

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

31 December 2022 Half Year Presentation



Zenith
Recommended



CERTIFIED BY RIAA



Independent Investment Research
Recommended

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

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1. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

AGENDA

- I **Corporate overview**
- II Highlights for the half year ending 31 December 2022
- III Portfolio update
- IV Harding Loevner overview

CORPORATE OVERVIEW

RESPONSIBLE INVESTING – CAPITAL GROWTH – RELIABLE INCOME

PIA's objective is to provide shareholders with:

- **capital growth** over the medium to long-term from investing in an ethically screened and actively managed portfolio of international businesses, and
- regular, reliable **income from fully franked dividends**, paid quarterly.

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

Harding Loevner, a highly regarded global institutional fund manager, is the investment team responsible for the management of PIA's portfolio.

PIA has a “Recommended” rating from Lonsec, Zenith and Independent Investment Research (IIR), and is certified by The Responsible Investment Association Australasia (RIAA.)

RESPONSIBLE INVESTING:

THE LARGEST INTERNATIONAL ETHICAL LIC ON THE ASX

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) ISSUES CAN CONTRIBUTE PROFOUNDLY TO THE SUCCESS OR FAILURE OF OUR INVESTMENTS



Ethical Screens

- Pre trade application of Pengana Capital Group's Ethical Screens
- Adult content, alcohol, animal cruelty, fossil fuels, gambling, Genetically Modified Organisms (GMOs), human right abuses, mining, nuclear, old growth forests, tobacco and weapons are excluded



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.
- Pengana Capital Group and Harding Loevner are signatories to the UN-backed Principles for Responsible Investment (PRI) 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.

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FINANCIAL HIGHLIGHTS

FOR THE HALF YEAR ENDING 31 DECEMBER 2022

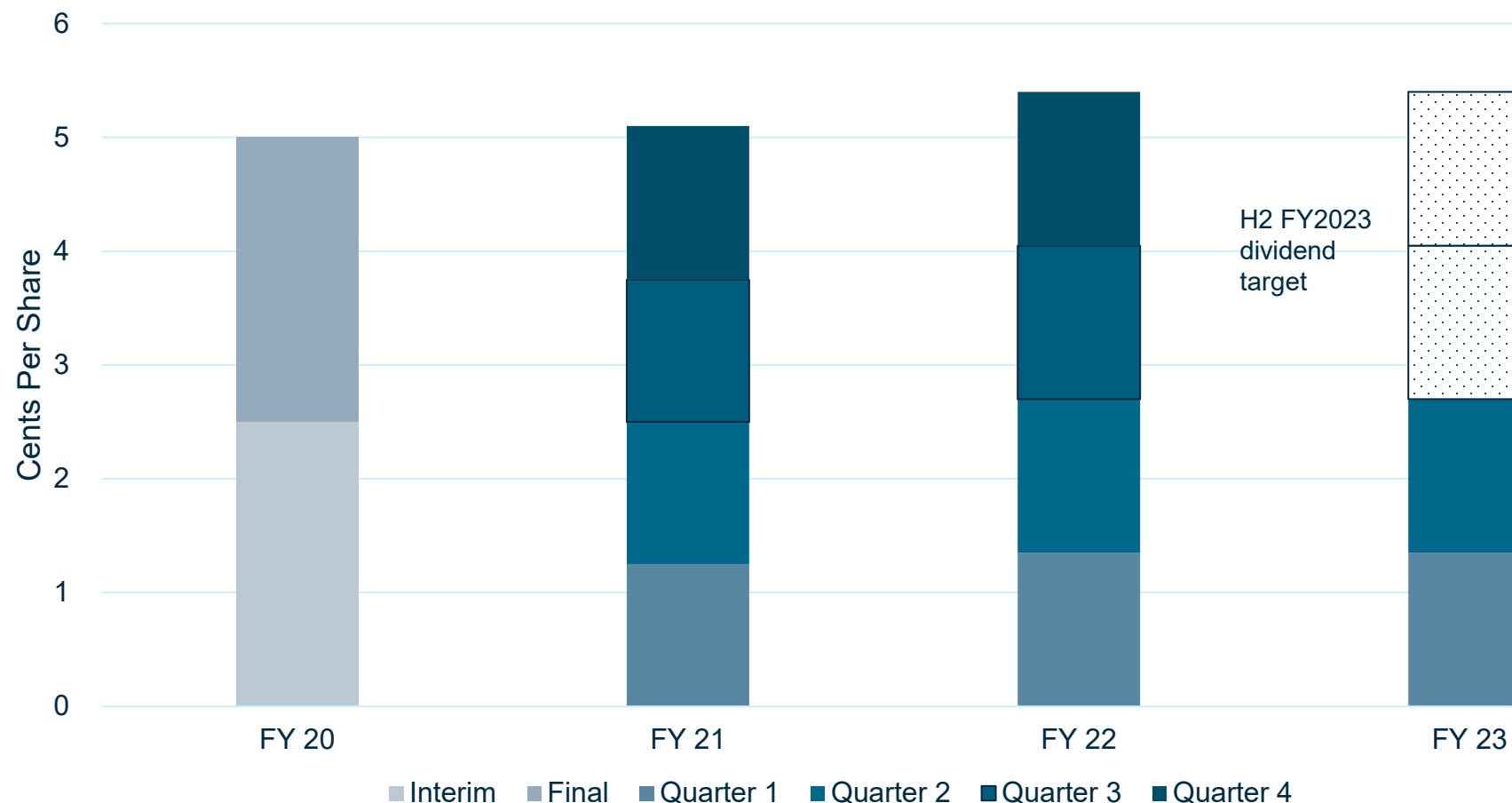
Second quarterly dividend	1.35 cps to be paid on 15 March 2023, fully franked at 25% tax rate
Annual dividend	5.4 cps, paid quarterly, yield of 5.5% or 7.3% grossed up for franking ¹
Net profit after tax	\$4.8 million
Profit reserves³	\$162 million or over 11 years dividend cover
Franking reserves³	\$8.7 million or fully franked dividend cover into FY2025
Net Assets 31 December 2022	\$286 million or \$1.11 per share (post-tax)
Net Assets 10 February 2023	\$298 million or \$1.16 per share (post-tax)
Portfolio return since inception²	5.5%
Buy back	Up to 10% of issued capital, commencing 22 August 2022

1. Based on \$0.98 share price at 15 February 2023 and a 25% company tax rate 2. Performance to 31 December 2022 since inception of Pengana as the Investment Manager in July 2017, Source: 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 3. Based on current annual target dividend of 5.4 cents per share

SUSTAINABLE FULLY FRANKED DIVIDENDS

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

FULLY FRANKED DIVIDEND HISTORY



Annual Dividend Target

5.4c per share

Fully Franked

Upcoming Quarterly Dividend

1.35c per share

Fully franked at 25% tax rate

Ex date:

28 February 2023

Record date:

1 March 2023

Payment date:

15 March 2023


DIVIDEND YIELD

QUARTERLY FULLY FRANKED DIVIDENDS

quarterly dividend

$$\frac{1.35c}{\$0.98} = \sim 5.5\% \text{ p.a. yield (cash basis)}$$

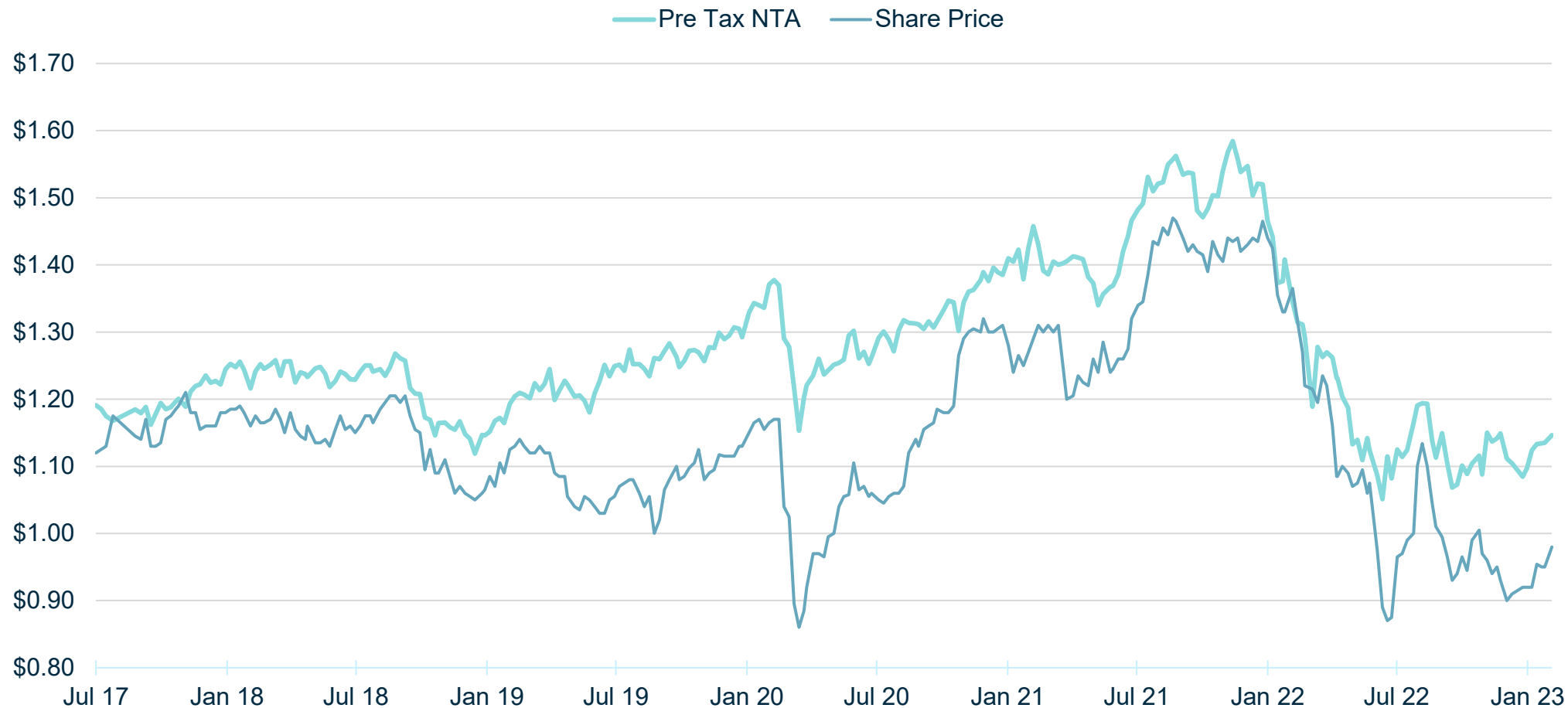
share price

7.3% p.a. yield 

when grossed-up for franking credits

The current profit reserves & franking balance are able to sustain
fully franked quarterly dividends into FY2025

NTA AND SHARE PRICE MOVEMENTS OVER 5 YEARS TO 15 FEBRUARY 2023



Source: Bloomberg and Pengana Capital.



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TOP HOLDINGS

AS AT 31 DECEMBER 2022

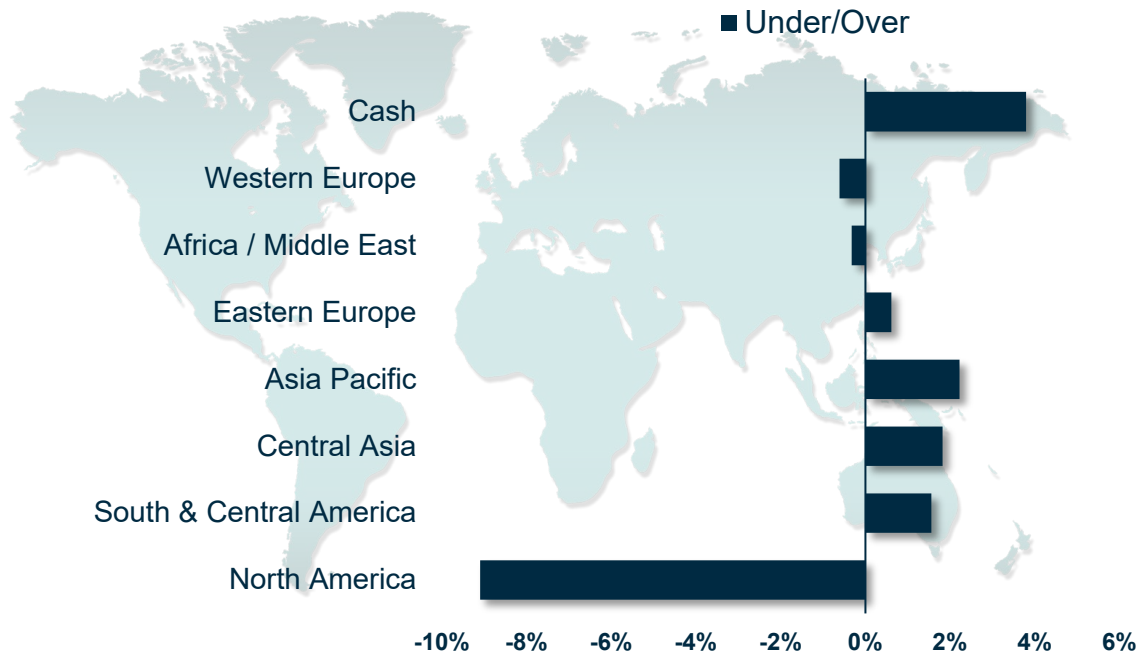
	Alphabet Inc	United States	Communication Services
	AMETEK Inc	United States	Industrials
	Deere & Co	United States	Industrials
	First Republic Bank	United States	Financials
	HDFC Bank Ltd	India	Financials
	Microsoft	United States	Information Technology
	Schneider Electric	France	Industrials
	Synopsys Inc	United States	Information Technology
	UnitedHealth Group Inc	United States	Health Care
	Vertex Pharmaceuticals Inc	United States	Health Care

Total number of portfolio holdings: 65

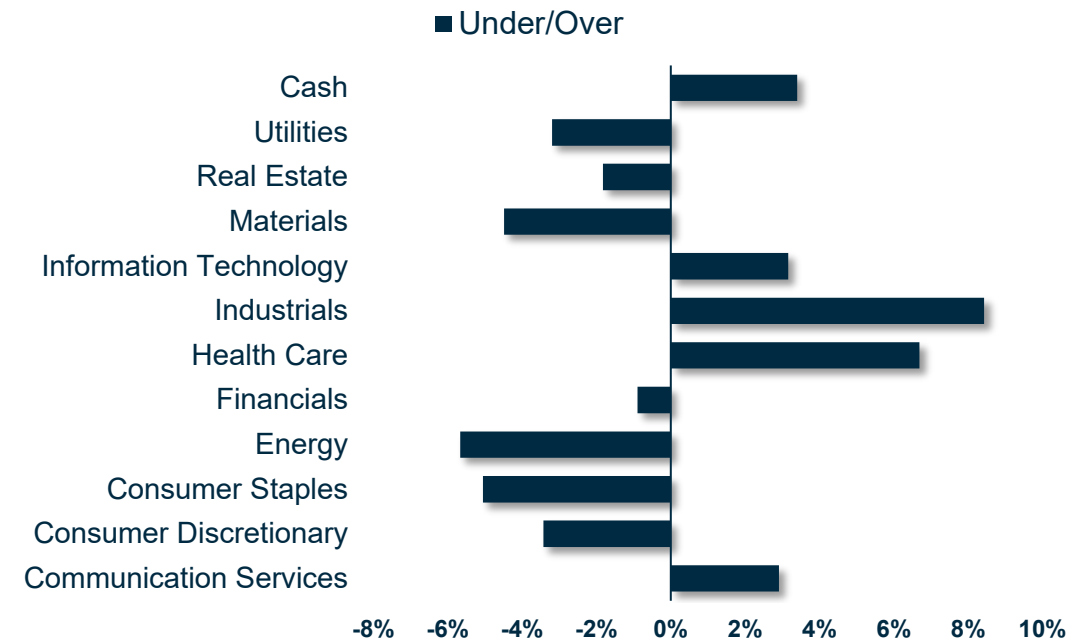
PORTFOLIO POSITIONING

EXPOSURES AS AT 31 DECEMBER 2022

GEOGRAPHIC EXPOSURE



SECTOR EXPOSURE



QUALITY & GROWTH INVESTMENT PHILOSOPHY

DIVERSIFIED PORTFOLIOS OF HIGH-QUALITY, GROWING COMPANIES



WHAT'S ON OUR MIND?

HIGHER INTEREST RATES TO SLOW THE GLOBAL ECONOMY
BUT SECULAR GROWTH TRENDS BRING OPPORTUNITIES

1 Interest rates have further to rise

Inflation is falling but remains well above target

Goods prices more under control, but labour and services inflation still a problem

China's re-opening supports demand but risks another spike in commodity prices

2 Strength in innovation

Digital transformation not slowing, down the Great Separation continues

Golden age of healthcare innovation

Re-shoring of critical manufacturing is creating exciting opportunities

3 Share markets stay volatile

Higher interest rates will slow global economy further in 2023

Markets expected to stay volatile until interest rates have peaked

Look for companies that can grow earnings independently of the consumer spending cycle

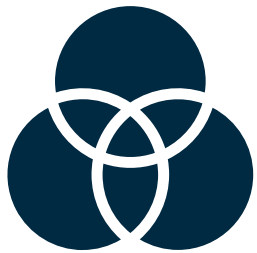


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INVESTMENT HYPOTHESIS



Investing in high quality, growing businesses at reasonable prices leads to long term superior risk adjusted returns.

This “QUALITY GROWTH” Investment philosophy has been the foundation of our strategies since the firm was founded.

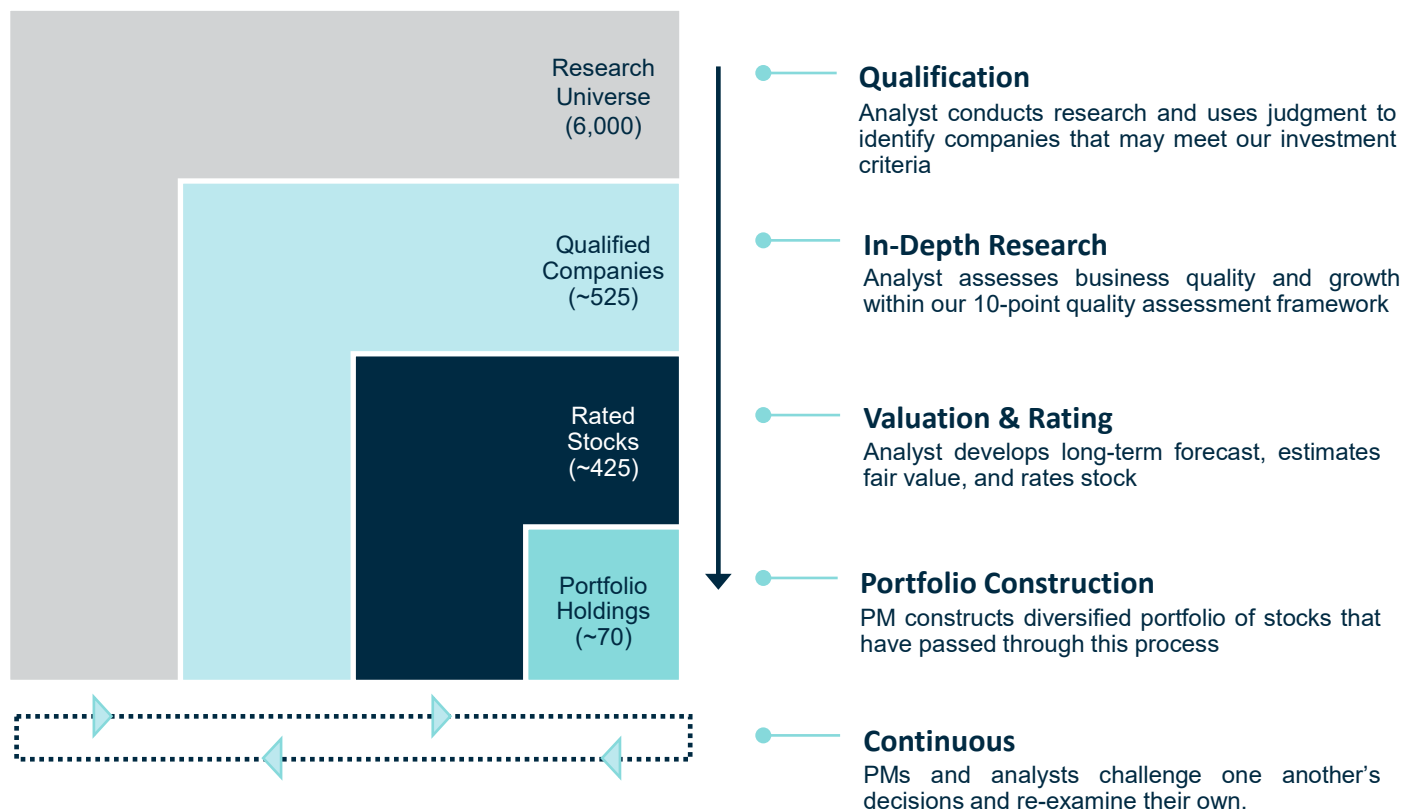


INVESTMENT PROCESS

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

ESG issues are considered in each step of the process.

Collaborative, Highly Structured Process that Promotes Individual Accountability



Harding Loevner¹

Circa US\$59 billion under management
32-year track record
2.43% p.a. out-performance since 1989

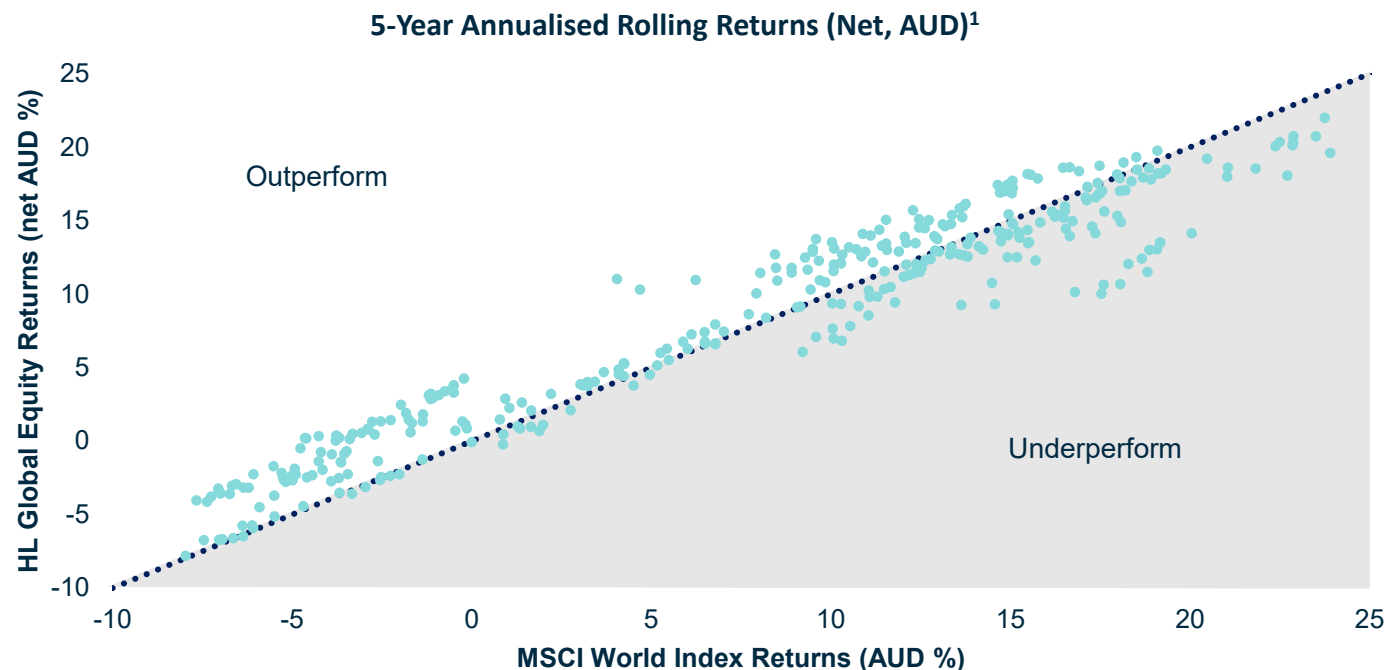
Investment Philosophy

Quality growth
Distinct decision making
Behavioral finance
Patient & Disciplined

¹ Source: Harding Loevner, Harding Loevner Global Equity Strategy annualised returns in USD since inception to 30 June 2022, before fees, including the reinvestment of all income. Benchmark :MSCI All Country World Total Return Index

INVESTMENT STRATEGY

DECISION MAKING PRODUCING A DISTINCTIVE PATTERN OF PERFORMANCE



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

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

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

HL Outperformance Frequency (All Periods: 61%)

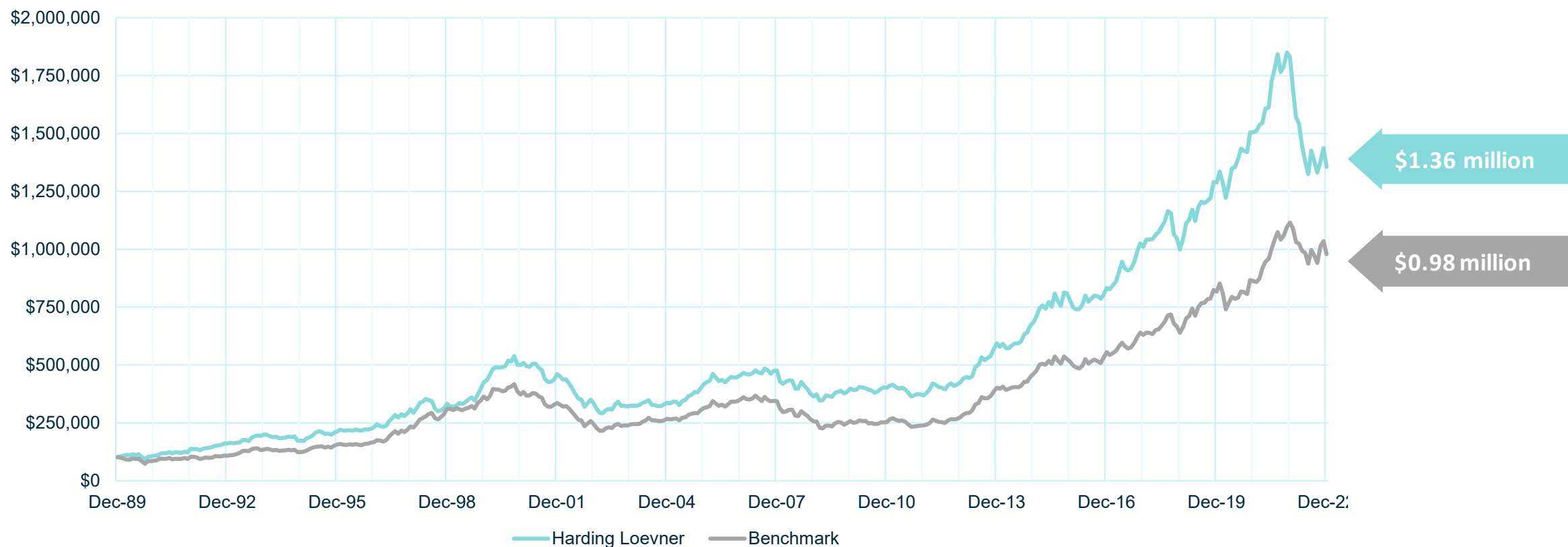
Falling Markets MSCI < 0%	Moderate Markets 0% < MSCI < 10%	Strong Markets MSCI > 10%
94%	54%	37%

Prior to June 2021, the Harding Loevner Global Equity Strategy performance has been simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by converting the USD gross returns to AUD, then applying a management fee of 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions. MSCI World refers to the MSCI World Total Return Index (net, AUD). Past performance is not a reliable indicator of future performance, the value of investments can go up and down

1. November 30, 1989 (strategy inception) to December 31, 2022

HARDING LOEVNER GLOBAL EQUITY PERFORMANCE

Growth of \$100,000 invested since inception¹ (net, AUD) to December 31, 2022



Prior to June 2021, the Harding Loevner Global Equity Strategy performance has been simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by converting the USD gross returns to AUD, then applying a management fee of 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Benchmark: MSCI All Country World Total Return Index

1. November 30, 1989 (strategy inception) to December 31, 2022

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FOR MORE INFORMATION

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