PENGANA
INTERNATIONAL
EQUITIES LIMITED

PENGANA INTERNATIONAL EQUITIES LIMITED

December 2019

Investor presentation: Period ending 31 December 2019

PENGANA INTERNATIONAL EQUITIES LIMITED
ASX: PIA

Highlights of financial period ending 31 December 2019

1

PROFIT AFTER TAX AND EPS

Profit of $17.1 m

EPS of 6.74 cps

up on

loss after tax of $6.8 m

prior comparable period

2

INTERIM DIVIDEND

2.5 cents per share

Fully franked

Ex date
8 April 2020

Record date
9 April 2020

Payment date
30 April 2020

3

PORTFOLIO INVESTMENT RETURN

Up 7.5%[1]

since 30 June 2019

Net of fees and expenses

4

NET ASSETS

$315.8 m

up on

$307.6 m

as at 30 June 2019

1.Performance figures refer to the movement in net assets per share, reversing out the impact of option exercises and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance, the value of investments can go up and down

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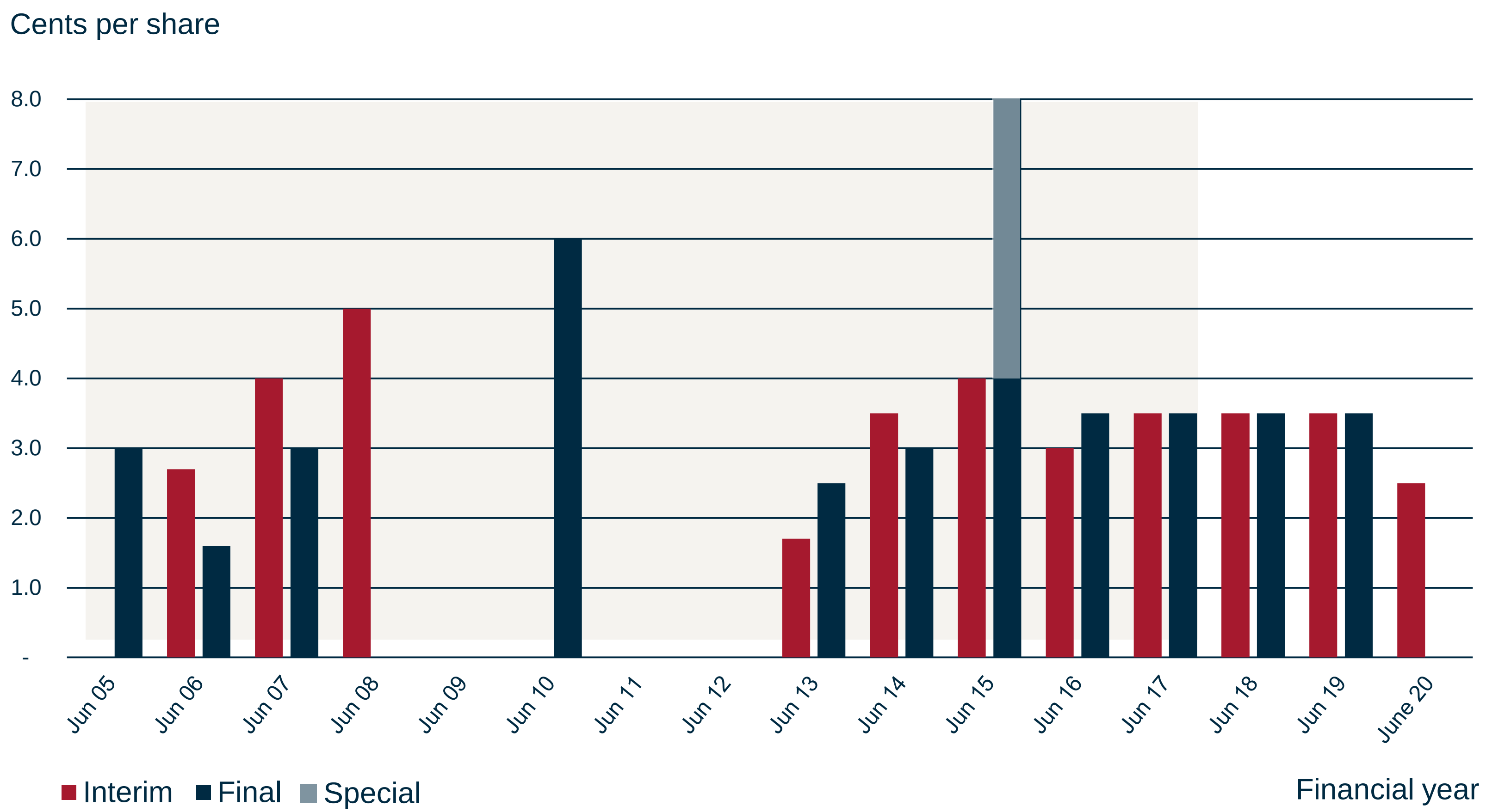
Dividend history



The Board is committed to paying a regular and growing stream of fully franked dividends to its shareholders, provided the Company has sufficient profit reserves and franking credits and it is within prudent business practices.

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OVERVIEW

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The responsible international equity LIC

Description	Investment Objective
Provides access to the benefits of an actively managed core portfolio of 30-50 ethically screened companies across developed and developing global markets via a listed investment company structure.	To generate long-term consistent returns whilst reducing volatility and the risk of losing capital.

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A diversified international ethical portfolio with less risk

LOWER VOLATILITY | **LOWER BETA** | **LOWER MAXIMUM DRAWDOWN**

Than benchmark and peer group averages

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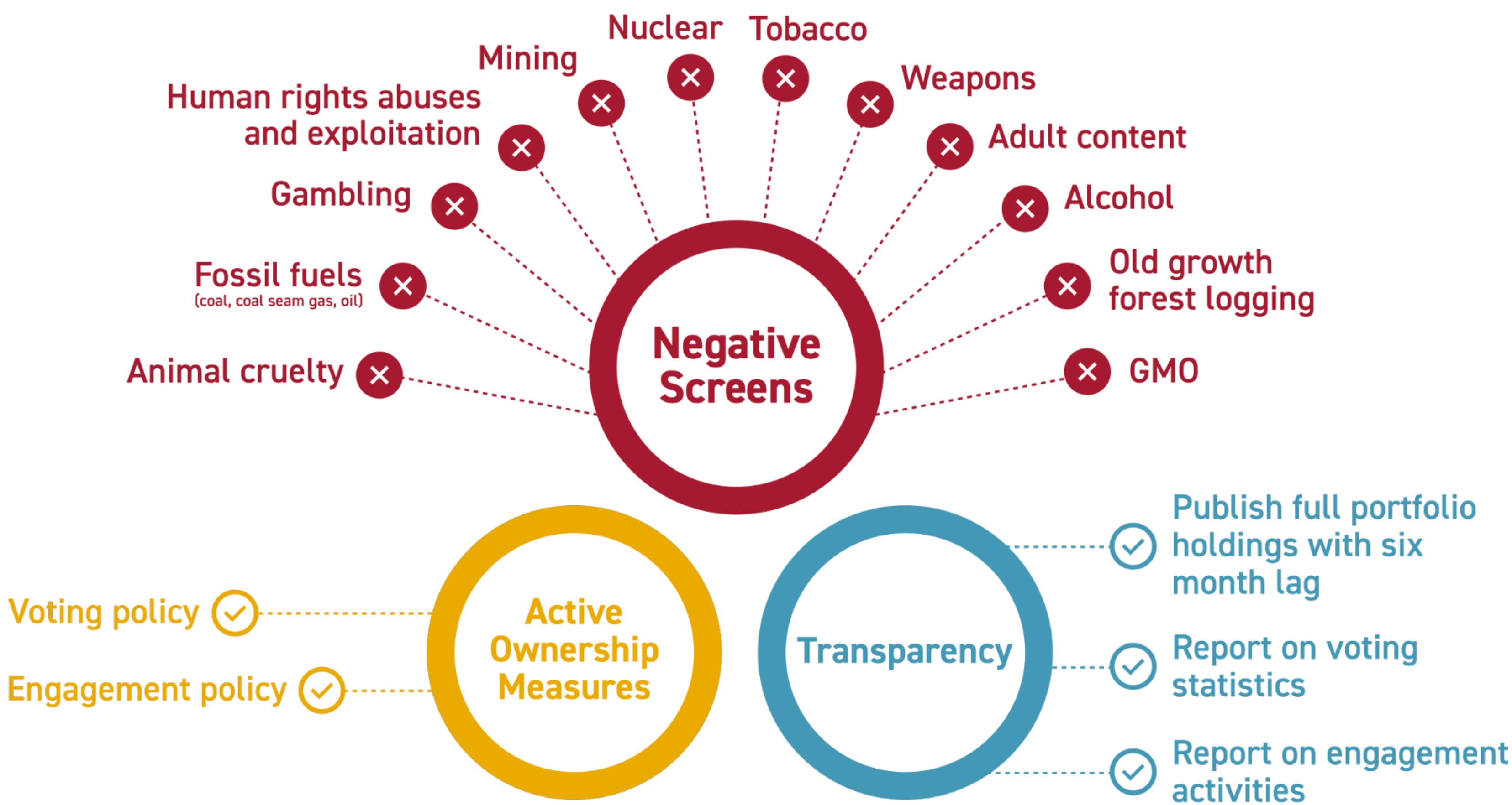
Ethical and responsible investment management



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PERFORMANCE

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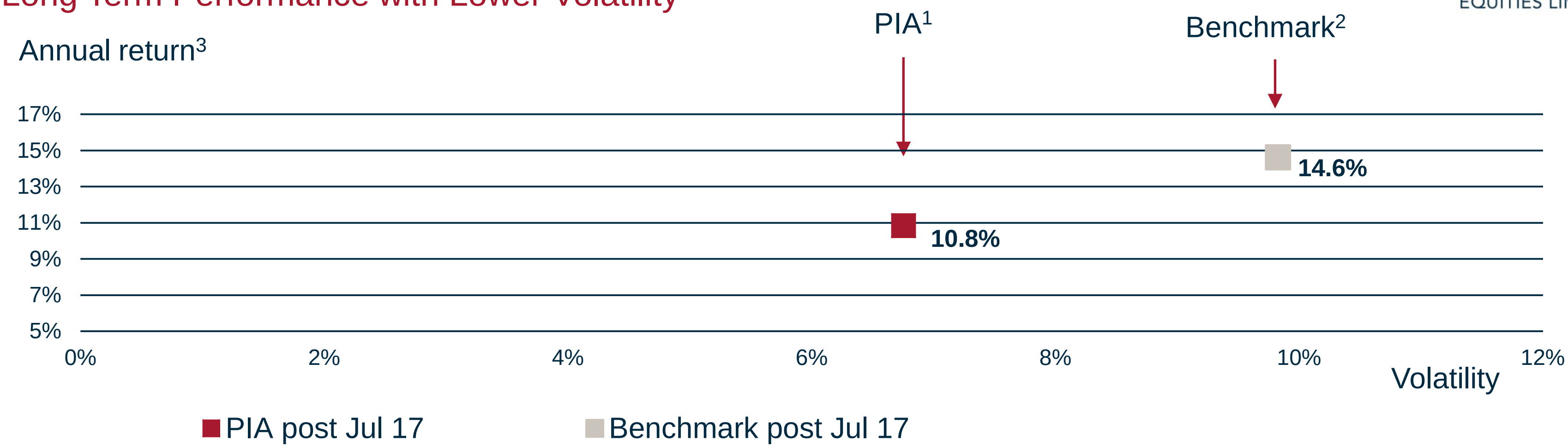
Long Term Performance with Lower Volatility



Investment Returns (%) to 31 December 2019

	3 months	6 months	1 year	Since Inception of strategy p.a.[1]	Since Inception p.a.
PIA	5.2	7.5	19.5	10.8	8.1
Benchmark[2]	4.2	9.0	27.9	14.6	7.9

With volatility 26% lower than the benchmark, PIA's portfolio has delivered on its strategy which aims to deliver consistent long term returns whilst reducing volatility and the risk of losing capital

1. For the period new investment team with new strategy adopted: 1 July 2017 to 31 December 2019
2. Benchmark refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A$
3. Performance figures refer to the movement in net assets per share, reversing out the impact of option exercises and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

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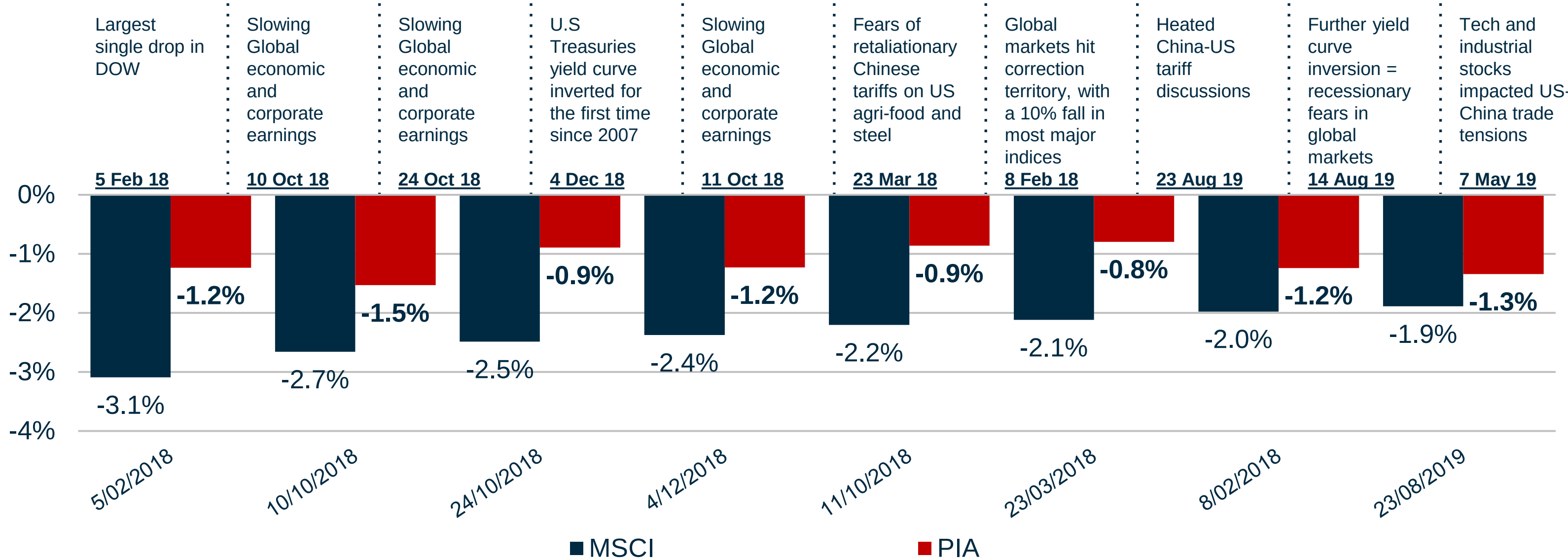
Balancing Capital Growth and Preservation of Capital

Daily MSCI World[2] < -1.5%



Between 1 July 2017 (the inception of the strategy) and 31 December 2019, PIA's portfolio outperformed the benchmark on each of the days where the benchmark fell by 1.5% or greater

For the period between 1 July 2017 to 31 December 2019

1. Pengana International Equities Limited has been managed under the new investment mandate by the Pengana investment team since 1 July 2017. The performance since inception in the table above refers to the movement in net assets per share since the inception of PIA in March 2004. Performance figures refer to the movement in net assets per share, reversing out the impact of option exercises and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Inception date of PIA: 19 March 2004, new investment team with new mandate adopted: 1 July 2017.

2. Benchmark: MSCI World Total Return Index, Net Dividends Reinvested, in A$ ("MSCI World")

PORTFOLIO SNAPSHOT

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Current Portfolio Positioning at 31 December 2019

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1

GEOGRAPHIC EXPOSURE

- 45% of portfolio invested in US
- Overweight Europe ex-UK and Emerging Markets

2

INDUSTRY AND SECTOR EXPOSURE

- 35% mega-caps exposure
- 39% large-caps exposure
- 26% small or mid-caps exposure
- Overweight Communication Services and Health Care
- Underweight Information Technology, Energy and Industrials

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Performance attribution: 1 July 2017 to 31 December 2019

	Portfolio average weight	Index[1] average weight	Portfolio return[2]	Index return[2]
Region				
North America	**42.1%**	**64.6%**	**13.5%**	**14.0%**
Europe ex UK	29.7%	16.7%	12.5%	7.2%
Asia ex Japan	2.3%	4.4%	12.1%	10.0%
Japan	1.0%	8.5%	0.3%	5.6%
Emerging Markets	**10.1%**	**0.1%**	**11.2%**	**5.2%**
Africa/Middle East	1.0%	0.3%	3.4%	6.0%
United Kingdom	2.8%	5.4%	3.3%	3.8%
Sector				
Consumer Discretionary	10.2%	10.4%	24.6%	12.8%
Information Technology	**8.3%**	**15.0%**	**28.1%**	**25.3%**
Industrials	7.3%	11.3%	13.9%	8.6%
Financials	16.0%	16.8%	15.0%	7.0%
Communication Services	11.1%	8.4%	11.5%	9.8%
Utilities	0.7%	3.2%	5.4%	11.5%
Consumer Staples	10.4%	8.5%	7.8%	7.0%
Real Estate	1.7%	3.1%	1.4%	9.4%
Health Care	11.4%	12.5%	6.7%	11.8%
Energy	**0.0%**	**5.9%**	**0.0%**	**4.5%**
Materials	**12.0%**	**4.8%**	**2.2%**	**9.0%**
Market Cap				
<5bn USD	**10.8%**	**1.3%**	**-2.2%**	**-19.4%**
5bn - 10bn USD	14.5%	6.6%	10.7%	-1.1%
10bn - 100bn USD	45.0%	54.3%	14.9%	9.6%
>100bn USD	**18.8%**	**37.7%**	**10.5%**	**17.5%**

Source: Pengana and Bloomberg
1. Index: MSCI World Total Return Index, Net Dividends Reinvested, in A$ (“MSCI World”)
2. Annualized total return in local currency

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EXAMPLES OF PORTFOLIO POSITIONS

A star team, rather than a team of stars.

CORE

- Stable and growing companies with favourable tailwinds
- 60 – 80% of Fund
- Position size: 1-5%

CYCLICAL

- Operate in cyclical industries poised for an upturn
- 0 – 30% of Fund
- Stop losses
- Position size: 1-3%

OPPORTUNISTIC

- Company specific situations with attractive potential upside
- 0 – 20% of Fund
- Stop losses
- Position size: 1-3%

	CORE	CYCLICAL	OPPORTUNISTIC
Finance	American Express, AIA, CME Group, Deutsche Börse Group		Flow Traders
Consumer Services	Charter Communications		Huazhu, Rakuten
Consumer Staples	Amorim, MOWI		
Communications	Bharti Infratel Limited		airtel
Industrials		Stora Enso, brembo, Epiroc	
Electronic Technology	ASML		IPG Photonics, Lumentum
Commercial Services	AON, KAR Auction Services		
Health Technology	Medtronic, novo nordisk, Cigna		
Technology Services	Alphabet, Microsoft		Alibaba.com, Tencent 腾讯

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