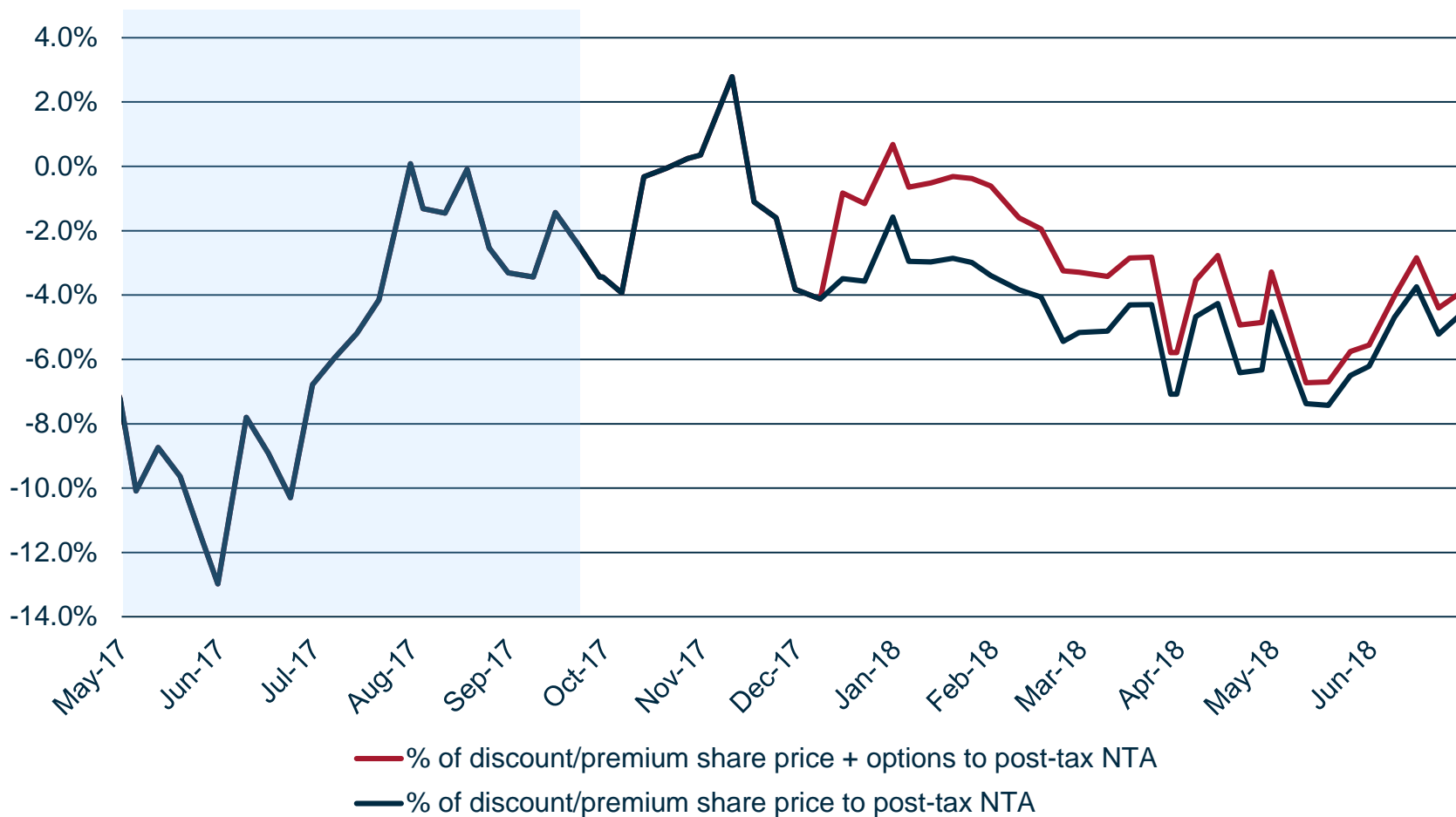
# PENGANA INTERNATIONAL EQUITIES LIMITED

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### Discount to Net Tangible Assets (NTA)

Premium/discount of share price to post-tax NTA from 1 May 2017 to 30 June 2018



Source: Pengana



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MANAGED BY  
PENGANA CAPITAL GROUP

# Portfolio Snapshot



# PENGANA INTERNATIONAL EQUITIES LIMITED

## ASX: PIA



### Investment Performance of PIA <sup>1</sup>

PIA Performance <sup>2</sup>	Year to 31 July 2018	Financial Year to 30 June 2018	Since Inception <sup>3</sup>
Company	14.8%	11.9%	7.9%
Benchmark	20.1%	15.4%	7.3%
Relative	-5.3%	-3.5%	0.6%

#### Top 3 Contributors - Financial Year to 30 June 2018

Stock name	Contribution %
IAC/Interactive Corp	1.65
Dollar General	1.42
Wacker Chemie	0.91

#### Top 3 Detractors - Financial Year to 30 June 2018

Stock name	Contribution %
Celgene Corp	-0.89
Seeing Machines	-0.48
TomTom	-0.48

- None of Pengana International Equities Limited ('PIA'), Pengana Investment Management Limited nor any of their related entities guarantees the repayment of capital or any particular rate of return from PIA. Past performance is no guarantee of future performance. This information has been prepared by PIA and does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered investment advice and should not be relied on as an investment recommendation.
- Performance figures refer to the movement in net assets per share, reversing out the impact of option exercises and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Inception date of PIA: 19 March 2004, new investment team with new mandate adopted: 1 July 2017.
- July 2017 represented the first full month of Pengana International Equities Limited being managed under the new investment mandate with the new investment team. The performance since inception in the table above refers to the movement in net assets per share since the inception of PIA in March 2004.

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## ASX: PIA

### Sector breakdown



SECTOR	TOTAL %	INDEX %
Materials	18.7	4.9
Consumer Staples	14.0	8.2
Information Technology	11.0	18.6
Industrials	9.6	11.1
Financials	9.3	16.8
Health Care	7.5	12.2
Consumer Discretionary	7.3	12.7
Telecommunication Services	4.7	2.6
Real Estate	2.4	3.0
Utilities	2.0	3.0
Energy	-	6.9
Option	0.4	-
Cash	13.1	-
<b>Total</b>	<b>100</b>	<b>100</b>

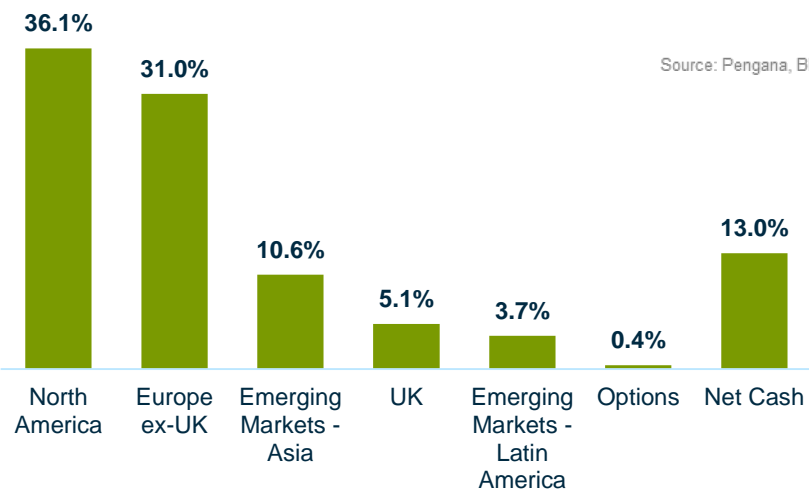
# PENGANA INTERNATIONAL EQUITIES LIMITED

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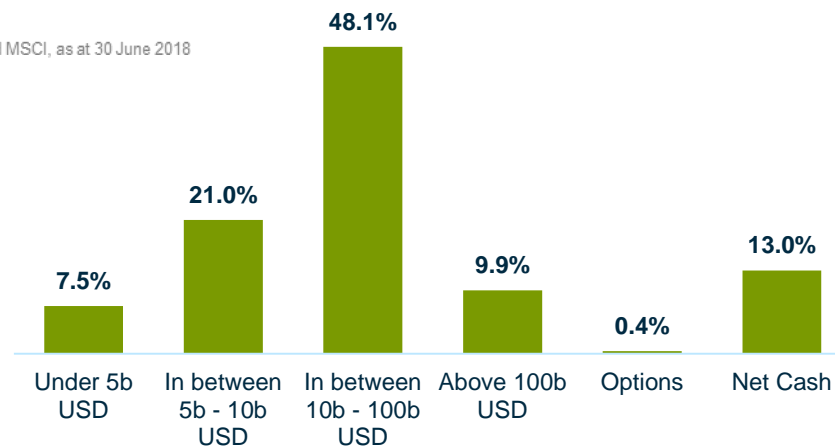
### Geography and Market Capitalisation

#### GEOGRAPHY



Source: Pengana, Bloomberg and MSCI, as at 30 June 2018

#### MARKET-CAP



# PENGANA INTERNATIONAL EQUITIES LIMITED

## ASX: PIA

Contribution Analysis to **Gross** Portfolio Returns (before fees, expenses and tax)



SECTOR	Av. Weight %	Contribution %
Materials	17.5	2.9
Financials	14.4	3.1
Information Technology	14.2	3.2
Consumer Staples	13.8	1.6
Health Care	10.9	0.2
Consumer Discretionary	9.9	2.9
Industrials	4.0	1.1
Telecommunication Services	2.4	-0.3
Real Estate	2.2	0.3
Utilities	1.1	0.7
Energy	-	-
Put Options	0.4	-1.7
Cash	9.2	-0.3
<b>Total</b>	<b>100.0</b>	<b>13.7</b>

# PENGANA INTERNATIONAL EQUITIES LIMITED

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Contribution Analysis to **Gross** Portfolio Returns (before fees, expenses and tax)

### Asset type

Asset	Av. Weight	Contribution
Cash	9.2%	-0.4%
Put options	0.4%	-1.7%
Shares	90.4%	15.8%

### Segment

Segment	Av. Weight	Contribution
Core	61.6%	10.9%
Cyclical	21.1%	3.7%
Opportunistic	7.7%	1.1%
Put options	0.4%	-0.3%
Cash	9.2%	-1.7%

### Region

Region	Av. weight	Contribution
Europe (ex-UK)	34.7	5.8
North America	28.0	6.7
ANZ	25.5	-1.2
Asia	4.3	1.2
Latin America	4.0	1.0
UK	3.5	0.2

“The transition to align the portfolio with the new investment strategy was initially a performance headwind, however it was completed by September 2017”

### Current Portfolio Positioning

1

#### GEOGRAPHIC EXPOSURE

- Relatively high European exposure
- Relatively low US exposure
- Some direct Asian exposure
- Minimal Latin American exposure

2

#### INDUSTRY EXPOSURE

- 48% large-caps exposure
- 29% small or mid-caps exposure
- 10% mega-caps exposure
- 11% IT exposure but none of it is in the FAANGs
- No exposure to US banks or insurers

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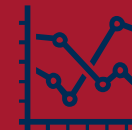
Investor Roadshows  
each year  
Annual General Meeting



Weekly NTA  
announcements  
Monthly Newsletter



Half and full year  
financial results



Thought leadership and  
market insights papers



Research house and  
brokers reports



Webinars and video  
insights



Website:  
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