



ASX: PIA

PENGANA INTERNATIONAL EQUITIES LIMITED

AUSTRALIA'S LARGEST INTERNATIONAL ETHICAL LIC

Targeting fully-franked dividends, paid quarterly

Investor presentation: year ended 30 June 2021

IMPORTANT INFORMATION & DISCLOSURES



This report has been prepared by Pengana Investment Management Ltd (ABN 69 063 081 612, Australian Financial Services Licence No. 219462) (“Pengana”). This report does not contain any investment recommendation or investment advice and has been prepared without taking account of any person’s objectives, financial situation or needs. Therefore, before acting on the information in this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs.

Pengana is the manager for Pengana International Equities Limited (ACN 107 462 966, ASX: PIA) (“PIA”). Pengana has appointed Harding Loevner LP (“Harding Loevner”) as the sub-investment manager for PIA.

None of Pengana, Harding Loevner, nor any of their related entities, directors, partners or officers guarantees the performance of, or the repayment of capital, or income invested in PIA. An investment in PIA is subject to investment risk including a possible delay in repayment and loss of income and principal invested. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

Pengana has appointed Harding Loevner as Pengana’s corporate authorised representative under Pengana’s AFSL.

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AGENDA

- **Highlights for the year ending 30 June 2021**

- **Year in review**

- **About Harding Loevner**

- **Portfolio update**



HIGHLIGHTS YEAR ENDING 30 JUNE 2021

ASX: PIA

HIGHLIGHTS FOR THE YEAR ENDING 30 JUNE 2021



EPS
23.57c

↑ 148%

Profit after Tax
\$60 million

↑ 149%

Portfolio Return¹
27.6%

0.1% above index

Final Quarterly
Dividend
**1.35c per
share**

Ex date:
7 September 2021

Record date:
8 September 2021

Payment date:
22 September 2021

29.2%
Total Shareholder
Return (TSR)

31.7%
TSR grossed up for
franking credits

Annual Dividend
Target
5.4c per share
Fully Franked

AGM
21 October 2021

Twelve months to 30 June 2021. Comparison period: twelve months to 30 June 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. Index & MSCI World refers to MSCI World Total Return Index, Net Dividends Reinvested, in A\$

KEY BENEFITS FOR SHAREHOLDERS



- **5.4 cent per share annual fully franked annual dividend objective**
 - **8% increase** in dividend objective
 - **Dividend yield of 3.7%**¹
 - **5.3% yield when** grossed up for franking credits¹
 - Current profit and franking reserves support objective through to **FY2024**
- **Strong total shareholder return supported by underlying portfolio return**
 - **29.2% total shareholder return**² for 12 months to 30 Jun 21
 - **27.6% portfolio return**³ for 12 months to 30 Jun 21
 - **14.3% p.a. portfolio return** since mandated to Pengana in July 2017
- **Access to Harding Loevner investment team in Australia**
 - Over **US\$84 billion** under management
 - **32-year** track record
 - 3.1% p.a. out performance⁴ **since 1989**
- **Highly regarded strategy**
 - **Recommended rating by Zenith**
 - **Recommended rating by Independent Investment Research (IIR)**
- **Largest international ethical LIC on ASX**
- **Operational Dividend Reinvestment Plan**
 - No brokerage, commissions or other transaction costs

1. Based on share price of \$1.45 as at 20 August 2021 using target dividend of 5.4 cents per share fully franked all at a tax rate of 30% 2. Based on share price of \$1.07 at 30 June 2020 and \$132 at 30 June 2021 and including dividends paid during the period 3 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 4. Harding Loevner Global Equity Strategy gross of fees include the reinvestment of all income, Benchmark :MSCI All Country World Total Return Index

YEAR IN REVIEW

30 June 2021



- Pengana International Equities met its objective 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.
 - A change in investment team was implemented, with Harding Loevner taking over management of the portfolio from May 2021.
 - Rating agencies have re-instated PIA's positive ratings, post their review of Harding Loevner.
 - The Board increased the annualised target dividend by 8% to 5.4cps, reflecting the Board's assessment that Harding Loevner's strategy can support the Company's ongoing objective
-



ABOUT HARDING LOEVNER

ASX: PIA

HARDING LOEVNER

Being good investors may not be in our human nature, that's why its in our process

- Harding Loevner has been investing globally in high-quality, growing businesses based on disciplined research since 1989
- Total assets in excess of US\$84 billion
- 32-year track record
- Owner led firm
- A single investment philosophy
- Distinct decision-making process. No investment committee – individual decision making and accountability

[Read more about the investment process here >>](#)

Investing in high-quality, growing businesses at reasonable prices leads over the long term to superior risk-adjusted returns. This “quality growth” investment philosophy has been the foundation of Harding Loevner’s strategies since the firm was founded.



INVESTMENT TEAM

Diverse perspectives, deep industry knowledge, and broad global coverage.



PENGANA
INTERNATIONAL
EQUITIES LIMITED

Global sector and regional analysts

33
Analysts

21
Avg. years
experience

9
Avg. years
at HL

24
Advanced
degrees

26
CFA®
charter
holders



Global Equity Portfolio Team

2
Co-Lead
PMs

3
Paper PMs



Left to right: Peter Baughan, CFA (Co-Lead)
Jingyi Li (Co-Lead)
Scott Crawshaw
Christopher Mack, CFA
Richard Schmidt, CFA

HARDING LOEVNER'S EDGE: A BETTER FRAMEWORK FOR INVESTMENT DECISIONS



Collaboration Without Consensus

- We collaborate to foster opposing viewpoints, not to achieve consensus.
- Individuals, not committees, make decisions and are solely accountable for the results.



Our Long Horizon

- Undistracted by short-term noise, we focus on fundamental signals that show companies' progress in creating value.
- Equity-based compensation aligns our goals and time horizon with those of our clients.



Replicability Through a Disciplined Process

- Our structured investment process mitigates the unconscious biases that plague human decision-making.
- Success can only be replicated through a repeatable process.



Transparency

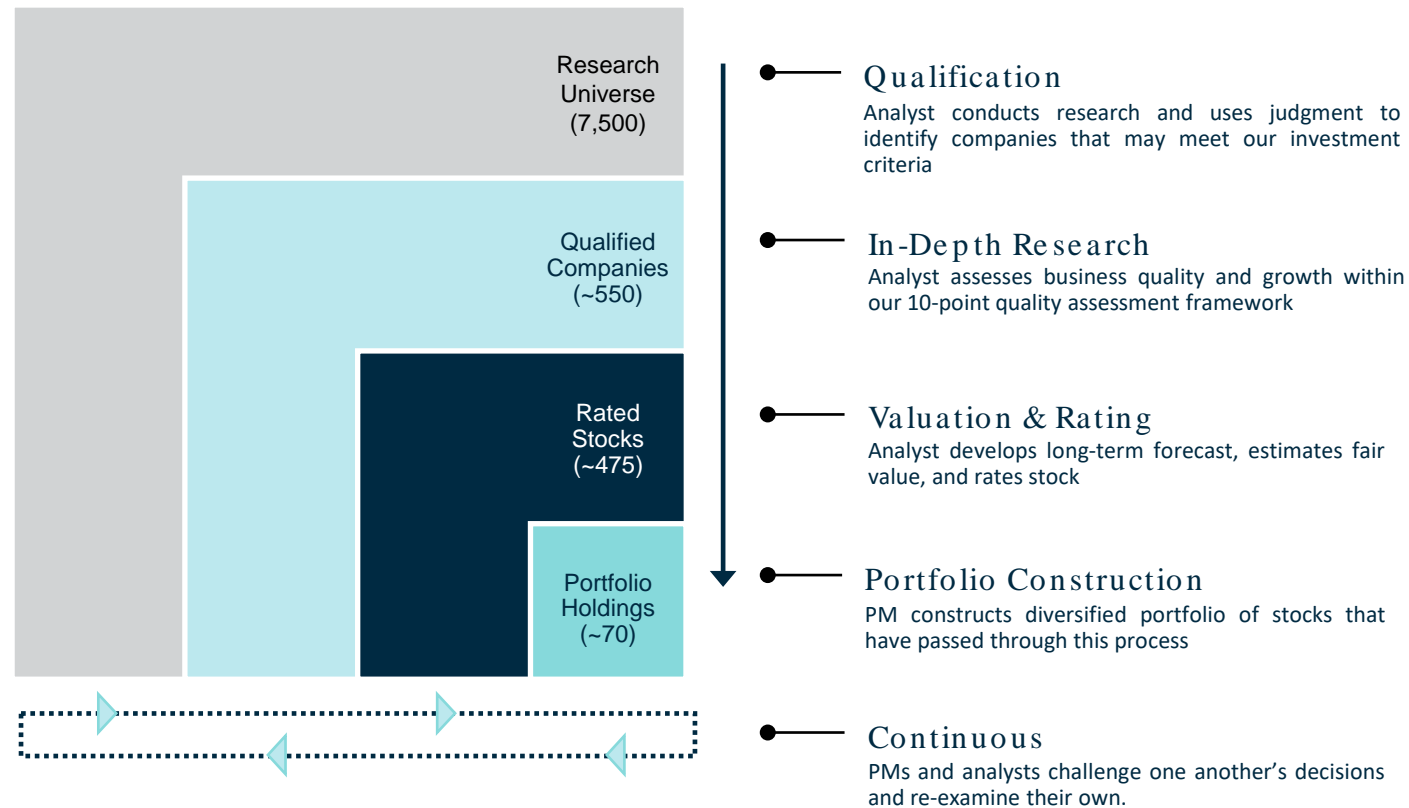
- Requiring views to be written and broadly shared lets each of us see what others are thinking.
 - This transparency facilitates objective appraisal of contributions and continuous self-improvement.
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INVESTMENT PROCESS

Analysts search the world for companies that meet our 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 our process.

Collaborative, Highly Structured Process that Promotes Individual Accountability



RESPONSIBLE INVESTING

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



Ethical Screens

- 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

- 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

- 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.

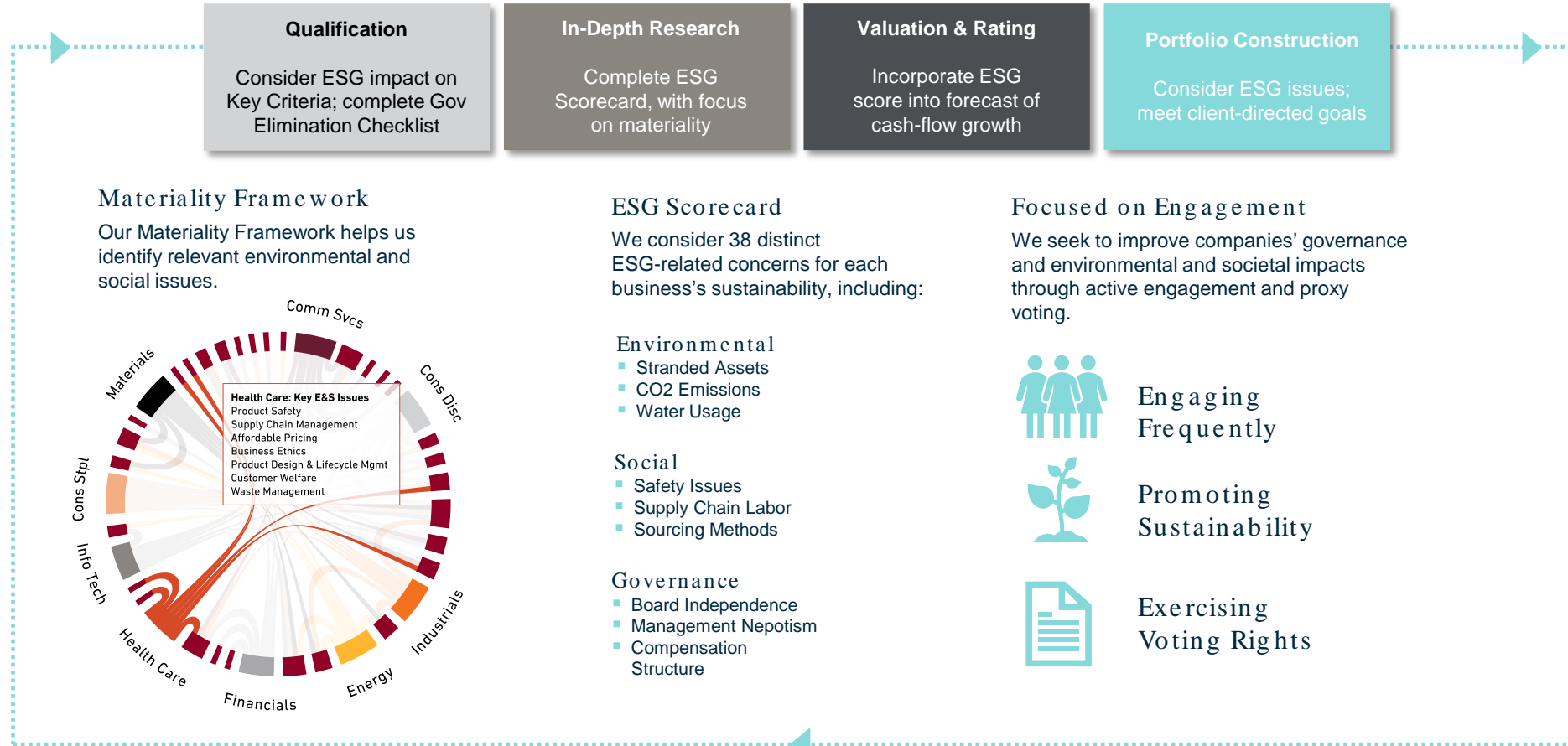


Meeting Client Goals

- Tailor portfolio holdings, engagement, and proxy voting according to clients' own goals.
 - Experience managing client accounts with custom ESG requirements since 1994.
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IN-DEPTH RESEARCH: SUSTAINABLE INVESTING

The assessment of ESG risks and opportunities is intrinsic to our fundamental analysis and integrated into each stage of our investment process.



PORTFOLIO RETURNS THROUGH RESPONSIBLE INVESTING

30 JUNE 2021



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. MSCI World refers to MSCI World Total Return Index, Net Dividends Reinvested, in A\$. Since Mandated: Pengana's mandate adopted: 1 July 2017

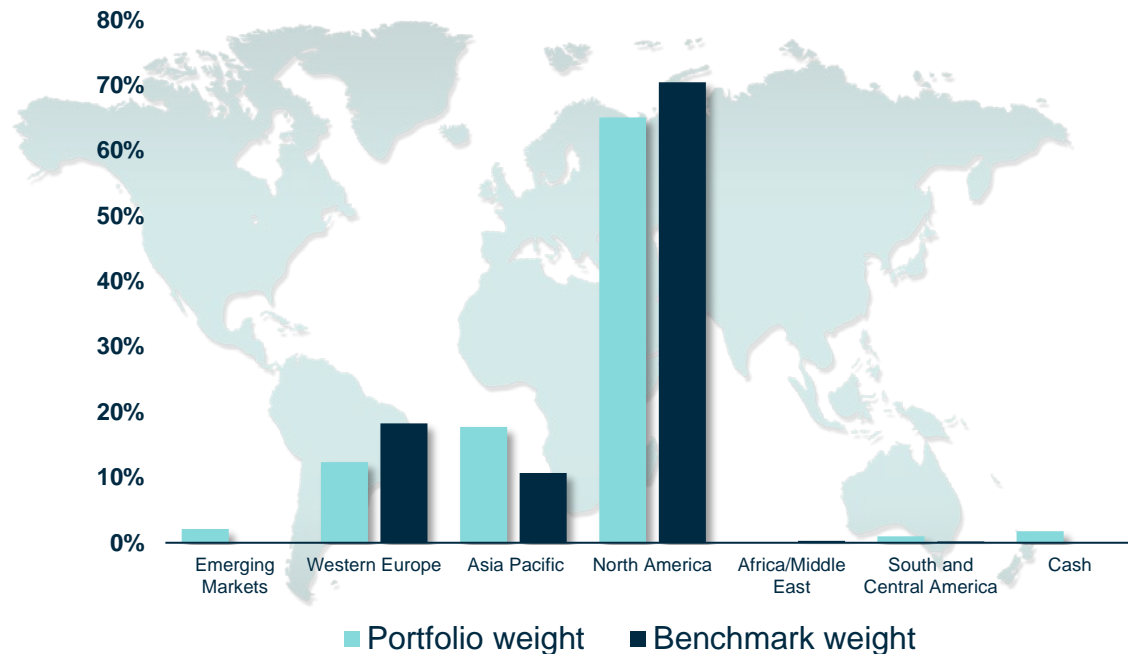


PORTFOLIO UPDATE

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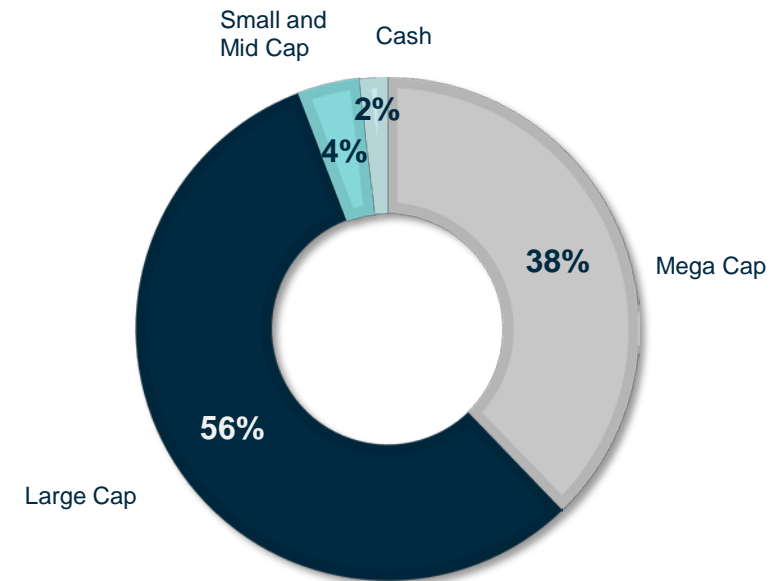
PORTFOLIO POSITIONING AS AT 30 JUNE 2021

GEOGRAPHIC EXPOSURE



- Overweight Emerging Markets, Asia Pacific and South/Central America
- Underweight Western Europe and North America

SECTOR EXPOSURE



- Overweight Health Care, Communication Services, Industrial and Information Technology
- Underweight Consumer Staples, Energy and Materials

TOP HOLDINGS AS AT 30 JUNE 2021

 Alphabet	Alphabet Inc	United States	Communication Services
 amazon	Amazon	United States	Consumer Discretionary
 JOHN DEERE	Deere & Co	United States	Industrials
 facebook	Facebook Inc	United States	Communication Services
 FIRST REPUBLIC BANK	First Republic Bank/CA	United States	Financials
 illumina®	Illumina	United States	Health Care
 Microsoft	Microsoft	United States	Information Technology
 PayPal	PayPal	United States	Information Technology
 SVB Financial Group	SVB Financial Group	United States	Financials
 WuXi Biologics Global Solution Provider	Wuxi Biologics Cayman Inc	China	Health Care

Total number of portfolio holdings: 72



FOR MORE INFORMATION

PENGANA INTERNATIONAL EQUITIES LIMITED

ACN 107 462 966

Managed by Pengana Investment Management Limited

AFSL 219462

Levels 1, 2 & 3, 60 Martin Place,
Sydney, NSW 2000

T: +61 2 8524 9900

F: +61 2 8524 9901

[PENGANA.COM/PIA](https://www.pengana.com/pia)

CLIENT SERVICE

T: +61 2 8524 9900

E: clientservice@pengana.com