

# Interim Financial Report

For the half-year ended 31 December 2020



PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: 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.

## Corporate objective

PIA's objective is to provide shareholders with capital growth from investment 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 aims to generate consistent long-term returns whilst reducing volatility and the risk of losing capital.

The strategy is to actively manage a portfolio that is diversified in terms of geographies, industries and company sizes. The companies considered for inclusion in the portfolio demonstrate large and growing free cash flow generation, low levels of debt and are reasonably valued and fit our ESG requirements.

## Benefits of investing in the strategy

Skilled investment team

Focus on risk and return

A truly active strategy

Ethical 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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## CHAIRMAN'S LETTER

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Dear shareholders,

I am pleased to present the Interim Financial Report of Pengana International Equities Limited (ASX: PIA) for the half-year ended 31 December 2020.

### Financial performance

PIA's net profit after tax for the half year to 31 December 2020 was \$28.9 million, a 69% increase over the profit for the previous corresponding half year. This result equated to earnings per share of 11.35 cents.

The main driver of this pleasing result was the \$43 million increase in the fair value of the investments over the six month period.

During the half year, PIA paid the June 2020 fully franked final dividend of 2.5 cents per share and provided for its first quarterly fully franked dividend of 1.25 cents per share, which was paid on 22 January 2021. This absorbed a total of \$9.5 million of the profit reserve which stood at \$133 million on 31 December 2020. In addition, PIA has sufficient franking credits to pay fully franked dividends for the foreseeable future.

Over the half-year the Company's net assets after provision for tax on unrealised gains increased to \$336 million on 31 December 2020 (\$1.32 per share) from \$317 million (\$1.24 per share) six months earlier.

### Investment performance

Consistent application of the investment strategy by the Company's investment manager, Pengana Capital Group (ASX: PCG), delivered a strong result, resulting in the \$43 million increase in the fair value of the investments for the half year.

The portfolio return of 12.9%<sup>1</sup> after fees and expenses exceeded that of the market as a whole, as measured by the MSCI World<sup>2</sup> index, by 3.2%. Importantly this was achieved by taking on less risk than the market with volatility lower than the MSCI World index.

The investment strategy aims to protect capital and manage volatility by actively managing an ethically screened, diversified portfolio of highly cash flow positive companies that are well-positioned to grow, reasonably valued, and unlikely to fail.

The performance was achieved while being significantly underweight both the US market and the Information Technology sector. For further portfolio insights I encourage you to read the company's monthly and quarterly reports which include commentaries by Jordan Cvetanovski, PIA's CIO & Portfolio Manager. These reports are released to the ASX and emailed to subscribing shareholders monthly and are available on the Company's website.

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<sup>1</sup> 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

<sup>2</sup> Benchmark & MSCI World refers to MSCI World Total Return Index, Net Dividends Reinvested, in A\$

## Quarterly dividend

On 10 February 2021, the Board declared the second quarterly dividend of 1.25 cents per share, fully franked at the 30% tax rate to be paid on 29 April 2021. In conjunction with the 1.25 cents per share fully franked dividend declared in November 2020 and paid on 22 January 2021, it brings the total dividends declared out of the half-year profits to 2.5 cents per share, which is in line with our stated objective of delivering a consistent stream of fully franked dividends of at least 5 cents per share to shareholders.

At the closing share price of \$1.32 on 22 February 2021, PIA's dividend yield was 3.8 percent, or a 5.3 percent yield grossed up for franking credits.

## Capital management

The buy-back remains in place and whilst it hasn't been utilised in the half-year, it remains a capital management tool available to the Board.

## Total Shareholder Return

The Total Shareholder Return (TSR) for the half was 24.8% and comprised an increase in the share price and the payment of the 2020 fully franked final dividend of 2.5 cents per share. The TSR increases to 25.8% if the value of franking credits is taken into account.

## Investor engagement

Both the company and PCG have been seeking to improve engagement with shareholders, potential investors and advisers, as part of a broader effort to improve awareness of the company and the potential benefits arising from an investment in the company.

Encouragingly there was an increase in demand for PIA shares and consequently a lift in the share price relative to the company's NTA during the half. The closing share price on 31 December 2020 was \$1.31.

PIA's website, <http://pengana.com/pia> was upgraded on 5 February 2021. It has been re-designed to provide a richer experience and meaningful communications with both current shareholders and prospective investors. I encourage you to visit the website to take advantage of the resources available on it.

To ensure you remain fully informed, we recommend that you elect to receive all your investor communications via email. 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.



Frank Gooch  
**Chairman**  
**Pengana International Equities Limited**  
**23 February 2021**



## DIRECTORS' REPORT

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Your Directors present their report on Pengana International Equities Limited ("the Company"), for the half-year ended 31 December 2020.

### 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 a listed investment company that was incorporated on 22 December 2003 to invest in a portfolio of permitted investments. The Company's Investment Manager Pengana Investment Management Limited is a wholly owned subsidiary of Pengana Capital Group Limited (PCG).

The permitted investments comprise shares in ethically screened companies that are listed on international exchanges, derivatives and cash.

#### Operating results

Total investment income for the half year of \$45.3 million, was 74% higher than that of the prior half year. The improved operating performance was due to strong portfolio performance, which led to an increase of \$43.375 million in the net fair value of the investments.

The portfolio delivered a return, net of fees and expenses, of 12.9% for the half year ended 31 December 2020. This was a significantly better performance than the MSCI World Total Return Index of 9.74%.

Net profit after tax for the half year was \$28.9 million, which equated to 11.35 cents per share.

No shares were acquired under the buyback during the half year ended 31 December 2020.

#### Coronavirus impact (COVID-19)

COVID-19, which is a respiratory illness caused by a new virus, was declared a worldwide pandemic by the World Health Organisation in March 2020. COVID-19 and measures to slow the spread of the virus have since had a significant impact on global economies and equity and financial markets. Neither the operating results for the half year ended 31 December 2020 nor the financial position as at 31 December 2020 of the Company has been adversely affected as a result of COVID-19 due to the consistent application of its

investment strategy, which is focused towards generating consistent long term returns whilst reducing volatility and risk of losing capital.

It is not practicable to estimate the potential impact, positive or negative, subsequent to reporting date. The situation continues to rapidly evolve and is dependent on measures imposed by Governments, Central Banks and the potential spread of the virus itself. The Directors of the Company continue to closely monitor the situation as it evolves and take relevant measures as required in ensuring the Company is able to navigate through this challenging period.

## **Significant changes in the state of affairs**

On 29 October 2020, the Board of Pengana International Equities resolved a move to a quarterly dividend schedule.

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

## **Dividends**

On 21 August 2020, the Board declared a final dividend for the year ended 30 June 2020 of 2.5 cents per share fully franked at 30% in line with the Company's stated dividend policy (2019: 3.5 cents per share, of which 2.35 cents per share was franked at 27.5%).

The dividend reinvestment plan was operational during the period and 407,231 new shares were issued raising \$481,266.

On 25 November 2020, the Board declared a quarterly dividend of 1.25 cents per share fully franked at 30% in line with the Company's stated dividend policy.

## **After balance sheet date events**

The fully franked dividend of 1.25 cents per share franked at 30%, which was declared on 25 November 2020 and recorded as a payable as at 31 December 2020, was paid on 22 January 2021.

On 10 February 2021, the Board declared a fully franked interim dividend for the period of 1.25 cents per share to be paid on 29 April 2021. This dividend is not recognised as a liability at 31 December 2020 and will be paid on 29 April 2021.

The after tax NTA per share of the Company at 19 February 2021 was \$1.37, an increase of 3.79% or \$0.05 from the \$1.32 recorded as at 31 December 2020.

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 Company's operations, the results of those operations or the Company's state of affairs in future years.

## **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.



Frank Gooch

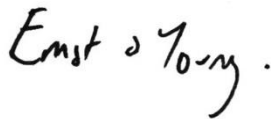
**Chairman**  
**Sydney**  
**23 February 2021**



## 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 2020, 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; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.



Ernst & Young



Graeme McKenzie  
Partner  
23 February 2021

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended:		31 December 2020 \$'000	31 December 2019 \$'000
	Note		
<b>Revenue</b>			
Interest received		17	99
Dividend received		1,951	1,698
Change in fair value of investments	2	43,375	24,129
Foreign exchange (loss)/gain on foreign currency denominated cash		(3)	5
Other operating income		-	181
<b>Total investment income</b>		<b>45,340</b>	<b>26,112</b>
Management fees		(2,105)	(2,012)
Performance fees		(1,611)	-
		<b>(3,716)</b>	<b>(2,012)</b>
<b>Expenses</b>			
Directors' fees		(77)	(80)
Audit and assurance fees		(32)	(33)
Brokerage expenses		(261)	(341)
Share registry fees		(49)	(71)
ASX listing fees		(48)	(43)
Custody and administration fees		(85)	(72)
Other expenses		(117)	(108)
		<b>(669)</b>	<b>(748)</b>
<b>Total expenses</b>		<b>(4,385)</b>	<b>(2,760)</b>
<b>Profit before income tax</b>		<b>40,955</b>	<b>23,352</b>
Income tax expense	3	(12,090)	(6,227)
<b>Net profit after income tax</b>		<b>28,865</b>	<b>17,125</b>
Other comprehensive income for the half-year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>28,865</b>	<b>17,125</b>
Basic and diluted earnings per share (cents per share)		11.35	6.74

*The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## STATEMENT OF FINANCIAL POSITION

As at:		31 December 2020 \$'000	30 June 2020 \$'000
	Note		
<b>Assets</b>			
Cash and cash equivalents		23,448	37,755
Trade and other receivables		348	155
Financial assets at fair value through profit or loss		331,411	288,074
Deferred tax assets	3	<u>78</u>	<u>86</u>
<b>Total assets</b>		<b>355,285</b>	<b>326,070</b>
<b>Liabilities</b>			
Dividend payable		3,181	-
Trade and other payables		2,020	998
Current tax liabilities		455	4,100
Deferred tax liabilities	3	<u>13,310</u>	<u>4,465</u>
<b>Total liabilities</b>		<b>18,966</b>	<b>9,563</b>
<b>Net assets</b>		<b>336,319</b>	<b>316,507</b>
<b>Equity</b>			
Issued capital		316,507	316,026
Profit reserve		133,725	114,394
Retained losses		<u>(113,913)</u>	<u>(113,913)</u>
<b>Total equity attributable to shareholders of the Company</b>		<b>336,319</b>	<b>316,507</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the half-year ended:		Issued Capital \$'000	Profit Reserve \$'000	Retained Earnings/ (losses) \$'000	Total \$'000
	Note				
<b>Balance at 1 July 2019</b>		315,997	105,485	(113,913)	307,569
Profit for the half-year		-	-	17,125	17,125
Transfer to profit reserve		-	17,125	(17,125)	-
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		606	-	-	606
Dividends paid	4	-	(8,878)	-	(8,878)
Share buyback		(629)	-	-	(629)
<b>Balance as at 31 December 2019</b>		<b>315,974</b>	<b>113,732</b>	<b>(113,913)</b>	<b>315,793</b>
<b>Balance as at 1 July 2020</b>		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 and payable	4	-	(9,534)	-	(9,534)
<b>Balance at 31 December 2020</b>		<b>316,507</b>	<b>133,725</b>	<b>(113,913)</b>	<b>336,319</b>

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

## STATEMENT OF CASH FLOWS

For the half-year ended:		31 December 2020 \$'000	31 December 2019 \$'000
	Note		
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		101,222	92,718
Payments for purchase of investments		(101,184)	(93,233)
Brokerage expenses		(261)	(341)
Dividends received		1,860	1,425
Interest received		17	145
Net GST paid		(13)	(26)
Other income received		-	181
Management fees paid		(2,088)	(1,926)
Performance fees paid		(624)	-
Income tax paid		(6,880)	-
Payment to suppliers		<u>(481)</u>	<u>(529)</u>
<b>Net cash outflow from operating activities</b>		<b><u>(8,432)</u></b>	<b><u>(1,586)</u></b>
<b>Cash flows from financing activities</b>			
Dividends paid		(5,872)	(8,272)
Share buyback		-	(629)
<b>Net cash outflow from financing activities</b>		<b><u>(5,872)</u></b>	<b><u>(8,901)</u></b>
Net (decrease) in cash and cash equivalents		(14,304)	(10,487)
Cash and cash equivalents at the beginning of the half-year		37,755	34,089
Foreign exchange (loss)/gain on foreign currency denominated cash		<u>(3)</u>	<u>5</u>
<b>Cash and cash equivalents at the end of the half-year</b>		<b><u>23,448</u></b>	<b><u>23,607</u></b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: General Information

This interim financial report is for Pengana International Equities Limited (the "Company") for the half-year ended 31 December 2020. 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 2020 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 23 February 2021. 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 2020 Annual Report and any public announcements made in respect of the Company during the half-year ended 31 December 2020 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 2020 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

### NOTE 2: CHANGES IN FAIR VALUE OF INVESTMENTS

	Half-year ended	
	31 December 2020 \$'000	31 December 2019 \$'000
Change in the fair value of listed equities	34,249	24,272
Change in the fair value of derivative financial instruments	9,126	(143)
<b>Total changes in the fair value of investments</b>	<b>43,375</b>	<b>24,129</b>



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3: INCOME TAX EXPENSE

Half-year ended	
31 December 2020	31 December 2019
\$'000	\$'000

**a. Income tax expense attributable for the half-year differs from the prima facie amount payable on the operating profit. The difference is reconciled as follows:**

Profit before income tax expense	40,955	23,352
Prima facie income tax expense on net profit at 30.0% (2019: 27.5%)	(12,287)	(6,422)
Foreign withholding tax	257	198
Adjustments to prior period	(60)	(3)
	<u>(12,090)</u>	<u>(6,227)</u>

**b. The major components of income tax expense are:**

Current income tax benefit/(expense)	(3,236)	369
Deferred income tax	(8,854)	(6,596)
	<u>(12,090)</u>	<u>(6,227)</u>

**c. Deferred tax liabilities relate to the following:**

Unrealised gain on investments	(13,272)	(12,747)
Other temporary differences	(38)	(86)
	<u>(13,310)</u>	<u>(12,833)</u>

**d. Deferred tax assets relate to the following:**

Costs associated with the issue of shares	47	91
Other temporary differences	31	38
	<u>78</u>	<u>129</u>

Under the provisions of the tax legislation, a company will qualify for the lower company tax rate of 26% for the financial year 2020/21 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 (\$50 million for the financial year 2020/21).

In the prior financial year (financial year 2019/2020), the Company's "aggregated turnover" for the year amounted to approximately \$61m.

As the Company's "aggregated turnover" for the financial year 2019/20 was more than \$50 million, the corporate tax rate that applied for the financial year 2019/20 was 30%, and the Company will be able to frank dividends paid during the 2020/21 financial year at 30%.

Whilst the franking rate will be 30% for dividends paid during the financial year 2020/21, the actual tax rate for 2020/2021 (i.e. for the purposes of calculating the tax payable on the Company's taxable income for that year) will depend on whether the Company is a "base rate entity" for financial year 2020/21. In the event that the Company is not a "base rate entity", the tax rate for financial year 2020/21 will be 30%.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 4: DIVIDENDS

	Half-year ended	
	31 December 2020 \$'000	31 December 2019 \$'000
<b>a. Dividends paid and payable</b>		
Final fully franked dividend, franked at 30%, of 2.5 cents paid 23 October 2020 (2019: 3.5 cents, 2.35 cents franked at 27.5%)	6,353	8,878
Interim fully franked dividend, franked at 30%, of 1.25 cents paid 22 January 2021 (2019: nil)	3,181	-
	<u>9,534</u>	<u>8,878</u>
<b>b. Dividend reinvestment plan</b>		
Final fully franked dividend, franked at 30%, of 2.5 cents paid 23 October 2020 (2019: 3.5 cents, 2.35 cents franked at 27.5%)	(481)	(606)
	<u>(481)</u>	<u>(606)</u>
<b>Net dividends paid and payable</b>	<u>9,053</u>	<u>8,272</u>
<b>c. Interim dividend declared</b>		

On 25 November 2020, the Board declared its first quarterly interim fully franked dividend of 1.25 cents per share, franked at 30%, in line with the Company's updated dividend schedule. This dividend is recognised as a liability at 31 December 2020, and was paid on 22 January 2021.

On 10 February 2021, the Board declared its second quarterly interim fully franked dividend of 1.25 cents per share franked at 30%. This dividend is not recognised as a liability at 31 December 2020 and will be paid on 29 April 2021.

### NOTE 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).

There has been no transfer between levels from the previous reporting period.

31 December 2020	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Listed investments at fair value	327,431	-	-	327,431
Forward foreign exchange hedging contracts	-	3,980	-	3,980
<b>Total</b>	<u>327,431</u>	<u>3,980</u>	<u>-</u>	<u>331,411</u>
30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Listed investments at fair value	285,155	-	-	285,155
Forward foreign exchange hedging contracts	-	2,919	-	2,919
<b>Total</b>	<u>285,155</u>	<u>2,919</u>	<u>-</u>	<u>288,074</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6: RELATED PARTY TRANSACTIONS

#### Details of key management personnel

Key Management Personnel (KMP) for the year ended 31 December 2020 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 year are:

Name	Title	Appointment and resignation date
Francis 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.

Unless otherwise noted, all KMP held their positions for the whole of the year ended 31 December 2020.

#### 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 2020	31 December 2019
	\$	\$
<b>a. Pengana Capital Group Limited</b>		
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.	(30,459)	(75,000)
<b>b. Pengana Investment Management Limited (Investment Manager)</b>		
Management fees paid and payable as governed by the Investment Management Agreement	(2,105,455)	(2,011,691)
<b>c. Pengana Investment Management Limited (Investment Manager)</b>		
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)	-

### NOTE 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.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **NOTE 8: SUBSEQUENT EVENTS**

The fully franked dividend of 1.25 cents per share franked at 30%, which was declared on 25 November 2020 and recorded as a payable as at 31 December 2020, was paid on 22 January 2021.

On 10 February the Board declared an interim fully franked dividend of 1.25 cents per share franked at 30%. This dividend is not recognised as a liability at 31 December 2020 and will be paid on 29 April 2021.

The after tax NTA per share of the Company at 19 February 2021 was \$1.37 an increase of 3.79% or \$0.05 from the \$1.32 recorded at 31 December 2020.

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.

### **NOTE 9: CONTINGENT LIABILITIES**

There were no contingent liabilities at 31 December 2020 and 30 June 2020 that required disclosure.

## DIRECTORS' DECLARATION

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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 its financial position as at 31 December 2020 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 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,



Frank Gooch  
Chairman  
Sydney  
23 February 2021



**Building a better  
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## **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 Limited (the "Company"), which comprises the statement of financial position as at 31 December 2020, 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, nothing has come to our attention that causes us to believe that the half-year financial report of the Company is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Company's financial position as at 31 December 2020 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*.

#### **Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.





## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Graeme McKenzie'.

Graeme McKenzie  
Partner  
Sydney  
23 February 2021

## CORPORATE DIRECTORY

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### PRINCIPAL AND REGISTERED OFFICE

**Pengana International Equities Limited**  
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Sydney, NSW 2000 Australia

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Email [clientservice@pengana.com](mailto:clientservice@pengana.com)

### DIRECTORS

Francis Gooch  
Independent Non-Executive Director and  
Chairman

David Groves  
Non-Executive Director

Russel Pillemer  
Managing Director

Sandi Orleow  
Independent Non-Executive Director

### COMPANY SECRETARY

Paula Ferrao

### AUDITOR

**Ernst & Young**  
200 George Street  
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### SHARE REGISTRY

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