ASX: PIA

PENGANA INTERNATIONAL EQUITIES LIMITED

The largest International Ethical LIC on the ASX

Targeting fully franked dividends, paid quarterly

Appendix 4D - Half-year Report

for the half-year ended 31 December 2021
Results announcement to the market:

	31 December 2021 $'000	31 December 2020 $'000	Change from the corresponding period %
Income from ordinary activities	25,583	45,340	(44)%
Profit from ordinary activities after tax attributable to members	19,135	28,865	(34)%
Basic and diluted earnings per share (cents per share)	7.50	11.35	(34)%

Dividend Information	**Cents per share**	**Franked amount per share**	**Tax rate for franking**
2022 First interim dividend (paid 15 December 2021)	1.35 Cents	1.35 Cents	30.0%
2022 Second interim dividend (to be paid 15 March 2022)	1.35 Cents	1.35 Cents	30.0%

Second Interim Dividend Dates	
Ex-dividend Date	28 February 2022
Record Date	1 March 2022
Last date for DRP	2 March 2022
Payment Date	15 March 2022

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is active and available to shareholders for the second interim dividend of 1.35 cents per share, which is franked at 30.0% (2021: 30%). Participating shareholders will be entitled to be allotted the number of shares which the cash dividend would purchase at the relevant price. The relevant price will be the weighted average sale price of all shares in the Company sold on the Australian Securities Exchange during the five trading days commencing on and including the Record Date, with no discount applied.

Net Tangible Assets Per Share	**31 December 2021**[i]	**31 December 2020**
Net Tangible Assets (before provision for tax on unrealised gains) per share	**$1.52**	$1.37
Net Tangible Assets (after provision for tax on unrealised gains) per share	**$1.47**	$1.32

[i] After payment of the first quarterly fully franked interim dividend of 1.35 cents per share paid 15 December 2021 (2020:1.25 cents per share paid 22 January 2021).

This report is based on the Half-year Financial Report which has been subject to independent review by the Auditor, Ernst &Young. All the documents comprise the information required by the Listing Rule 4. 2A
The Interim Report of Pengana International Equities Limited for the half-year ended 31 December 2021 is attached. This information should be read in conjunction with the 30 June 2021 Annual Report.

Interim Financial Report

For the half-year ended 31 December 2021

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

PENGANA INTERNATIONAL EQUITIES LIMITED
ACN 107 462 966
Level 1, 2 & 3, 60 Martin Place
Sydney NSW 2000

Ph: +61 2 8524 9900
Fax: +61 2 8524 9901

PENGANA.COM/PIA

COMPANY PROFILE

Pengana International Equities Limited is an Australian Listed Investment Company whose operating activity involves investing its Australian capital into businesses that are listed on global security exchanges.

The Company is listed on the Australian Securities Exchange (“ASX”) under the code PIA.

PIA’s investment manager is Pengana Investment Management Limited (“PIML”), a wholly owned subsidiary of Pengana Capital Group (PCG). PCG also provides financial management and marketing support.

PCG, in consultation with the PIA board, appointed New Jersey-based Harding Loevner LP (“Harding Loevner”) as the new investment team for PIA. Harding Loevner is a New Jersey-based global equity fund manager formed in 1989 with over US$84billion in Assets under Management. PCG’s partnership with Harding Loevner provides Australian retail investors exclusive access to Harding Loevner’s extensive global expertise, usually only accessible

Corporate objective

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.

Investment strategy

The investment strategy utilised by PIA was devised by experienced investment professionals over many years.

The strategy seeks superior risk-adjusted returns, generated through investing in companies that meet the investment team's high quality and durable growth criteria at reasonable prices.

These companies are identified through the conduct of fundamental research, with a long-term, global perspective, and must exhibit the following four key investment criteria: competitive advantages, quality management, financial strength, and sustainable growth potential.

Responsible Investment

The Company is committed to responsible investing and seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

The Company invests in businesses selected through Harding Loevner’s Responsible Investment process that pass PCG’s ethical screens.

Ethical Screens

PCG utilises a screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors:

Adult content	Gambling	Mining
Alcohol	Genetically modified organisms	Nuclear
Animal cruelty (production of cosmetics tested on animals)	Human rights abuses and exploitation	Securities from issuers on UN sanctions list
Fossil fuels (coal, coal seam gas, oil)	Old growth forest logging	Tobacco

Responsible Investment Process - Incorporation of Environmental, Social and Governance (ESG) Factors

Harding Loevner's investment selection approach, by its design, eschews companies engaging in unsustainable business practices or pursuing short-term profits at the expense of long-term growth and stability. Harding Loevner believes only companies that can create substantial long-term value are capable of producing meaningful "shared value" for the benefit of larger society as well as for shareholders and other direct stakeholders.

Harding Loevner includes an explicit consideration of ESG risk factors into equity security evaluation. Competitive advantage, sustainable growth, financial strength, and quality management are the criteria by which Harding Loevner judges whether a company can sustain high returns on capital. ESG factors are among those that may pose risks to a company's ability to continue to meet one or more of these criteria. Such risks are therefore considered at each stage of Harding Loevner's investment process.

Responsible Ownership

Harding Loevner is an active owner and has clear engagement policies in place with the aim of protecting and furthering the financial interests of its clients, the asset owners.

Harding Loevner votes all proxies with its clients' best interest in mind. As active owners, Harding Loevner seek to use its voting power to promote high standards of corporate governance, including provision of adequate disclosure of company policies, activities, and returns, as well as fair and equitable treatment of shareholders.

Benefits of investing in PIA

Skilled investment team	Focus on risk and return
A truly active strategy	Responsible investment process
Investment in high quality businesses at compelling valuations	Investment approach that is suitable across differing market environments

Benefits of investing in PIA's LIC structure

Shares can be bought and sold on the ASX

Quarterly fully franked dividends

Investment activities are not affected by redemptions or unexpected cash inflows or outflows

Regular reporting to shareholders e.g. semi-annual financial reports and weekly NTA

Shareholders can interact with directors and management

The company is subject to ASX and ASIC supervision

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The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by Pengana International Equities Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

CHAIRMAN'S LETTER

Dear fellow shareholders,

On behalf of the Board, it is my pleasure to present the Interim Financial Report of Pengana International Equities Limited (ASX: PIA) for the half-year ended 31 December 2021.

Financial Performance

Net profit after tax for the six months to 31 December 2021 was $19 million, which equated to earnings per share of 7.5 cents.

Portfolio valuation gains of $25 million were the major drivers of the profit for the half year.

Aggregated turnover for the year is currently expected to be under $50 million and therefore PIA is likely to qualify for the lower tax rate of 25% for the 2021/22 financial year. Consequently, the deferred tax balance relating to unrealised investment gains was reduced and a $2 million tax benefit included in the profit after tax for the half year.

PIA's net assets, after provision for tax on unrealised gains, increased to $375 million on 31 December 2021 ($1.47 per share) from $362 million ($1.42 per share) six months earlier.

	December 2021 $ million	**June 2021 $ million**
Cash & liquids	7	7
Investments	383	373
Total assets	**390**	**380**
Payables	(1)	(5)
Tax on unrealised gains	(14)	(13)
Net assets	**375**	**362**
	$ per share	
NTA before provision for tax on unrealised income and gains	$1.52	$1.47
NTA after provision for tax on unrealised income and gains	$1.47	$1.42

Consistent Fully Franked Dividends

PIA aims to provide shareholders with regular and reliable fully franked dividends.

Last year PIA commenced the payment of dividends on a quarterly basis, with the first interim quarterly dividend of 1.25 cents per share paid in January 2021. In the first half of financial year 2022 the company paid two quarterly dividends 1.35 cents per share.

The interim dividend for the quarter ending 31 December 2021 of 1.35 cents per share fully franked will be paid on 15 March 2021 to shareholders on the register on 1 March 2022.

Your directors consider PIA is well positioned to continue paying fully franked dividends as the company has a strong debt-free balance sheet, profit reserves and franking credits. In addition, the Directors have confidence in the Harding Loevner investment strategy which has a 32-year track record of producing superior medium to long-term risk-adjusted returns.

The Company's Dividend Reinvestment Plan ("DRP") continues in operation for the quarterly interim dividend. We have seen a very pleasing uptake of the DRP from shareholders looking to take advantage of the benefits of the plan. In the half year to 31 December 2021 1,068 shareholders participated in the DRP, an increase of 11% on the prior year (31 December 2020).

Shareholders who have not already opted in and wish to participate in the DRP can do so by visiting **www.computershare.com.au/easyupdate/PIA**

Investment Performance

The company delivered a six-month return, net of operating costs and management fees, of 6.03%[1] while the MSCI World[2] returned 11.3%.

Much of the relative underperformance occurred in December 2021 as markets commenced a rotation out of growth stocks due to inflation concerns and expectations of rising interest rates. This rotation has continued in January 2022.

The investment strategy adopted by Harding Loevner is to invest in ethically screened, high-quality, growing businesses at reasonable prices. The focus on quality-growth detracted from relative performance, as shares of the fastest-growing companies significantly underperformed both the broad market and their slowest-growing peers.

Harding Loevner, who has successfully managed investments through varying market conditions, is confident that its focus on quality growth companies, and the exciting technologies and opportunities from which they benefit, will continue to drive strong, long-term and sustainable investment performance.

Harding Loevner's monthly updates, which can be found on PIA's website: Pengana.com/PIA, contain detailed discussion on investments that have contributed to and detracted from relative performance during the period.

Half year total shareholder return of 13% (not including value of franking credits)

The Total Shareholder Return (TSR), which comprises share price movement and dividends paid in the half-year was 13% for the six months to 31 December 2021. This return to shareholders does not take into account the additional value of the franking credits attached to the dividends.

PIA's share price at the end of the half year was $1.47, up from the $1.32 at 30 June 2021.

Sustained promotion of the company to prospective investors, endorsements from ratings agencies and consistent communication to existing shareholders led to an increase in demand for PIA shares and consequently a lift in the share price relative to the company's NTA.

[1] Six months to 31 December 2020. Performance figures refer to the movement in net assets per share, reversing out the impact of capital movements and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance

[2] Benchmark & MSCI World refers to MSCI World Total Return Index, Net Dividends Reinvested, in A$

Communication

PIA engages with shareholders through regular newsletters and webinars to keep shareholders aware of the company's investments and performance and to provide opportunities to ask questions of the Investment Manager.

Shareholders who wish to receive all updates and invitations are encouraged to elect to receive all investor communications via email. This can be done by visiting www.computershare.com.au/easyupdate/PIA

Please contact Paula Ferrao, our Company Secretary, on +61 02 8524 9900 if you require any assistance in this regard or if you have any questions or comments regarding the Company.

F Gooch

Frank Gooch
Chairman
Pengana International Equities Limited
17 February 2022

RESPONSIBLE INVESTMENT

The Responsible Investment Policy of Pengana International Equities Limited (“PIA”, ASX: PIA) is implemented by its Investment Manager, Pengana Investment Management Limited ACN 063 081 612 (“PIML”), a fully owned subsidiaries of Pengana Capital Group Limited (“PCG” or “Pengana”).

PIML has appointed New Jersey-based Harding Loevner LP (“Harding Loevner”) as the investment team for PIA.

The Company is committed to responsible investing and seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

The Company invests in businesses selected through Harding Loevner’s Responsible Investment process that pass PCG’s ethical screens.

The Company has adopted a Responsible Investment and Environmental, Social and Governance (“ESG”) policy, implemented by the Harding Loevner with oversight by Pengana Capital Group Limited (“Pengana”).

Utilising a monitoring service provided by Sustainalytics, the Investment Manager monitors the portfolio for negative screen compliance, portfolio ESG risk, consideration of new and ongoing controversies, review of voting records and engagement and monitoring the sustainability and carbon risk of the portfolios against peers and appropriate benchmarks.

Ethical Screens

Pengana seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

Pengana utilises a screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors:

Adult content	Alcohol	Animal cruelty (production of cosmetics tested on animals)
Fossil fuels (coal, coal seam gas, oil)	Gambling	Genetically modified organisms (agriculture)
Human rights abuses and exploitation	Mining	Nuclear
Old growth forest logging	Securities from issuers on UN sanctions list	Tobacco
Weapons		

How Harding Loevner Invests Responsibly

Harding Loevner's responsible approach to investing which encompasses the following dimensions[3]:

1. Responsible Investment Selection
   a. Governance screening: eliminating securities of poorly governed companies;
   b. ESG integration: considering Environmental, Social and Governance risk and return factors in the security selection process;
   c. Client-directed screening: eliminating securities of companies engaged in activities or practices that it's client, the asset owner, seeks to avoid;
   d. ESG benchmarking: managing portfolios with reference to ESG-influenced market indices selected by its client, the asset owner; and
   e. Accountability for ESG incorporation: overseeing and implementing responsible investment policies.

2. Responsible Ownership
   a. Management engagement: engaging with managements of companies in which Harding Loevner have invested for the purpose of influencing their behaviour for the benefit of public shareholders such as its clients, the asset owners, including with respect to managements' consideration of ESG issues that affect expected risks and returns;
   b. Voting: voting all proxies in the interests of its clients, the asset owners, as Harding Loevner best determine or as they direct;
   c. Policymaker engagement: advocating for the interests of asset owners; and
   d. Institutional support for Responsible Investing: adhering to the Principles for Responsible Investment and the UK Stewardship Code.

Harding Loevner Responsible Investment Selection

Harding Loevner is a global equities manager seeking to achieve superior risk-adjusted returns for its clients by identifying high-quality, sustainably growing companies through in-depth fundamental analysis. Companies that operate with disregard for their environment, for the societies in which they pursue their business, or for the principles of governance by which they should be supervised on behalf of shareholders put at risk their long-term cash flows and share price. Therefore, consideration of environmental, social, and corporate governance (ESG) issues is intrinsic to Harding Loevner's investment process. Harding Loevner's investment selection approach, by its design, eschews companies engaging in unsustainable business practices or pursuing short-term profits at the expense of long- term growth and stability. Harding Loevner believes only companies that can create substantial long-term value are capable of producing meaningful "shared value" for the benefit of larger society as well as for shareholders and other direct stakeholder[4].

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[3] We acknowledge our debt to AQR and the PRI for suggesting this framework for organizing a discussion of the various aspects of investing responsibly. AQR, Clearing the Air: Responsible Investment, (May 2019)

[4] Michael E. Porter, George Serafeim & Mark Kramer, "Where ESG Fails," Institutional Investor, (October 16, 2019)

Governance Screening

At the outset of their work on a company, the responsible analyst completes a 14-point corporate governance checklist to ensure Harding Loevner eliminates companies with demonstrably poor governance from further consideration.

ESG Integration

Harding Loevner includes in its equity security evaluation an explicit consideration of ESG risk factors. Competitive advantage, sustainable growth, financial strength, and quality management are the criteria by which Harding Loevner judges whether a company can sustain high returns on capital. ESG factors are among those that may pose risks to a company's ability to continue to meet one or more of these criteria. Such risks are therefore considered at each stage of its investment process.

For each company under Harding Loevner's coverage, the responsible analyst evaluates 38 distinct ESG risk factors, assigning a score to each to reflect the analyst's level of concern regarding its potential impact on the company's ability to grow profitably and sustainably. The Scorecard provides a consistent framework for comparing companies' potential ESG risks across all industries and geographies. The potential ESG risk factors addressed in the Scorecard include, for example, water consumption, waste generation and disposal, CO_2 emissions, labour relations, treatment of stakeholders, and independence of Board of Directors. ESG risks of concern will affect the analyst's long-term forecasts of a company's growth, margins, capital intensity, and competitive position. In addition, a company's overall ESG Score is an input into Harding Loevner's valuation model that influences the projected duration of future cash flow growth.

Portfolio managers consider ESG factors among other factors affecting risk and expected returns when constructing portfolios from qualified investments.

Harding Loevner Responsible Ownership

Management Engagement

Harding Loevner is an active owner and has clear engagement policies in place with the aim of protecting and furthering the financial interests of its clients, the asset owners. Harding Loevner's analysts engage regularly with company managements in the course of their fundamental research and monitoring of qualified companies. An analyst will formally engage with management to express concern or disagreement with a proposed or decided course of action, including on issues related to shareholder welfare or other ESG concerns. This engagement often arises in the context of proxy voting: whenever Harding Loevner casts a vote against management's recommendation, the responsible analyst is required to write to management to highlight and explain the basis for Harding Loevner's dissent.

If Harding Loevner believes that weak corporate governance, or other ESG issues, at a company results in unacceptably high investment risk, Harding Loevner's usual course of action is disinvestment.

While Harding Loevner generally prefers to engage with companies independent of other investment firms, Harding Loevner will consider coordinating with other institutional investors if Harding Loevner thinks doing so would produce better financial results for Harding Loevner's clients and could be undertaken in compliance with regulations concerning collective action.

Voting

Wherever clients have delegated authority to us, Harding Loevner votes all proxies with its clients' best interest in mind. As active owners, Harding Loevner seek to use its voting power to promote high standards of corporate governance, including provision of adequate disclosure of company policies, activities, and returns, as well as fair and equitable treatment of shareholders.

We aim to vote in favour of management proposals that Harding Loevner believes will benefit shareholders. Harding Loevner supports company boards in aligning management with shareholder returns through remuneration policies. In addition, Harding Loevner supports board independence, including in the composition of individual committees as well as the board overall. Harding Loevner demands that firms maintain adequate disclosures, provide clear information in financial reporting, and offer regular access to shareholders. If a company proposes a policy that Harding Loevner believes will damage long- term shareholder value, Harding Loevner will vote against it.

The analyst responsible for a company determines how to vote on proposals in accordance with the general principles that Harding Loevner has laid out. To support analysts' independent consideration of proposals, Harding Loevner obtains research and recommendations from corporate governance consultant Glass Lewis. Complex or controversial issues are subjected to internal debate by Harding Loevner's investment team, with the ultimate decision remaining with the responsible analyst, who knows the company best. Harding Loevner records all votes—along with the rationale for its deviations from the recommendations of management—and disclose Harding Loevner's votes to the respective asset owners upon request. All votes against recommendations of management are a basis for required engagement with management.

DIRECTORS’ REPORT

The Directors present their report on Pengana International Equities Limited ("the Company"), for the half-year ended 31 December 2021.

Directors

The names of Directors in office at any time during or since the end of the half-year are:

Francis Gooch	Independent Non-Executive Director and Chairman
Russel Pillemer	Managing Director
David Groves	Non-Executive Director
Sandi Orleow	Independent Non-Executive Director

Directors have been in office since the start of the financial year to the date of this report, unless stated otherwise.

Operating and Financial Review

Company Overview and Principal Activities

Pengana International Equities Limited is an Australian Listed Investment Company whose principal operating activity is investing its Australian capital into ethically screened businesses that are listed on global exchanges.

The Company is listed on the Australian Securities Exchange under the code PIA.

Pengana Investment Management Limited, a subsidiary of Pengana Capital Group, is the Investment Manager of PIA and it provides investment management, financial management and marketing support. The Investment Manager has appointed New Jersey based Harding Loevner LP ("Harding Loevner") as the investment team for PIA.

Operating results

Total investment income for the half-year of $25.6 million, was 43.6% lower than the investment income of $45.3 million posted for the half- year ended 31 December 2020.

The portfolio delivered a return, net of fees and expenses, of 6.0% for the half-year ended 31 December 2021 versus the MSCI World Accumulation Net Return Index in Australian Dollars of 11.2%. Performance figures refer to the movement in net assets per share, reversing out the payment of dividends, before tax paid or accrued on realised and unrealised gains.

The Company used 25% as the rate in calculating both income and deferred tax provisions in preparation of the interim financial report for the half-year ended 31 December 2021 (2020: 30%). Please refer Note 3 to this interim financial report for further details in relation to the change in tax rate during the half-year period and its impact on the operating results for the period.

Net profit after tax for the half-year was $19.1 million, which equated to 7.50 cents per share.

The Company completed its on market buy-back that was announced on 26 August 2019 and filed its final buy-back notice on 9 September 2021. No shares were acquired during this period.

Directors Report (continued)

Coronavirus impact (COVID-19)

The Novel Coronavirus (COVID-19) continued to impact global economies and equity, debt and commodity markets which resulted in several support actions by governments and regulators.

The processes to determine the impact of COVID-19 for these financial statements is consistent with the processes disclosed and applied in the 30 June 2021 financial statements. Such processes have identified that no asset impairments have been required as the Company's equity investments are classified as level 1 in the fair value hierarchy (as defined in Note 5 to the financial statements) and marked-to-market with reference to quoted prices on stock exchanges. In addition, expected credit losses have remained unchanged on the Company's receivables, which comprise interest on cash balances and dividends, as they have since been collected or the counterparties have been assessed to have strong credit ratings.

Significant changes in the state of affairs

There were no other significant changes in the state of affairs during the half-year.

Dividends

On 20 October 2021, the Board declared the first quarterly interim dividend of 1.35 cents per share fully franked at 30%, for financial year 2021/2022 in line with the Company's stated dividend policy (2020/2021: 1.25 cents per share, fully franked at 30%).

The dividend reinvestment plan was operational during the period and 408,259 new shares were issued raising $578,082.

On 25 January 2022, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 30% for financial year 2021/2022 in line with the Company's stated dividend policy (2020/2021: 1.25 cents per share, fully franked at 30%). This dividend is not recognised as a liability at 31 December 2021 and will be paid on 15 March 2022.

Events subsequent to balance sheet date

On 25 January 2022, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 30% for financial year 2021/2022. This dividend is not recognised as a liability at 31 December 2021 and will be paid on 15 March 2022.

The after tax NTA per share of the Company at 11 February 2022 was $1.33, a decrease of 9.5% or $0.14 from the $1.47 recorded as at 31 December 2021.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future years.

Directors Report (continued)

Rounding of amounts

The Company is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the rounding off of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain areas, to the nearest dollar (unless stated otherwise).

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

F Gooch

Frank Gooch

Chairman
Sydney
17 February 2022

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Pengana International Equities Limited

As lead auditor for the review of the half-year financial report of Pengana International Equities Limited for the half-year ended 31 December 2021, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

Jaddus M Manga Neto

Jaddus Manga
Partner
17 February 2022

	Note	Half-year ended 31 December 2021 $'000	31 December 2020 $'000
Investment Income			
Interest received		**-**	17
Dividend received		**703**	1,951
Change in fair value of investments	2	**24,884**	43,375
Foreign exchange losses on foreign currency denominated cash		**(4)**	(3)
Total investment income		**25,583**	45,340
Management fees		**(2,419)**	(2,105)
Performance fees		**-**	(1,611)
		(2,419)	(3,716)
Expenses			
Directors' fees		**(77)**	(77)
Audit and assurance fees		**(32)**	(32)
Brokerage expenses		**(75)**	(261)
Share registry fees		**(45)**	(49)
ASX listing fees		**(29)**	(48)
Custody and administration fees		**(79)**	(85)
Other expenses		**(253)**	(117)
		(590)	(669)
Total expenses		**(3,009)**	(4,385)
Profit before income tax		**22,574**	40,955
Income tax expense	3	**(3,439)**	(12,090)
Net profit after income tax		**19,135**	28,865
Other comprehensive income for the half-year, net of tax		**-**	-
Total comprehensive income for the half-year		**19,135**	28,865
Basic and diluted earnings per share (cents per share)		**7.50**	11.35

	Note	As at 31 December 2021 $'000	30 June 2021 $'000
Assets			
Cash and cash equivalents		**6,013**	6,518
Trade and other receivables		**443**	823
Financial assets at fair value through profit or loss		**383,408**	372,568
Deferred tax assets	3	**49**	63
Total assets		**389,913**	379,972
Liabilities			
Trade and other payables		**542**	453
Current tax liabilities		**271**	5,140
Deferred tax liabilities	3	**14,479**	12,581
Total liabilities		**15,292**	18,174
Net assets		**374,621**	361,798
Equity			
Issued capital		**317,810**	317,232
Profit reserve		**170,724**	158,479
Retained losses		**(113,913)**	(113,913)
Total equity attributable to shareholders of the company		**374,621**	361,798

The statement of financial position should be read in conjunction with the accompanying notes.

	Note	Issued Capital $'000	Profit Reserve $'000	Retained Earnings/ (losses) $'000	Total $'000
Balance at 1 July 2020		316,026	114,394	(113,913)	316,507
Profit for the half-year		-	-	28,865	28,865
Transfer to profit reserve		-	28,865	(28,865)	-
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		481	-	-	481
Dividends paid	4	-	(9,534)	-	(9,534)
Balance as at 31 December 2020		316,507	133,725	(113,913)	336,319
Balance as at 1 July 2021		**317,232**	**158,479**	**(113,913)**	**361,798**
Profit for the half-year		**-**	**-**	**19,135**	**19,135**
Transfer to profit reserve		**-**	**19,135**	**(19,135)**	**-**
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		**578**	**-**	**-**	**578**
Dividends paid	4	**-**	**(6,890)**	**-**	**(6,890)**
Balance at 31 December 2021		**317,810**	**170,724**	**(113,913)**	**374,621**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Half-year ended 31 December 2021 $'000	31 December 2020 $'000
Cash flows from operating activities			
Proceeds from sale of investments		**66,613**	101,222
Payments for purchase of investments		**(52,034)**	(101,184)
Brokerage expenses		**(75)**	(261)
Dividends received		**771**	1,860
Interest received		**-**	17
Net GST paid		**(17)**	(13)
Management fees paid		**(2,379)**	(2,088)
Performance fees paid		**-**	(624)
Income tax paid		**(6,396)**	(6,880)
Payment to suppliers		**(672)**	(481)
Net cash inflow/(outflow) from operating activities		**5,811**	(8,432)
Cash flows from financing activities			
Dividends paid	4	**(6,312)**	(5,872)
Net cash outflow from financing activities		**(6,312)**	(5,872)
Net decrease in cash and cash equivalents		**(501)**	(14,304)
Cash and cash equivalents at the beginning of the half-year		**6,518**	37,755
Foreign exchange losses on foreign currency denominated cash		**(4)**	(3)
Cash and cash equivalents at the end of the half-year		**6,013**	23,448

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 General Information

This interim financial report is for Pengana International Equities Limited (the "Company") for the half-year ended 31 December 2021. The Company is a for profit entity limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded.

The financial report for the half-year ended 31 December 2021 is a general purpose financial report and has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001. It is presented in Australian dollars ($) and was approved by the Board of Directors on 17 February 2022. The Directors have the power to amend and reissue the financial report.

This half-year financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2021 Annual Report and any public announcements made in respect of the Company during the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Where necessary, comparative figures have been reclassified to conform to any changes in presentation made in the half-year financial report.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Changes in fair value of investments

	Half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
Change in the realised fair value of listed equities	**8,823**	6,203
Change in the unrealised fair value of listed equities	**16,061**	28,046
Change in the realised fair value of derivative financial instruments	-	8,065
Change in the unrealised fair value of derivative financial instruments	-	1,061
Total changes in the fair value of investments	**24,884**	43,375

3 Income tax expense

	Half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
a. Income tax expense attributable for the year differs from the prima facie amount payable on the operating profit. The difference is reconciled as follows:		
Profit before income tax expense	**22,574**	40,955
Prima facie income tax expense on net profit at 25.0% (2020: 30.0%)	**(5,644)**	(12,287)
Foreign withholding tax	**116**	257
Adjustment for deferred tax of prior period due to change in tax rate	**2,089**	(60)
	(3,439)	(12,090)
b. The major components of income tax expense are:		
Current income tax benefit/(expense)	**(1,527)**	(3,236)
Adjustment for deferred tax of prior period due to change in tax rate	**2,089**	-
Deferred income tax benefit/(expense)	**(4,001)**	(8,854)
	(3,439)	(12,090)
c. Deferred tax liabilities relate to the following:		
Unrealised gain on investments	**14,443**	(13,272)
Other temporary differences	**36**	(38)
	14,479	(13,310)
d. Deferred tax assets relate to the following:		
Costs associated with the issue of shares	**10**	47
Other temporary differences	**39**	31
	49	78

Under the provisions of the tax legislation, a company will qualify for the lower company tax rate of 25% for the financial year 2021/22 if it is a “base rate entity” for the income year. A company is a “base rate entity” for an income year only if:

- No more than 80% of the company’s assessable income for the year is passive income; and
- The aggregated turnover of the company is less than the relevant threshold ($50m for the financial year 2021/22).

In prior financial year (financial year 2020/21), the Company's “aggregated turnover” for the year amounted to approximately $82.3m.

As the Company’s “aggregated turnover” for the financial year 2020/21 was more than $50 million, the Company was not eligible to qualify for the lower company tax rate of 25% for 2020/21. Therefore the Company tax rate for the financial year 2020/21 was 30%, and the Company will be able to frank dividends paid during the 2021/22 financial year at 30%.

The Company's "aggregated turnover" for the half-year ended 31 December 2021 amounted to $12.4m. Therefore, the forecast tax rate for financial year 2021/22 is 25% (2020/21: 30%) since the Company expects the "aggregated turnover" to be less than $50 million at the end of the financial year. The actual tax rate for financial year 2021/2022 will be determined by the "aggregated turnover" at the end of financial year 2021/22. In the event that this is more than $50 million, the tax rate for financial year 2021/22 will be 30%.

4 Dividends

	Half-year ended	
	31 December 2021 $'000	31 December 2020 $'000
a. Dividends paid and payable		
Final fully franked dividend, franked at 30%, of 1.35 cents paid 22 September 2021 (2020: 2.50 cents fully franked at 30%).	**3,444**	6,353
First quarterly interim fully franked dividends, franked at 30%, of 1.35 cents paid 15 December 2021 (2020: 1.25 cents fully franked at 30%)	**3,446**	3,181
	6,890	9,534
b. Dividend reinvestment plan		
Final fully franked dividend, franked at 30%, of 1.35 cents paid 22 September 2021 (2020: 2.50 cents fully franked at 30%).	**(285)**	(481)
First quarterly interim fully franked dividends, franked at 30%, of 1.35 cents paid 15 December 2021 (2020: 1.25 cents fully franked at 30%)	**(293)**	-
	(578)	(481)
Net dividends paid in cash	**6,312**	9,053

c. Interim dividend declared

On 20 October 2021, the Board declared the first quarterly interim dividend of 1.35 cents per share fully franked at 30% for financial year 2021/2022 in line with the Company's stated dividend policy (2020/2021: 1.25 cents per share, fully franked at 30%).

The dividend reinvestment plan was operational during the period and 408,259 new shares were issued raising $578,082.

On 25 January 2022, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 30% for financial year 2021/2022 in line with the Company's stated dividend policy (2020/2021:1.25 cents per share, fully franked at 30%). This dividend is not recognised as a liability at 31 December 2021 and will be paid on 15 March 2022.

5 Fair value measurement

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The transfers between levels only happen at the end of the reporting period. There has been no transfer between levels from the previous reporting period.

31 December 2021 Financial assets	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Listed investments at fair value	383,408	-	-	383,408
Total	383,408	-	-	383,408

5 Financial risk management (continued)

30 June 2021 Financial assets	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Listed investments at fair value	372,568	-	-	372,568
Total	**372,568**	-	-	**372,568**

The carrying amount of cash, trade and other receivables and trade and other payables approximate their fair values.

6 Related party transactions

Details of key management personnel

Key Management Personnel (KMP) for the half-year ended 31 December 2021 are those persons who are identified as having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Non-executive Director (NED) of the Company.

Names and positions held by Directors and Officers of the Company in office at any time during the financial half-year are:

Name	Title	Appointment and resignation date
Frank Gooch	Independent Non-Executive Director and Chairman	Appointed Independent Non-Executive Director 5 June 2017 and Chairman 6 December 2017
Russel Pillemer	Managing Director	Appointed Non-Executive Director 5 June 2017, Managing Director 21 February 2019
David Groves	Non-Executive Director	Appointed 13 January 2017
Sandi Orleow	Independent Non-Executive Director	Appointed 1 September 2019

The Company has no employees. All operational and administrative duties are performed by Pengana Capital Group Limited (PCG), the parent company of the Investment Manager. No employees of PCG are remunerated by the Company. All KMP held their positions for the whole of the half-year ended 31 December 2021.

Related party transactions

Transactions between related parties are on arm's length commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Half-year ended	
	31 December 2021 $	31 December 2020 $
a. Pengana Capital Group Limited The Company reimburses Pengana Capital Group Limited for any expenses that are paid on behalf of the Company as appropriate under the Company's constitution.	**(47,810)**	(30,459)
b. Pengana Investment Management Limited (Investment Manager) Management fees paid and payable as governed by the Investment Management Agreement	**(2,419,004)**	(2,105,455)
c. Pengana Investment Management Limited (Investment Manager) Performance fee is accrued as governed by the Investment Management Agreement. Performance fee is calculated and accrued daily, payable on 30 June.	-	(1,611,422)

7 Statement of operations by segment

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Manager in assessing and determining the allocation of resources.

The Company operates in one business segment, being investment in securities.

8 Subsequent events

On 25 January 2022, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 30% for financial year 2021/2022. This dividend is not recognised as a liability at 31 December 2021 and will be paid on 15 March 2022.

The after tax NTA per share of the Company at 11 February 2022 was $1.33, a decrease of 9.5% or $0.14 from the $1.47 recorded as at 31 December 2021.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future years.

9 Contingent liabilities

There were no contingent liabilities at 31 December 2021 and 30 June 2021 that required disclosure.

10 Net Tangible Assets per Share

The following table shows the NTA per ordinary share presented in the Statement of Financial Position as at 31 December 2021 and the NTA per share reported to the ASX on 6 January 2022.

	31 December 2021 $
The NTA per share reported to the ASX on 6 January 2022	**1.45**
The NTA per share reported in the interim financial report	**1.47**

The NTA per share in the interim financial report differs from the NTA per share reported to the ASX on 6 January 2022 as set out below:

1. The Company used a rate of 25% for both income and deferred tax provisions in the interim financial report for the half-year ended 31 December 2021 as explained in note 3(d) to the interim financial report as opposed to 30% used for the ASX reported NTA. The positive impact of this to the interim financial report is approximately $3,300,000;

2. The Company's investments as stated in the interim financial report are valued at fair value in accordance with AASB 13 Fair Value Measurement. For the ASX reported NTA, the investments were valued using the last sale price less any estimated realisation costs. This and adjustments to accruals had a positive impact to the interim financial report amounting to approximately $376,000.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Pengana International Equities Limited, I state that:

a the financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
   i) giving a true and fair view of the Company's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
   ii) complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Australian Accounting Standards and the Corporations Regulations 2001*; and

b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Company.

On behalf of the Board,

F Gooch

Frank Gooch
Chairman
Sydney
17 February 2022

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Building a better working world

Independent auditor's review report to the members of Pengana International Equities Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Pengana International Equities which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive Income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not comply with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the Company's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and

b) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Jaddus M R Manga Neto

Jaddus Manga
Partner
Sydney
17 February 2022

CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

Pengana International Equities Limited
Level 1, 2 and 3 60 Martin Place,
Sydney, NSW 2000 Australia

Telephone (61 2) 8524 9900
Facsimile (61 2) 8524 9901

Website www.pengana.com/pia
Email clientservice@pengana.com

DIRECTORS

Francis Gooch
Independent Non-Executive Director and Chairman

Sandi Orleow
Independent Non-Executive Director

David Groves
Non-Executive Director

Russel Pillemer
Managing Director

COMPANY SECRETARY

Paula Ferrao

INVESTMENT TEAM

Harding Loevner
400 Crossing Blvd
Fourth Floor Bridgewater Township
New Jersey 08807, United States

AUDITOR

Ernst & Young
200 George Street
Sydney NSW 2000 Australia

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 3, 60 Carrington St
Sydney NSW 2000 Australia

Telephone (61 2) 8234 5000
Website www.computershare.com/au

PENGANA INTERNATIONAL EQUITIES LIMITED

PENGANA INTERNATIONAL EQUITIES LIMITED
HEAD OFFICE

Level 1, 2 and 3 60 Martin Place, Sydney, NSW, 2000
GPO Box 5409, Sydney, NSW, 2001
Ph: +61 8524 9900
Fax: +61 8524 9901

pengana.com/pia