

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX:PIA)

July 2021

PIA ANNOUNCES FULLY-FRANKED DIVIDEND INCREASE

HIGHLIGHTS:

- On 26 July 2021 the Board of Pengana International Equities Limited (ASX PIA), Australia's largest listed international ethical LIC, has announced a 1.35 cents per share, fully franked quarterly dividend - representing an 8% increase on the dividend declared in the previous quarter.
- The Board expects to reset the future dividend level to 1.35 cents per share paid quarterly, franked to the maximum extent possible.
- The Company has sufficient franking credits available to fully frank an annual 5.4 cents per share dividend through to FY2024 (and sufficient profit reserves to continue to pay shareholders the increased 5.4 cents per share for the next 11 years even if the Company were to make no further profits.)
- The newly employed investment strategy, under Harding Loevner, is backed by a 32-year track record of consistent market outperformance and is currently being reviewed by all the major independent research houses. We expect to finalise and release the outcome of these reviews in the coming weeks.

Timeline

- May 2020 - PIA updates investment mandate to target consistent generation of franking credits
- October 2020 - PIA updates dividend payment frequency to quarterly
- May 2021 - PIA appoints Harding Loevner Global Equity strategy as the investment strategy for the Company
- July 2021: PIA announces further increase to dividend rate

PIA is pleased to announce an increase to the Company's quarterly fully franked dividend, in line with its continued objective to provide shareholders with a strong source of continued income and capital growth.

This means a declared dividend of 1.35 cents per share, fully franked at a 30% tax rate, for the quarter ending 30 June 2021. This represents an 8% increase on the 1.25 cents per share declared for the previous quarter.

The Board also confirmed that, in the absence of unforeseen circumstances, it expects to reset the target for future quarterly dividends to 1.35 cents per share, franked to the maximum extent possible.

At the current share price of \$1.38 (as at close of business 23 July 2021), an annual dividend of 5.4 cents per share equates to a 3.9% yield on a cash basis or a 5.6% yield when grossed-up for franking credits (at a tax rate of 30%).

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The increase to an annualised 5.4 cents per share reflects the Board's assessment that Harding Loevner's investment strategy can support the Company's aim to deliver both capital growth and consistent and reliable dividend returns to shareholders.

We feel confident about the Company's potential to make a significant contribution to our shareholders' portfolios

PIA Chair Frank Gooch said, "the strong investment performance for the year bolstered the Company's profit reserves, and realisation of capital gains during the year has increased the franking account balance.

With an outstanding investment manager in place and strong financial metrics, the board believes that it can deliver on its objective to make PIA one of the most reliable investment vehicles in the Australian market for the generation of stable and secure franked dividends."

1. Franking Credits and Profit Reserves

PIA currently has profit reserves to sustain an annual dividend of 5.4 cents per share for 11 years and the franking account is sufficient to ensure the dividends will be fully franked through to FY 2024 even if no further tax is paid.

1. Confidence in our new investment team, Harding Loevner

The investment strategy now employed by PIA comes with a 32-year track record of consistent market outperformance. The strategy invests in high-quality, growing companies identified through fundamental research with a long-term, global perspective. Combined with PIA's objective to pay fully franked dividends, we believe there are very few companies that offer investors such a compelling combination of income and capital growth prospects.

The Board has engaged the major independent research houses to undertake extensive analysis in order to assign their independent rating to the strategy. We expect to receive the outcomes of these reviews in the coming weeks and are confident that the quality of the underlying strategy will provide favourable ratings.

Dividend Reinvestment Plan

The compounding effect of reinvesting dividends is one of the most powerful tools available to enhance returns over the long term and, when combined with the recent changes by the Company to its dividend and franking targets, makes PIA's Dividend Reinvestment Plan ("DRP") an easy and cost-effective way to continue to build your holding in the Company without brokerage, commissions, or other transaction costs.

[Shareholders who wish to participate in the DRP can make their election HERE →→→](#)

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