



# ASX: PIA

AUSTRALIA'S LARGEST INTERNATIONAL ETHICAL LIC

## Targeting fully-franked dividends, paid quarterly

Investor presentation: half-year ended 31 December 2021



CERTIFIED BY RIAA



*Pengana Capital Group*

Signatory of:



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Pengana International Equities Limited has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) for details.

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance, or ethical considerations. The Symbol also signifies that Pengana International Equities Limited adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Pengana International Equities Limited's methodology, performance, and stock holdings can be found at [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au), together with details about other responsible investment products certified by RIAA.1

1. 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.

# AGENDA

- **Corporate overview**

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- **Highlights for the half-year**

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- **Portfolio update**

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- **Harding Loevner overview**

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# **PENGANA INTERNATIONAL EQUITIES**

## **CORPORATE OVERVIEW**

**ASX: PIA**

# CORPORATE OVERVIEW



PIA is Australia's largest international ethical LIC trading on the Australian Securities Exchange

PIA's objective is to provide shareholders with:

- **capital growth** from investing in an ethically screened and actively managed portfolio of international businesses, and
- regular, reliable and **fully franked dividends**.

PIA is managed by Pengana Capital Group (PCG), a diversified funds management group, offering distinct investment strategies, that aim to deliver superior long-term risk-adjusted returns to investors, with a focus on capital preservation.

PCG appointed Harding Loevner as the investment team responsible for the investment of PIA's portfolio.

PIA has a "Recommended" rating from Lonsec, Zenith and Independent Investment Research (IIR).



# RESPONSIBLE INVESTING: LARGEST ETHICAL LIC ON THE ASX

Environmental, Social, and Governance (ESG) issues can contribute profoundly to the success or failure of our investments.



## Ethical Screens

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- Pre trade application of Pengana's Ethical Screens
- Adult content, alcohol, animal cruelty, fossil fuels, gambling, GMOs, human right abuses, mining, nuclear, old growth forests, tobacco, weapons



## Sustainable Investing

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- ESG risks and opportunities examined in each stage of our investment process.
- ESG scorecard considers consequences of ESG-related concerns for business's sustainability.
- Materiality Map helps identify the environmental and social issues most relevant to an industry.
- Signatories to the UN Principles for Responsible Investment and the UK Stewardship Code to promote sustainability.



## Responsible Engagement

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- Engage regularly with company management over the potential impact of ESG risks on long-term returns.
- Encourage adoption of practices that foster sustainable growth.
- Promote high standards of behavior and disclosure in every proxy vote.



# **HIGHLIGHTS**

**HALF-YEAR ENDING 31 DECEMBER 2021**

**ASX: PIA**

# FINANCIAL HIGHLIGHTS

For the half-year ending 31 December 2021



## Fully franked dividends

- 2021 Final quarter dividend – 1.35 cps paid on 22 September 2021
- 2022 First quarter interim – 1.35 cps paid on 15 December 2021
- 2022 Second quarter interim – 1.35 cps to be paid on 15 March 2022

|  |  |
|--|--|
| <b>Net profit after tax</b>                  | \$19 million                               |
| <b>Earnings per share</b>                    | 7.5 cents                                  |
| <b>Revaluation gains</b>                     | \$25 million                               |
| <b>Tax rate</b>                              | expected to be 25% for 2022 financial year |
| <b>Revaluation of Deferred Tax Liability</b> | added \$2 million to Net Profit After Tax  |
| <b>Net assets</b>                            | increased to \$375 million                 |

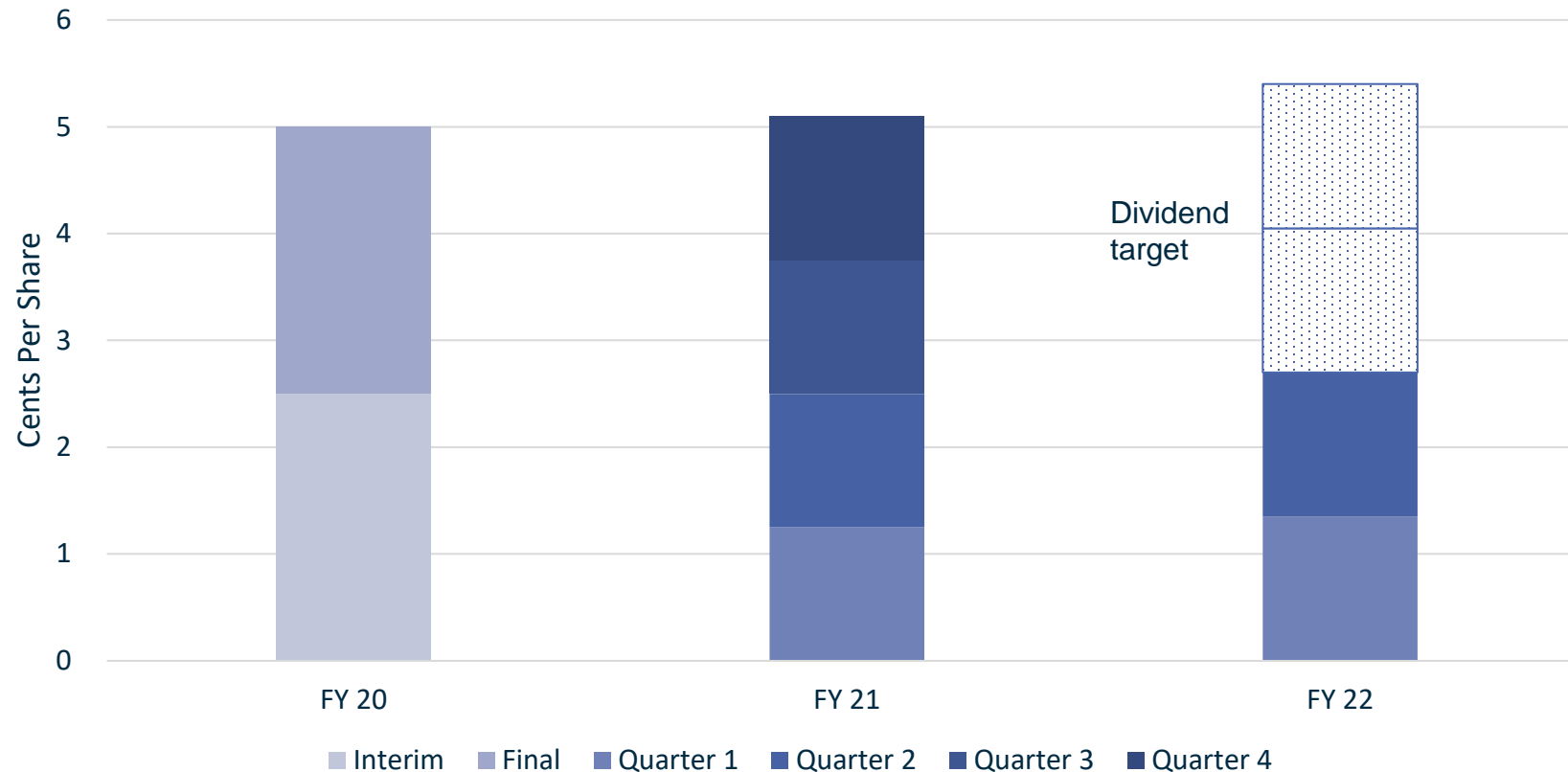


# SUSTAINABLE FULLY FRANKED DIVIDENDS

PIA's objective is to provide shareholders with capital growth from investing in an ethically screened and actively managed portfolio of global businesses, in addition to providing shareholders with regular, reliable and fully franked dividends



### FULLY FRANKED DIVIDEND HISTORY



Annual Dividend Target  
**5.4c per share**  
Fully Franked

Upcoming Quarterly Dividend  
**1.35c per share**

**Ex date:**  
28 February 2022

**Record date:**  
1 March 2022

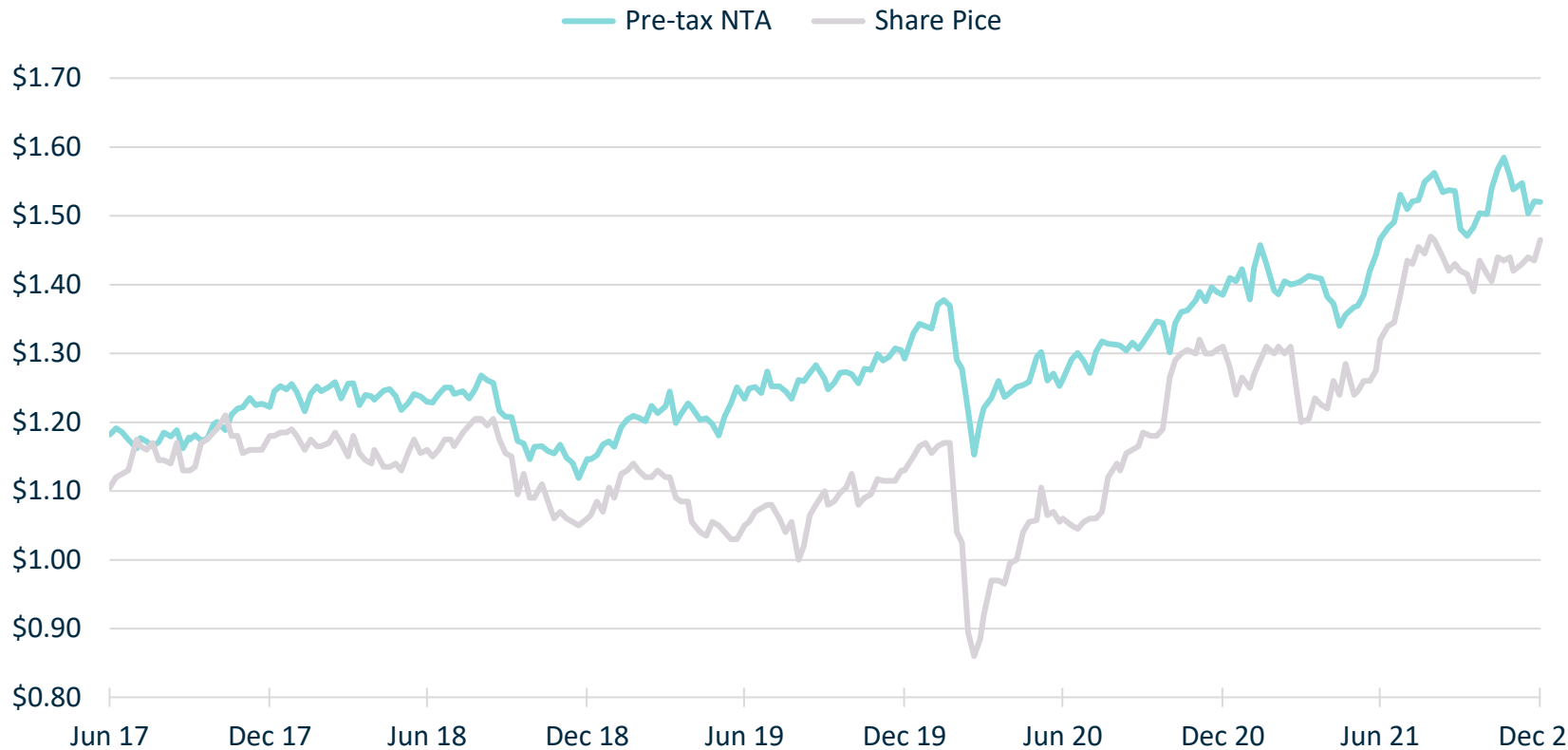
**Payment date:**  
15 March 2022

# HIGHLIGHTS

For the half-year ending 31 December 2021



In the period, share price more closely tracked underlying pre-tax NTA, narrowing to a 5% discount at year end



**13.0%**

Total Shareholder Return

**13.9%**

Total Shareholder Return:  
Grossed up for franking credits

**11.3%**

Share Price Increase

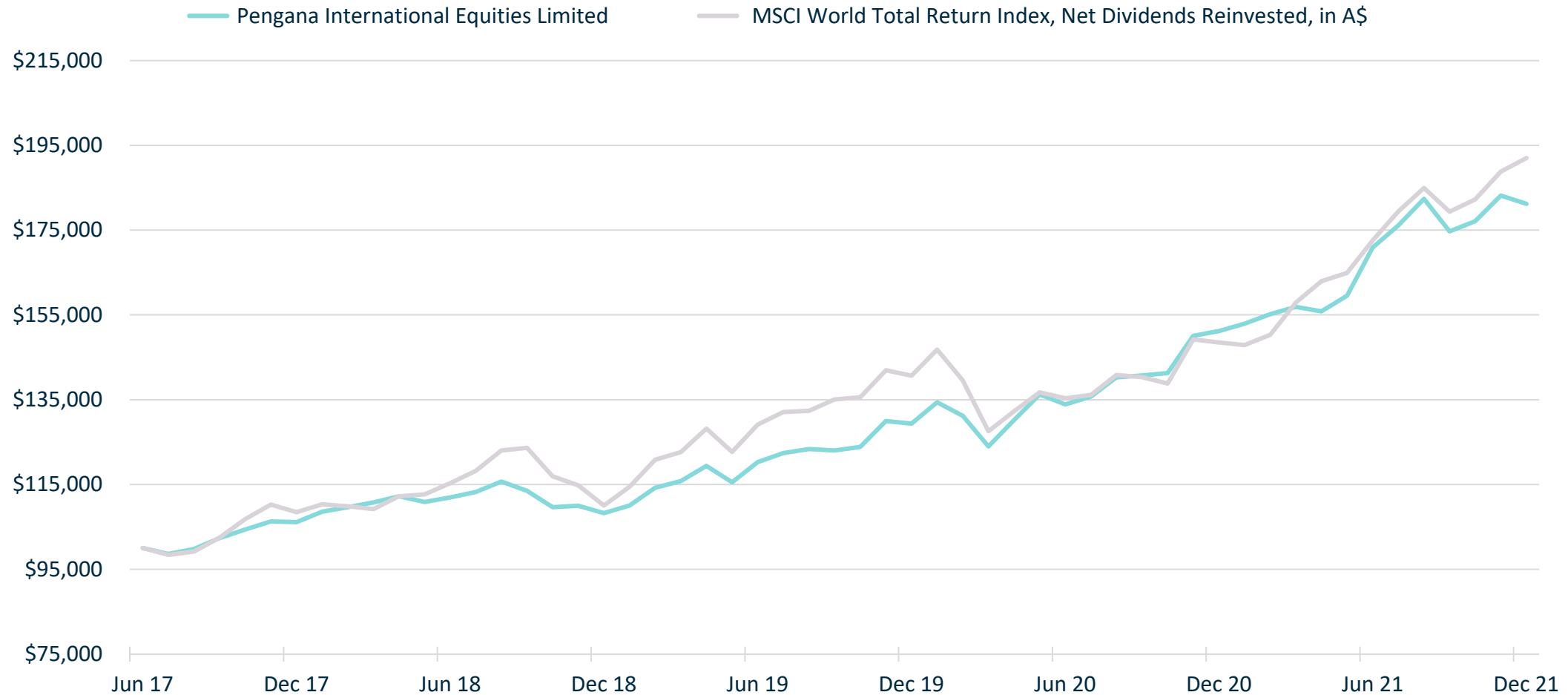
From \$1.32 30 June 2021  
To \$1.47 31 December 2021  
And 2.7 cps fully franked  
dividends paid in period

Six months to 31 December 2021. Comparison period: six months to 31 December 2020.

1. Source: Bloomberg and Pengana Capital. Performance figures refer to the movement in net assets per share, reversing out the impact of movements in capital 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.

# PIA PORTFOLIO RETURNS

Growth of \$100,000 invested since June 30, 2017 (net, AUD) as of December 31, 2021



July 2017 represented the first full month of Pengana International Equities Limited being mandated to Pengana for management of the investment portfolio. The performance in the table above refers to the movement in net assets per share. 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. 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. 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. The figures are unaudited. Source: PCG and Bloomberg.



# **PORTFOLIO UPDATE**

**AS AT 31 DECEMBER 2021**

**ASX: PIA**

# TOP HOLDINGS

As at 31 December 2021

|  |                              |               |                        |
|--|------------------------------|---------------|------------------------|
|  <b>Alphabet</b>                      | ALPHABET INC                 | United States | Communication Services |
|  <b>FIRST REPUBLIC BANK</b>           | FIRST REPUBLIC BANK          | United States | Financials             |
|  <b>SVB Financial Group</b>           | SVB FINANCIAL GROUP          | United States | Financials             |
|  <b>JOHN DEERE</b>                    | DEERE & CO                   | United States | Industrials            |
|  <b>amazon</b>                        | AMAZON.COM INC               | United States | Communication Services |
|  <b>Microsoft</b>                     | MICROSOFT CORP               | United States | Information Technology |
|  <b>Meta</b>                          | META PLATFORMS INC           | United States | Communication Services |
|                                       | NIKE INC                     | United States | Consumer Discretionary |
| <b>UNITEDHEALTH GROUP*</b>   | UNITED HEALTH GROUP INC      | United States | Health Care            |
|  <b>ThermoFisher<br/>SCIENTIFIC</b> | THERMO FISHER SCIENTIFIC INC | United States | Health Care            |

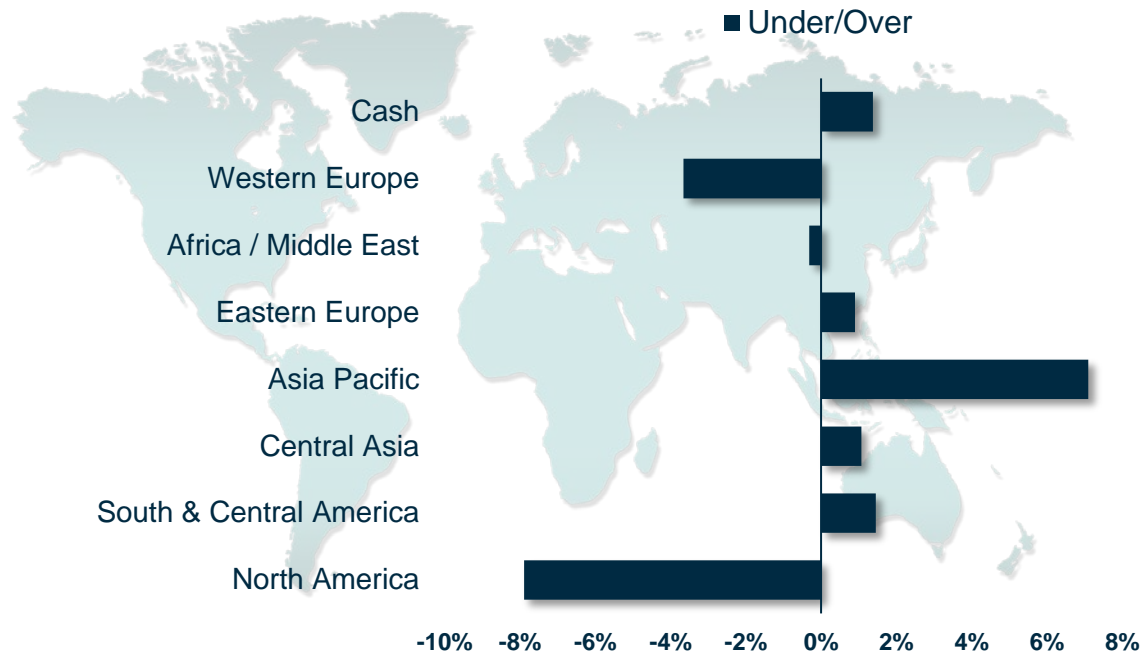
**Total number of portfolio holdings: 73**



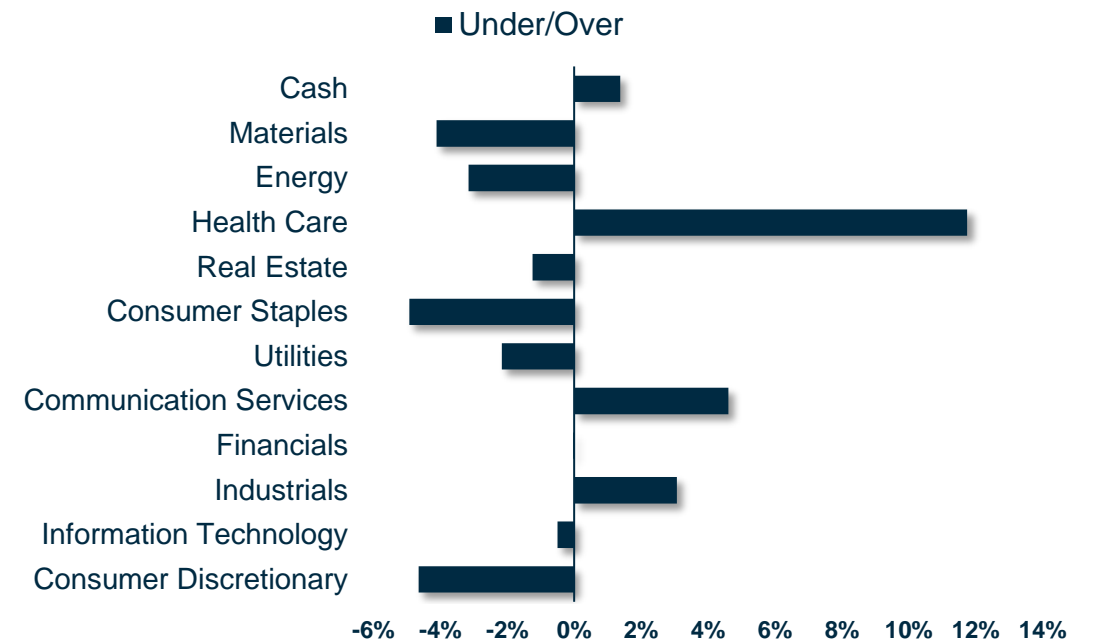
# PORTFOLIO POSITIONING

Exposures as at 31 December 2021

## GEOGRAPHIC EXPOSURE



## SECTOR EXPOSURE

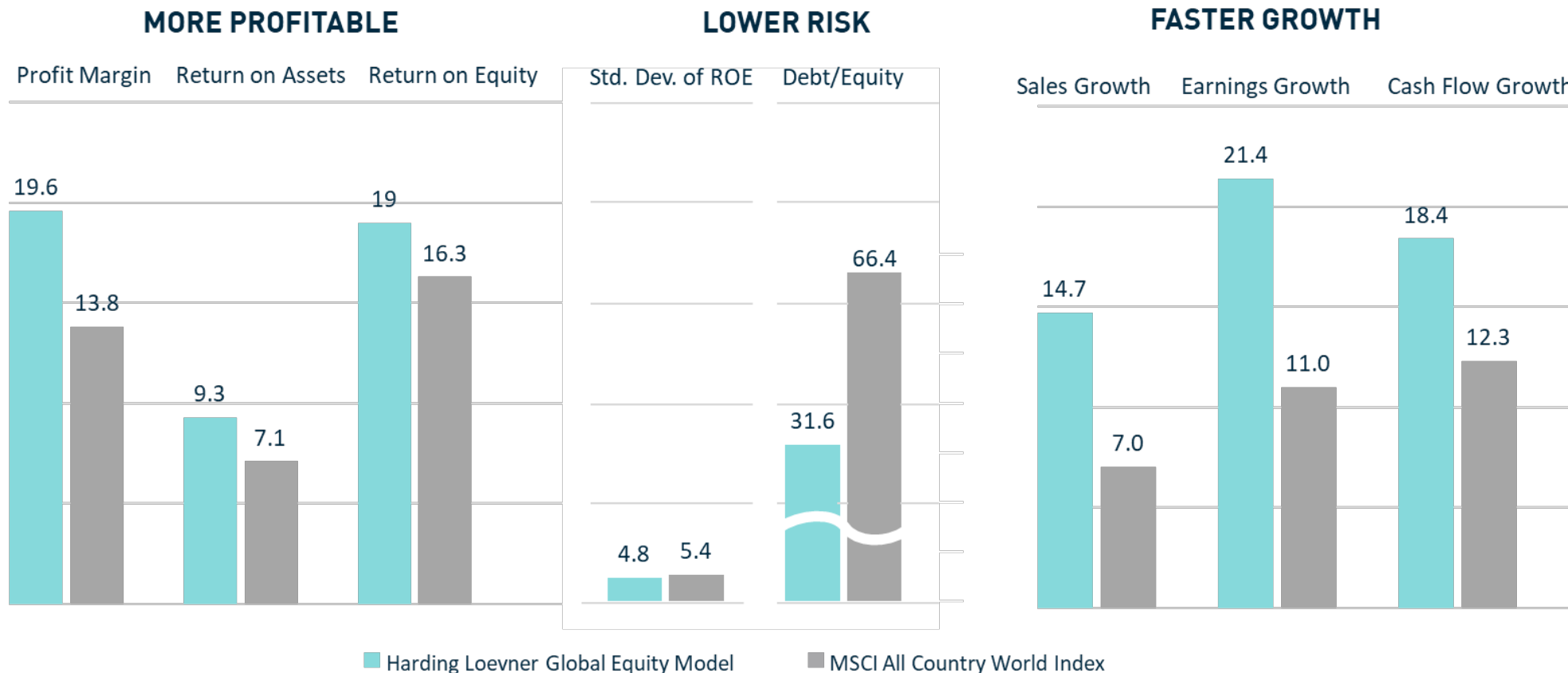


# HARDING LOEVNER: QUALITY & GROWTH INVESTMENT PHILOSOPHY

Building diversified portfolios of high-quality, growing companies



Characteristics of Harding Loevner's Global Equity model portfolio when compared to the broader market



# PIA'S INVESTMENT TEAM: HARDING LOEVNER



Comments from Harding Loevner in response to recent global market volatility

- Harding Loevner strategy has been in place for over 32 years, having successfully navigated volatile markets over this period
- The investment team continue a disciplined in approach, with a focus on company fundamentals.
- Opportunities are likely to arise for us to add to holdings where we believe that the dislocations in stock prices fail to reflect the long-term prospects of the businesses.
- Harding Loevner are confident that the portfolio of high-quality, dynamic growth businesses, can continue to create and compound value over the long term.



# **HARDING LOEVNER**

## **STRATEGY OVERVIEW**

**ASX: PIA**

# INVESTMENT STRATEGY

Decision making producing a distinctive pattern of performance

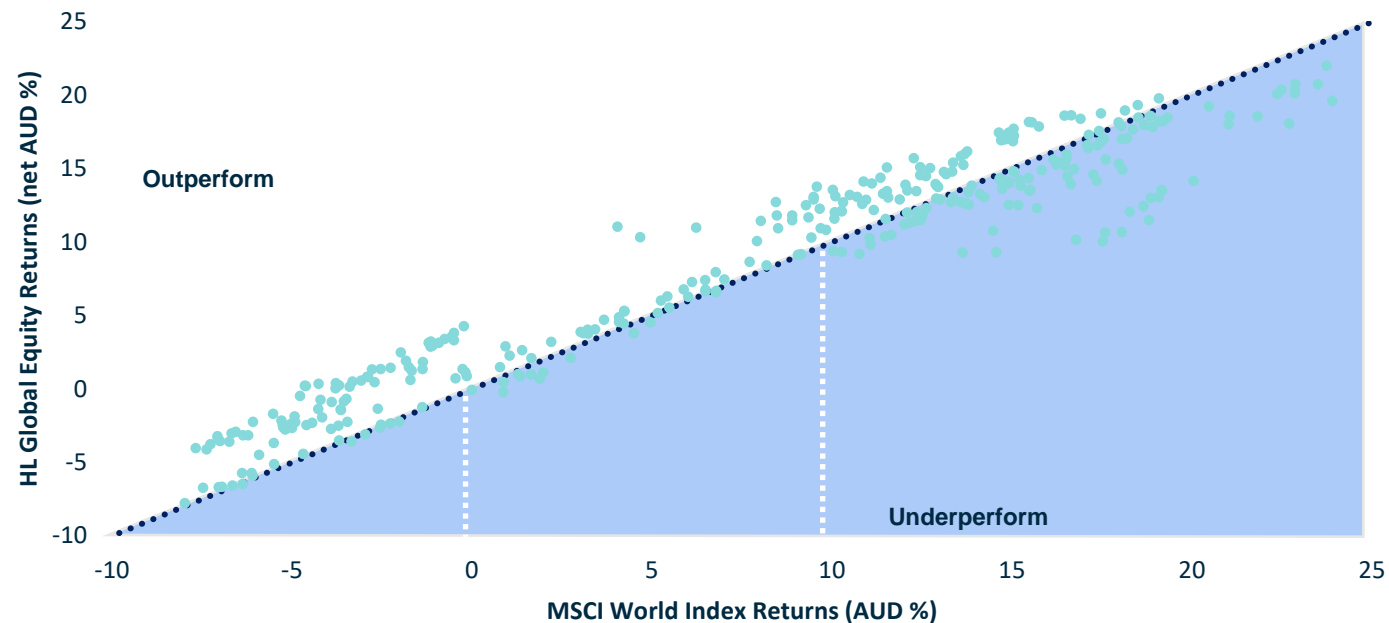


The Harding Loevner Global Equity strategy invests worldwide in high-quality, growing companies.

The Global Equity strategy has been consistently applied by Harding Loevner since 1989.

Track record indicates the strategy has provided superior risk adjusted medium to long term returns.

## Harding Loevner Global Equity Strategy 5-Year Annualised Rolling Returns (Net, AUD)<sup>1</sup>



## Harding Loevner Outperformance Frequency (All Periods: 62%)

Source: Harding Loevner, 1. November 30, 1989 (strategy inception) to December 31, 2021 . The Harding Loevner Global Equity Strategy performance has been simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by converting the USD gross returns to AUD, then applying a management fee of 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions.. MSCI World refers to the MSCI World Total Return Index (net, AUD)



# HARDING LOEVNER: ROBUST INVESTMENT PROCESS

Analysts search the world for companies that meet high quality and sustainable growth criteria, conduct fundamental research, then value and rate their stocks to make them available to PMs for investment.

ESG issues are considered in each step of the process.



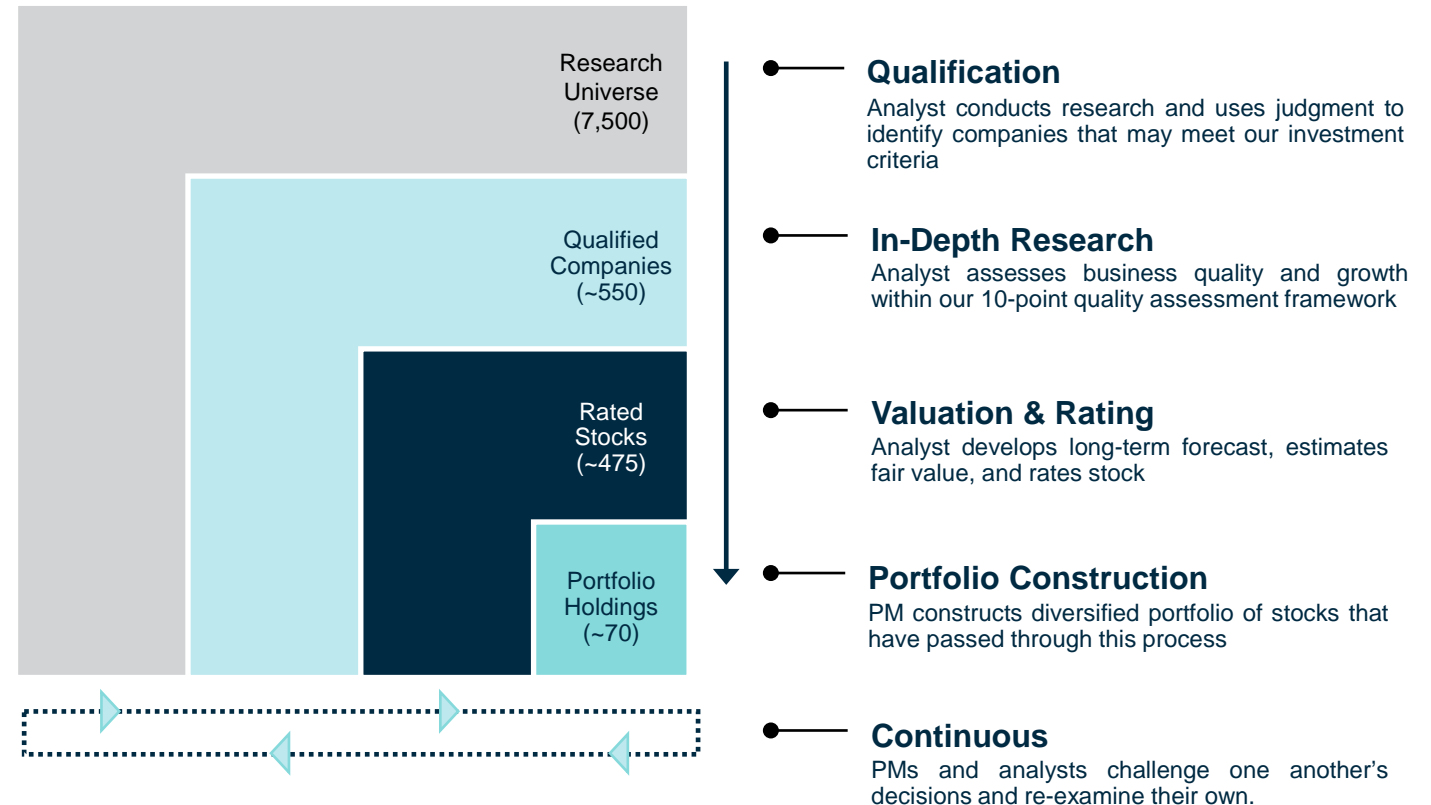
## Harding Loevner<sup>1</sup>

Over US\$86 billion under management  
32-year track record  
2.96% p.a. out-performance since 1989

## Investment Philosophy

Quality growth  
Distinct decision making  
Behavioral finance  
Patient & Disciplined

## Collaborative, Highly Structured Process that Promotes Individual Accountability

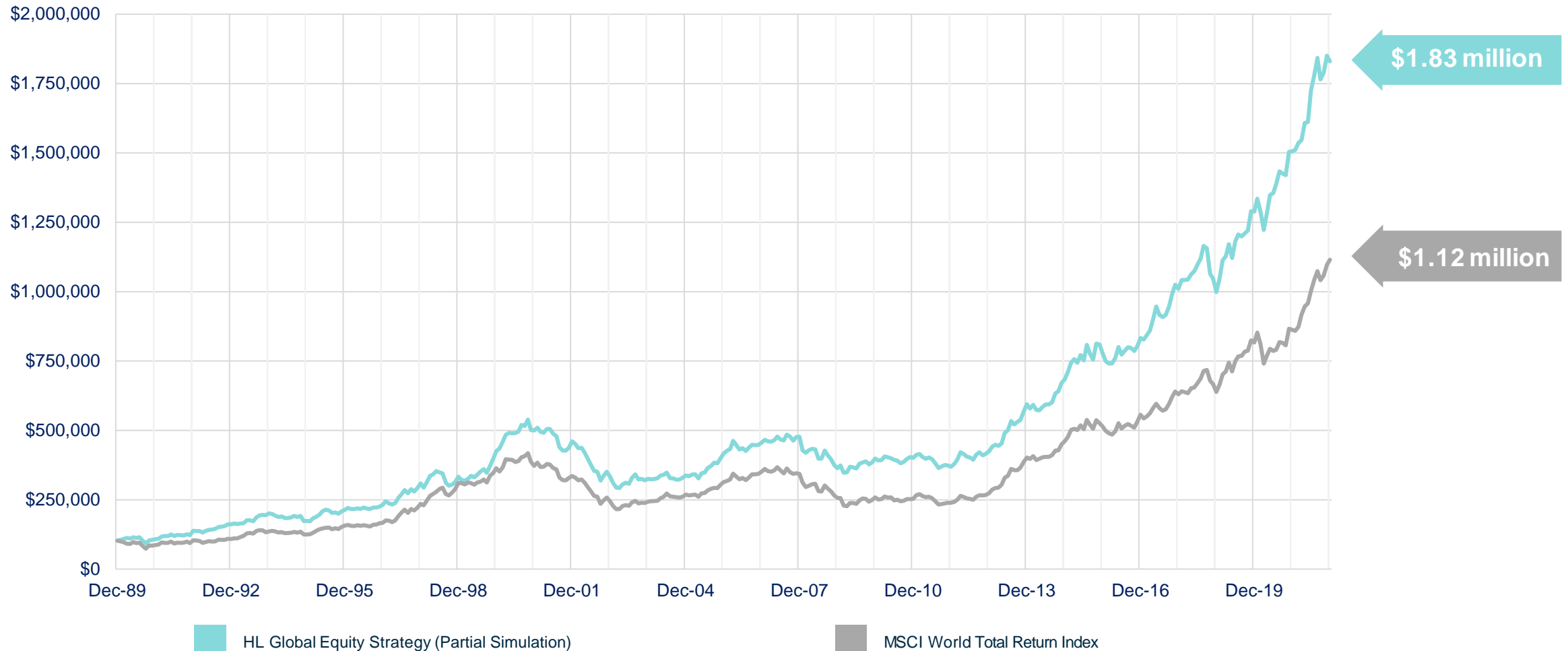


<sup>1</sup> Source: Harding Loevner, Harding Loevner Global Equity Strategy annualised returns in USD since inception to 31 December 2021, before fees, including the reinvestment of all income. Benchmark :MSCI All Country World Total Return Index

# HARDING LOEVNER GLOBAL EQUITY PERFORMANCE



Growth of \$100,000 invested since November 30, 1989 (net, AUD) as of December 31, 2021



Source: Harding Loevner The Harding Loevner Global Equity Strategy performance has been simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by converting the USD gross returns to AUD, then applying a management fee of 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions.

# PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

**FOR MORE  
INFORMATION  
PENGANA.COM / PIA**

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