

Pengana International  
Equities Limited  
(ASX: PIA)

Review

19 August 2025

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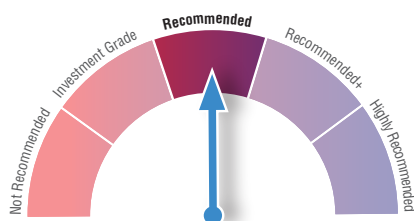
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# Pengana International Equities Limited (ASX: PIA) - Review

**Note: This report is based on information provided by the Manager as at 30 April 2025.**

## Rating



## Key Investment Information (as at 30 June 2025)

|                                               |                                       |
|-----------------------------------------------|---------------------------------------|
| ASX Code                                      | PIA                                   |
| Share Price (\$)                              | \$1.20                                |
| NTA per share* (\$)                           | \$1.413                               |
| Shares on Issue (m)                           | 257.2m                                |
| Market Cap (\$m)                              | \$308.6m                              |
| Trailing 12-month Dividend Yield (net)        | 4.50%                                 |
| Trailing 12-month Dividend Yield (grossed-up) | 6.43%                                 |
| Listing Date                                  | March 2004**                          |
| Investment Manager                            | Pengana Investment Management Limited |

|                   |                    |
|-------------------|--------------------|
| Portfolio Manager | Harding Loevner LP |
|-------------------|--------------------|

|                      |                           |
|----------------------|---------------------------|
| Investment Structure | Listed Investment Company |
|----------------------|---------------------------|

|                    |           |
|--------------------|-----------|
| Dividend Frequency | Quarterly |
|--------------------|-----------|

### Fees:

|                                     |       |
|-------------------------------------|-------|
| Management Fee (p.a), including GST | 1.23% |
|-------------------------------------|-------|

|                 |        |
|-----------------|--------|
| Performance Fee | 15.38% |
|-----------------|--------|

|                    |                                                              |
|--------------------|--------------------------------------------------------------|
| Performance Hurdle | MSCI World Total Return Index, Net Dividends Reinvested, AUD |
|--------------------|--------------------------------------------------------------|

\*Includes tax paid and payable on income and realised gains.

\*\*The Company listed in 2004, however Harding Loevner have only been managing the portfolio since May 2021.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

## PRODUCT SUMMARY

Pengana International Equities Limited (ASX: PIA) is a listed investment company (LIC) that provides exposure to an actively managed portfolio of global equities with an ethical screen in which companies with exposure to certain industries and activities are screened out of the investment universe. The Investment Manager of the Company is Pengana Investment Management Limited, a wholly owned subsidiary of Pengana Capital Group Limited (ASX: PCG). The Investment Manager appointed Harding Loevner LP in May 2021 as the Manager of the portfolio. Harding Loevner is a US based asset manager specialising in global equities. The Company seeks to provide shareholders with capital growth and regular fully franked dividends through investment in a portfolio of ethically screened global equities using Harding Loevner's Global Equity Strategy which has a track record dating back to December 1989. The investment strategy focuses on investing in quality, growth companies at reasonable prices. Harding Loevner has a bottom-up, fundamental, long only investment approach and utilises the same investment approach across all its mandates. The portfolio has a moderate level of diversification with the portfolio typically comprising 50-75 stocks and given the investment style of the Manager has a relatively low level of annual turnover. While the Company can invest in stocks of any size, the Manager tends to focus on large and mega cap stocks with 60.4% of the portfolio allocated to companies with a market cap of >US\$100 billion as at 30 April 2025 and 93% of the portfolio invested in companies with a market cap of US\$10 billion+. The Manager has some high level investment guidelines and limitations that ensure there is a minimum level of diversification by both stock, sector and region, however there remains high levels of flexibility within these guidelines for the Manager to deliver on its investment objectives. The global exposure means the portfolio is directly exposed to foreign currency movements. Currency exposure is typically unhedged. The Company pays a management fee of 1.23%p.a. (including GST) with the Investment Manager eligible for a performance fee of 15.38% of the return above the MSCI World Total Return Index, Net, AUD (the "benchmark"), subject to a High Water Mark. The Investment Manager pays the Portfolio Manager from the fees paid by the Company as per their agreement.

## INVESTOR SUITABILITY

An investment in PIA is suitable for an allocation in an investor's global quality growth allocation with the structure suitable for those investors that are seeking global growth exposure along with a regular, fully franked dividend. The Manager of the portfolio seeks to deliver superior risk-adjusted returns over the long-term with the investment style of the Manager expected to deliver capital preservation in down markets. While the Manager has provided capital preservation over the long-term of the strategy, this has not been achieved during the periods for which Harding Loevner have been managing the PIA portfolio. The performance of the Strategy is leveraged to the market and investors should have an appropriate level of risk tolerance for the expected volatility of the portfolio. The Company pays a quarterly dividend and currently has a healthy level of fully franked dividend coverage with low levels of dividend volatility risk at the current annual dividend amount.

## RECOMMENDATION

Independent Investment Research (IIR) has maintained a **Recommended** rating for Pengana International Equities Limited (ASX: PIA). PIA provides exposure to Harding Loevner's Global Equity Strategy, which has a long track record and has delivered outperformance of the broader global equity market since its inception. However, the performance of the Strategy has lagged the broader global equity market since Harding Loevner was appointed as the Manager of the PIA portfolio in May 2021. The underperformance has been driven by a combination of factor headwinds and stock selection. The Manager undertook a review of the investment process after a period of disappointing performance which has resulted in the addition of some new quantitative tools to provide a more in-depth understanding of the risks and correlations in the portfolio relative to the broader market, which are expected to deliver benefits to the Portfolio Managers and the performance of the portfolio. Harding Loevner is well resourced with a large investment team and strong succession planning mechanisms. However, the Manager has seen a significant decline in AUM over the last

4 years attributed to a combination of passive investments and performance. It will be important for the AUM to stabilise as a continued decline in AUM may have implications for the resources within the team. The Company has traded at an elevated discount for a prolonged period of time, with the share price reflecting a lack of demand for the strategy which IIR attributes to the performance of the strategy compared to the broader global equity market and its quality global growth peers. Improved risk-adjusted returns and improved shareholder engagement will be key to increasing demand for the vehicle to narrow the discount.

## SWOT

### Strengths

- ◆ The Manager is well resourced with an investment team of 31 with a history of stability in the investment team and strong succession planning through the use of “Paper Portfolios”, whereby other Portfolio Managers maintain model portfolios for the mandate to ensure they have a thorough understanding of the requirements and are available to takeover in the event one of the Portfolio Managers steps down from the position. This was the case in late 2024, with Richard Schmidt being promoted to Co-Lead Portfolio Manager with the planned retirement of Peter Baughn. Richard had been a Paper Portfolio Manager for the Global Equity Strategy for 10 years.
- ◆ While short-term performance has been challenging, over the long-term the Harding Loevner Global Equity Strategy has delivered on its objective of superior risk-adjusted returns to the benchmark.
- ◆ ESG is integrated into all stages of the investment process with ethical screens applied to the investment universe to screen out exposure to industries and markets that are considered harmful.
- ◆ The Company provides weekly NTA updates, providing transparency with respect to the value of the portfolio on a regular basis.
- ◆ The LIC structure provides “captive capital” in which the Manager can execute the investment strategy without having to meet redemptions with liquidity provided through the secondary market. The downside for investors is that during periods of weak relative performance this can see the Company trade at a discount as supply outstrips demand.
- ◆ The Company has a highly experienced Board and while the Board is not majority independent from the Investment Manager, the Chair is independent and highly experienced in the LIC sector.

### Weaknesses

- ◆ The portfolio performance has been disappointing since Harding Loevner was appointed with the portfolio being impacted by factor headwinds and stock selection. The Manager undertook a review of the process after some big losses, which were to some degree driven by an element of complacency. While there have been no wholesale changes to the process, the Manager has implemented a number of quantitative tools to provide the ability for more in-depth analysis of the risks associated with the portfolio and specific investments. On a positive note, relative performance has improved over shorter-term periods, however the Manager will need to deliver improved attractive risk-adjusted returns on a consistent basis.
- ◆ The relative performance of the portfolio has been a key driver of the elevated discount at which the Company has traded. Improved risk-adjusted returns combined with improved market engagement are expected to be key to narrowing the discount.

### Opportunities

- ◆ The Company provides investors the opportunity to gain exposure to an actively managed global quality growth strategy with the added benefits of the ethical screen.
- ◆ The LIC structure provides the benefit of being able to retain capital gains and income to pay a steady income stream and distribute fully franked dividends. Open-ended structures are required to distribute all distributable income in any given year which can result in volatile distributions and the global exposure typically leads to little to no franking being passed through to investors.

- ◆ While the Company has traded at an elevated discount for a prolonged period of time, in the event the performance improves and demand increases, the discount may present an opportunity to generate additional returns.

### Threats

- ◆ While the Manager has a significant amount of AUM and is well resourced, the AUM has almost halved over the last four years as a result of performance and passive investments. We will be keeping an eye on this as there may be implications for the level of resources within the team if this trend continues.
- ◆ The Company may continue to trade at an elevated discount providing little opportunity for investors to exit at NTA and may result in shareholders becoming restless and agitating for solutions. It will be up to both the Manager and the Board to implement initiatives to narrow the discount.
- ◆ The portfolio is directly exposed to foreign currency. The currency exposure is typically unhedged, which means returns will be impacted by the value of the Australian dollar relative to relevant currencies. This may have a positive or negative impact on Australian dollar returns.

## PRODUCT OVERVIEW

Pengana International Equities Limited (ASX: PIA) is a listed investment company (LIC) that provides exposure to an actively managed portfolio of global equities with an ethical screen in which companies with exposure to certain industries and activities are screened out of the investment universe. The Investment Manager of the Company is Pengana Investment Management Limited, a wholly owned subsidiary of Pengana Capital Group Limited (ASX: PCG). The Investment Manager appointed Harding Loevner LP in May 2021 as the Manager of the portfolio. Harding Loevner is a US based asset manager specialising in global equities.

The Company provides exposure to the Harding Loevner Global Equities Strategy (the "Strategy"), which has a track record dating back to 1989. The only difference being the PIA portfolio incorporates the additional ethical screen. The objective of the Strategy is to provide superior risk-adjusted returns over the long-term through investing in high quality, growing businesses at reasonable prices. The Manager has delivered on this objective over the long-term with the Strategy outperforming the benchmark since its inception in 1989 on both an absolute and risk-adjusted net return basis. The outperformance of the Strategy has been assisted by the outperformance of the global quality growth market more broadly, although we note this has been a headwind in more recent periods.

The investment objective of the Company is to generate long-term capital growth and regular, reliable fully franked dividends. Since the appointment of Harding Loevner as the Manager of the portfolio, the Company has delivered on its objective of providing regular, reliable fully franked dividends with the quarterly dividend being maintained over the period. We note that the tax rate of the Company has varied throughout this period, so while the dividends have been fully franked, the grossed up amount has varied. With regards to capital growth, the Company has not delivered on this objective to date with the NTA and share price as at 30 April 2025 both less than they were at 31 May 2021, although we note the NTA has increased above the NTA at 31 May 2021 in the months of May and June 2025. Share price returns have lagged NTA returns with the Company trading at an elevated discount, reflecting the performance of the portfolio relative to its benchmark and peers.

The Company provides exposure to a moderately diversified portfolio of global equities with some high level portfolio and geographic limitations to ensure an adequate level of diversification. The portfolio will comprise 35-75 stocks although will typically comprise 50-75 stocks and seeks to be largely exposed to market with a maximum cash limit of 10%. Since Harding Loevner was appointed, the portfolio has had an average cash position of 2.6%. The portfolio has typically been predominately allocated to the US, which is to be expected given the US makes up the majority of the benchmark. 25%-65% of the portfolio can be allocated to the US. This has seen the portfolio be underweight the US relative to the benchmark with the US representing over 70% of the benchmark.

The global exposure means the portfolio is directly exposed to foreign currency movements. The currency exposure is typically unhedged, however the Company may use forward contracts for risk management purposes.

The Company pays a management fee of 1.23%p.a. (including GST). The Manager is eligible for a performance fee of 15.38% of the returns in excess of the MSCI World Total Return Index, Net Dividends Reinvested, AUD ("benchmark"). Performance fees are subject to a High Water Mark meaning that the Manager must recoup any losses before being eligible for a performance fee.

## BOARD & INVESTMENT MANAGER

### Board

The Board comprises four Directors, two of which are Independent of the Investment Manager. The Board is highly experienced in the investment and financial services industry with the Chairman, Frank Gooch, having significant experience in the LIC industry. The Board has remained stable since the appointment of the Harding Loevner.

| Board of Directors |          |                 |                    |
|--------------------|----------|-----------------|--------------------|
| Name               | Position | Independence    | Appointed to Board |
| Frank Gooch        | Chair    | Independent     | June 2017          |
| David Groves       | Director | Non-Independent | January 2017       |
| Sandy Orleow       | Director | Independent     | September 2019     |
| Russel Pillemer    | Director | Non-Independent | June 2017          |

- ◆ **Frank Gooch - Independent Chair:** Mr. Gooch was appointed as a non-executive Director of the Company on 5 June 2017 and was appointed Chair on 6 December 2017. Mr. Gooch is also a member of the Company's Audit, Risk and Compliance Committee and of the Independent Board Committee. Mr. Gooch has over 28 years' experience in the LIC industry after having been an executive of Milton Corporation Limited since 1996. He became Chief Executive in 1999 and was made the Managing Director in 2004. Mr. Gooch retired from Milton on 31 July 2018. Mr. Gooch has also served as chairman of the LIC industry body, Australian Listed Investment Companies Association.
- ◆ **David Groves (BCom, MCom, CA) - Non-Independent, Non-Executive Director:** Mr. Groves was appointed as a Director on 13 January 2017 and is also a member of the Company's Audit, Risk and Compliance Committee. Mr. Groves has over 25 years' experience as a company director. He is the Non-executive Independent Chair of Pengana Capital Group Limited (ASX:PCG). He is also a Non-executive Director of MA Redcape Hotel Fund RE Limited as responsible entity of the MA Redcape Hotel Fund, and was Non-executive Independent Chair of H&G High Conviction Limited (ASX:HCF) until May 2025. He is a former Director of EQT Holdings Ltd, Tassal Group Ltd and GrainCorp Ltd and a former executive with Macquarie Bank Limited and its antecedent, Hill Samuel Australia. Mr Groves is a member of the Council of Wollongong University. He is a member of Chartered Accountants Australia and New Zealand.
- ◆ **Sandi Orleow (CFA, GAICD) - Independent, Non-Executive Director:** Ms. Orleow was appointed to the Board on 1 September 2019. Ms. Orleow is a Non-executive Director of the Company. She is also Chair of the Company's Audit, Risk and Compliance Committee. Ms. Orleow is an experienced non-executive director with deep expertise in financial services, superannuation, investments and business transformation. She has worked across multiple geographies and has proven success in leveraging established processes into new markets and building new profit centres. Including setting up the South African office of a large Canadian consulting business and setting up the specialist private markets consulting proposition for a large global consultant in Australia. Ms. Orleow has served and continues to serve on a range of boards and committees including those of government entities, private and listed companies, superannuation, and member-based organisations. Her current roles include; Trustee Director Active Super ; Director ECP Asset Management; Director Sydney Financial Forum and is the Chair of the CFA (Chartered Financial Analyst) Australia Diversity Council. Ms. Orleow is a CFA Charterholder, a graduate of the Australian Institute of Company Directors and a Banking + Finance Oath Signatory.
- ◆ **Russel Pillemer - Non-Independent Director:** Mr. Pillemer is the Managing Director of the Company and is also a Director and Chief Executive Officer of Pengana Capital Group Limited. Mr. Pillemer co-founded Pengana in 2003 and has been its Chief Executive Officer since inception. Prior to founding Pengana, Mr. Pillemer worked in

the Investment Banking Division of Goldman Sachs in New York where he specialised in providing advice to funds management businesses. Before moving to New York, he was responsible for leading Goldman Sachs' Australian Financial Institutions Group. Mr. Pillemer was previously Chairman of Centric Wealth Group and a Principal of Turnbull Pillemer Capital.

## Investment Manager

Pengana Investment Management Limited, a wholly owned subsidiary of Pengana Capital Group Limited (ASX:PCG), is the Investment Manager of the portfolio. In May 2021, PCG appointed Harding Loevner to manage the portfolio.

Harding Loevner is a New Jersey based global equity manager that was established in 1989. The Manager had AUM of US\$43.4 billion as at 31 December 2024. We note this is substantially down from the US\$84b AUM four years ago.

The Manager implements a single investment philosophy and process across its mandates which include global and emerging market equities with the longest standing strategies being the Global Equity and International Equity (ex-US) strategies. International Equities is the largest in terms of AUM. We note that within International Equities there are 6 strategies which include, International Equity, Developed Markets, Carbon Transition and Small Companies.

| Harding Loevner Strategies |                    |
|----------------------------|--------------------|
| Strategy/Mandate           | AUM (US\$ billion) |
| Global Equities:           | 13.1               |
| International Equities     | 31.1               |
| Emerging Markets Equities  | 1.2                |
| <b>Total</b>               | <b>43.4</b>        |

The Manager is well resourced with an investment team comprising 31 analysts that have an average industry experience of 23 years and an average tenure at the Manager of 11 years.

The portfolio is managed by the two Co-Lead Portfolio Managers, Jingyi Li and Richard Schmidt. In addition to the Portfolio Managers, there are two Portfolio Managers that are managing a "Paper Portfolio, which forms part of the Manager's succession planning.

The key change to the investment team in recent times was the retirement of the previous Co-Lead Portfolio Manager, Peter Baughan, in late 2024. Richard Schmidt was promoted to Co-Lead Portfolio Manager in October 2024 as a result of Peter's planned retirement. Richard was a Paper Portfolio manager for the Global Equity Strategy for 10 years prior to being promoted.

There has been some changes with the Paper Portfolio Managers with the exit of Chris Mack in September 2024 and the promotion of Richard Schmidt. This has resulted in Sean Contant being appointed as a Paper Portfolio Manager in December 2024. The investment industry experience for both Paper Portfolio Managers has been with Harding Loevner. Therefore both Paper Portfolio Managers have a thorough understanding of the Harding Loevner way of investing.

The Co-Lead Portfolio Managers for the Global Equity Strategy and the PIA portfolio are:

- ◆ **Jingyi Li:** Jingyi joined Harding Loevner in 2010 and has over 20 years' industry experience. Prior to joining Harding Loevner, Jingyi was Vice President at New China Capital Management LLC. Jingyi also did a summer internship with Harding Loevner in 2004. Jingyi worked as a Senior Strategy Consultant for China at China International Economics Consultants and as a China Consultant at Accenture. Jingyi was a Paper Portfolio Manager for the global equity strategy since being appointed in February 2019 and was appointed as a Co-Lead Portfolio Manager in 2021 after the previous Co-Lead Portfolio Manager was promoted to Chief Investment Officer.
- ◆ **Richard Schmidt:** Richard joined Harding Loevner in 2011. Richard was promoted from Paper Portfolio Manager to Co-Lead Portfolio Manager in late 2024 after the retirement of Peter Baughan. Richard has over 25 years' industry experience. Prior to joining Harding Loevner, Richard was the Chief Investment Officer at Oranda Capital Management and has also held a range of senior positions including Managing

Director at JPMorgan Asset Management, Portfolio Manager at JPMorganFleming Asset Management and Director at Jardine Fleming Investment Management.

The capital allocation for the strategy is split equally between the two Lead Portfolio Managers with the allocation rebalanced on a regular basis. The Manager is seeking the performance of the strategy to reflect the Co-Lead Portfolio Managers equally.

| Key Investment Team Members |                           |                             |                             |
|-----------------------------|---------------------------|-----------------------------|-----------------------------|
| Name                        | Position                  | Industry Experience (years) | Tenure with Manager (years) |
| Jingyi Li                   | Co-Lead Portfolio Manager | 21                          | 15                          |
| Richard Schmidt             | Co-Lead Portfolio Manager | 29                          | 14                          |
| Sean Contant                | Paper Portfolio Manager   | 14                          | 14                          |
| Moon Surana                 | Paper Portfolio Manager   | 16                          | 16                          |

## INVESTMENT PROCESS

### Investment Philosophy

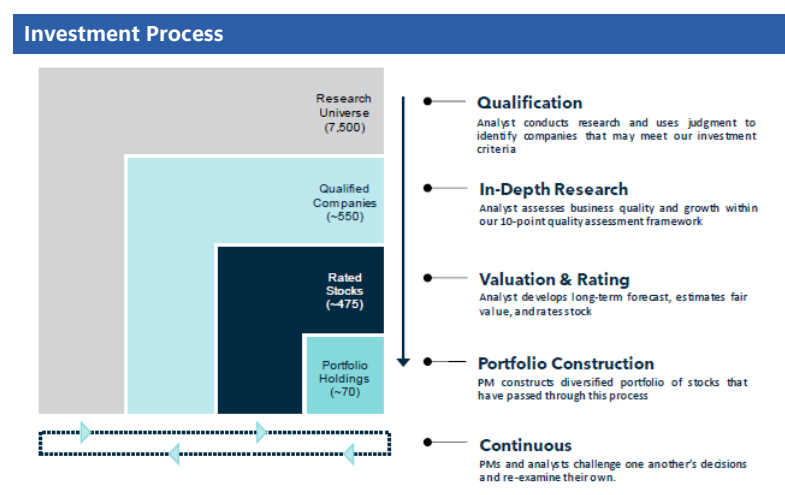
Harding Loevner has a quality growth investment philosophy with the Manager seeking to invest in high quality, growing businesses at reasonable prices. The Manager believes that this investment strategy leads to superior risk-adjusted returns over the long-term.

The Manager's framework for investment decisions provides for the ability to implement the investment philosophy and achieve its objectives. The key aspects of the investment framework include:

- ◆ **Collaboration without consensus:** the Manager seeks to collaborate to foster opposing viewpoints but not to achieve consensus. Individuals make decisions and are solely accountable for results.
- ◆ **Long-term investment horizon:** the Manager invests for the long-term not focusing on the noise that can cause short-term volatility. The Manager has a focus on fundamental signals that show companies progress in creating value. Equity-based compensation aligns the goals of the investment team with clients.
- ◆ **Replicability through a disciplined investment process:** the structured investment process allows for a repeatable process. The investment process mitigates the unconscious biases that can result from human decision-making.
- ◆ **Transparency:** the Manager requires views to be written and broadly shared with the investment team which lets the team see what others are thinking. The transparency in the process facilitates objective appraisal of contributions and continuous self-improvement for both the individual and the organisation.

### Investment Process

The Manager has a structured and disciplined investment process that can be broken down into four key stages: (1) Qualification; (2) In-depth Research; (3) Valuation & Rating; and (4) Portfolio Construction. The process is depicted in the below graphic.



## 1) Qualification

The Manager seeks to invest in high quality companies that offer sustainable growth. In order to qualify for consideration as an investment companies must meet four key criteria, detailed below. It is the responsibility of analysts to provide coverage of their designated sectors and identify stocks that meet the criteria. Most members of the investment team are delegated a sector of coverage, including the Portfolio Managers.

- ◆ **Competitive Advantage:** sustainable return on capital above cost with a supportive industry structure.
- ◆ **Sustainable Growth:** growth underpinned by long-term fundamental trends.
- ◆ **Financial Strength:** balance sheet strength and free cash flow generation to fund long-term growth.
- ◆ **Quality Management:** management capable of executing the strategy for the benefit of shareholders.

The Manager is looking for above average companies across all these criteria. The investable universe declines from ~7,500 to ~550 from this initial screening process.

## 2) In-depth Research

Once analysts identify a stock that meets the above criteria, in-depth research is then undertaken. The Manager has a standardised framework for which they conduct the in-depth research.

All businesses are assessed using the 10 point quality assessment framework, in which companies are assessed on a number of criteria and are given a ranking from 1-10 depending on the strength of the company in that area. The quality assessment framework expands on the four key criteria mentioned above. The below provides an example of the framework.

### Quality Assessment Framework Example

#### Quality Assessment Framework

##### Competitive Advantage

- Threat of new entrants
- Threat of substitution
- Bargaining power of buyers
- Bargaining power of suppliers
- Intensity of rivalry

##### Sustainable Growth

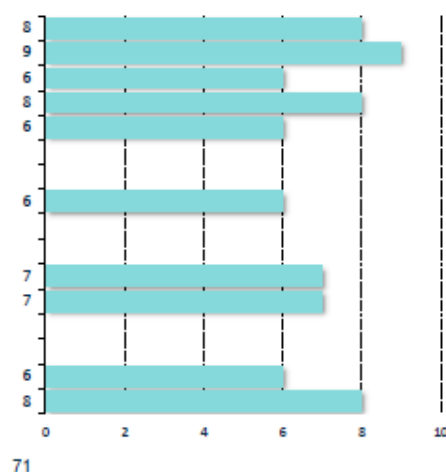
- Growth persistence & variability

##### Financial Strength

- Free cash flow strength
- Balance sheet strength

##### Quality Management

- Foresight & change management
- ESG risk factors



Total Score:

71

## 3) Valuation and Rating

Companies that rank highly on the quality assessment framework will progress to the valuation and rating stage, in which analysts put together a valuation based on long-term financial forecasts.

The valuation model used is standardised across the organisation which allows for other members of the investment team to access and understand the valuation models for stress testing purposes.

The score determined in the quality assessment framework reflects the sustainability of cash flow returns on investment in excess of the cost of capital over time. Once the valuation is completed, the analyst assigns the company a rating of Buy, Hold or Sell. In addition to the rating, the analyst sets Mileposts, which are comprised of 3-5 key performance indicators that are used to monitor the investment thesis.

All analyst recommendations are then provided to the Portfolio Managers and it is up to the Portfolio Manager's to construct the portfolios. Given that the analyst has no say if the stock is included in the portfolio, the Manager compensates analysts based on the efficacy of their ratings and recommendation provided after conducting the in-depth research. They are compensated based on the performance of their stock ratings compared to an appropriate benchmark.

#### 4) Portfolio Construction and Monitoring

The responsibility for the portfolio construction is with the Co-Lead Portfolio Managers. The Portfolio Managers have an equal weighting regarding the capital allocation for the portfolio. The portfolio will be created from the pool of rated companies, which is typically around 475 companies. The Portfolio Managers can invest in any company from the pool of rated companies. The company does not have to have a Buy rating.

The Portfolio Managers will construct the portfolio within the investment guidelines (tabled below). The guidelines seek to ensure there is sufficient diversification within the portfolio. Monitoring of the portfolio's compliance with risk limits is performed daily by the Client Management team. In addition, weekly reviews of risk reports are conducted by portfolio managers and the Compliance Committee and quarterly reviews of client portfolios are conducted by the firm's Portfolio Review Committee. Additionally, each quarter the CIO conducts a Risk Review of model portfolios that assesses the impact of stock-specific investment decisions, sector allocations, and stock concentrations on forecast total risk (volatility) and active risk (tracking error).

With regards to exiting a position, a position will be sold for the following reasons: (1) the company no longer meets the qualification criteria or becomes unrated; (2) Return expectations are low; (3) Failure to meet mileposts; and (4) For risk management purposes. The Manager has a focus on company fundamentals and as such it is frequently a change in the fundamentals that drives exit decisions as opposed to price movements, although valuation changes may trigger a review of a company. Reflecting the long-term investment horizon, portfolio turnover is relatively low, averaging 31.3%p.a. over the last 5 years.

##### Investment Guidelines

###### General Guidelines

|                                         |                     |
|-----------------------------------------|---------------------|
| Number of Holdings                      | 35-75               |
| Minimum Number of Sectors               | 7                   |
| Maximum Invested in a Single Sector     | 30%                 |
| Maximum in a Single Industry            | 15%                 |
| Minimum Number of Markets               | 15                  |
| Maximum Investment in a Single Security | 5%                  |
| Maximum Cash Holdings                   | 10% (typically ~3%) |

###### Geographic Guidelines

|                                                       |               |
|-------------------------------------------------------|---------------|
| United States                                         | 25%-65%       |
| France, Germany, Japan, Switzerland and UK            | 0%-20% (each) |
| China                                                 | 0%-15%        |
| Australia, Canada, Hong Kong and Netherlands          | 0%-10% (each) |
| Brazil, India, South Korea and Taiwan                 | 0%-7% (each)  |
| Other developed or emerging market                    | 0%-5%         |
| Single frontier market                                | 0%-3%         |
| Maximum in Emerging markets                           | 25%           |
| Maximum in Frontier markets                           | 10%           |
| Maximum in Emerging and Frontier markets in aggregate | 25%           |

After a review of the investment process on the back of the poor stock picking in several investments, in particular two US regional banks that went into administration, the Manager has added new tools to provide a more in-depth and timely understanding of the risks and correlations in the portfolio relative to the broader market.

The Portfolio Managers now have access to a toolkit that provides real-time analysis of the risk in the portfolio such as tracking error by country and style, active exposures by security and factor, and attribution analysis. The toolkit provides the ability for the Portfolio

Managers to conduct a What-If analysis for potential trades and determine the potential impact on the portfolio of these trades.

The Portfolio Manager has also implemented the Growth Torpedo Model as a quantitative risk tool which is based on a data driven framework that provides an indicator of potential negative fundamental developments that are not already reflected in the share price of a company. The model assesses a range of fundamental and market derived statistical indicators to develop an output that analysts and Portfolio Managers can use to determine if there are exogenous risks that need to be taken into consideration with regards to an investment's position in the portfolio or the investment thesis more generally.

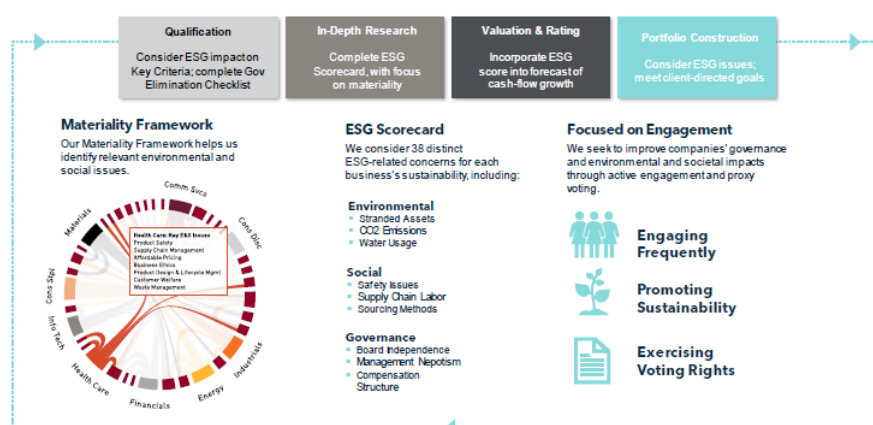
These tools provide important additional information for the Portfolio Managers to make investment and position sizing decisions to deliver on the investment objectives of the strategy.

## ESG Integration and Ethical Screening

The Manager believes that ESG issues can contribute profoundly to the success or failure of investments. As such, ESG factors are integrated into every step of the investment process. This is highlighted by the below graphic provided by the Manager.

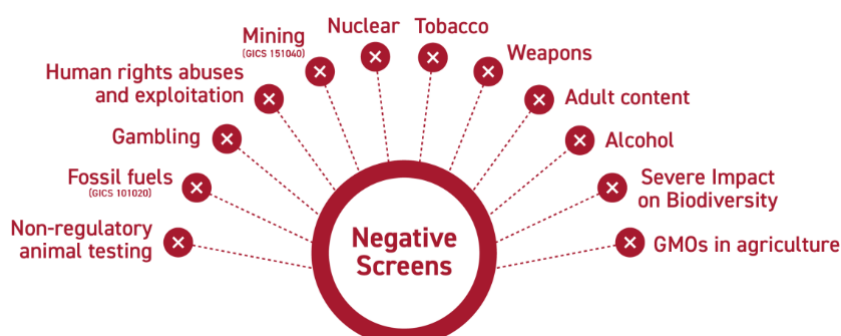
As can be seen in the below graphic, ESG factors are considered at each stage of the investment process with the Manager creating a Materiality Framework that seeks to identify significant ESG issues for each sector. An ESG scorecard is completed as part of the in-depth research undertaken on each of the companies, which considers 38 areas of concern. The ESG score is incorporated into the company forecasts when creating a valuation assessment. The Manager takes an active approach to ESG, regularly engaging with companies on the issue.

### ESG Integration in the Investment Process



The Company seeks to provide access to an ethically managed portfolio. To achieve this, a negative screening process is applied in addition to the Manager's ESG process, which rules out companies that operate in certain industries that are deemed harmful to people, animals or the environment. The screen is incorporated into the investment process and the order management system, preventing investment in screened stocks. The factors that the Manager screens for are detailed in the below graphic.

### Negative Screening Factors

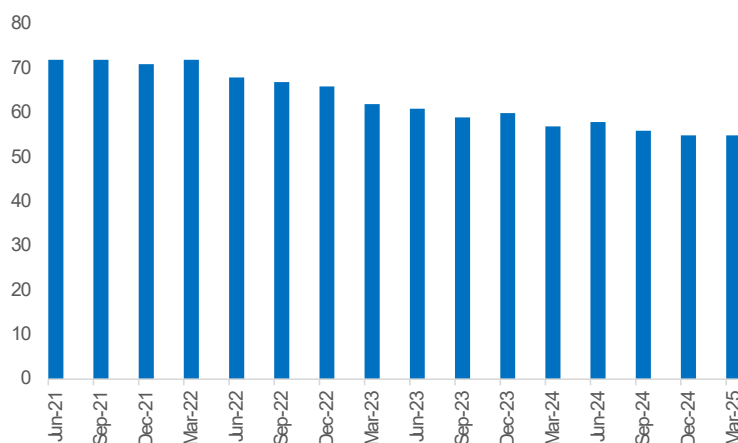


## PORTFOLIO

The portfolio has a moderate level of diversification with the portfolio comprising 35-75 stocks. Since being appointed the average number of stocks in the portfolio has been 63 with the number of stocks held likely to range from 50-70.

The number of stocks held has been steadily declining with the portfolio comprising 55 stocks as at 31 March 2025. The number of stocks at any given time will represent the investment opportunities identified that fit the investment criteria for the Manager. With the Portfolio Manager seeking to be fully invested, an increase in the concentration of the portfolio will likely be linked to higher levels of conviction in positions while a more diversified portfolio may represent a lower level of conviction due to higher levels of market uncertainty.

**Number of Stocks in the Portfolio**



The portfolio is concentrated relative to the benchmark with the portfolio typically comprising 50-70 stocks compared to the benchmark which has over 1,300 constituents. The below table details the top 10 overweight positions of the portfolio as at 30 April 2025.

The largest overweight position was Netflix, which represented 4.6% of the portfolio as at 30 April 2025. The Manager has held a position in Netflix since shortly after taking over as Manager of the portfolio with an initial position size of 1.15%. The share price has performed strongly in the last few years with Netflix being the biggest contributor to returns relative to the benchmark over the 12 month period to 30 April 2025 and the second biggest contributor to relative performance over the 3 year period.

Of the top 10 positions tabled below, the latest addition to the portfolio was Sony Group. The Manager first initiated a position in Sony in the June quarter 2022. The Manager briefly exited the position in the March quarter 2023 before re-entering a position.

The Manager can have up to 5% in a single position. The largest position in the portfolio to date has been 4.84% with an average position size of 1.55% from 30 June 2021 to 30 April 2025.

**Top 10 Positions by Active Weight (as at 30 April 2025)**

| Company Name                        | PIA Portfolio | MSCI World Index | Active Weight |
|-------------------------------------|---------------|------------------|---------------|
| Netflix, Inc.                       | 4.6%          | 0.7%             | +3.9%         |
| Vertex Pharmaceuticals Incorporated | 3.8%          | 0.2%             | +3.6%         |
| Schneider Electric SE               | 3.2%          | 0.2%             | +3.0%         |
| CME Group Inc.                      | 2.7%          | 0.1%             | +2.6%         |
| Alphabet Inc.                       | 3.9%          | 1.4%             | +2.6%         |
| Tencent Holdings Ltd                | 2.5%          | 0.0%             | +2.5%         |
| Deere & Company                     | 2.6%          | 0.2%             | +2.4%         |
| Sony Group Corporation              | 2.6%          | 0.2%             | +2.4%         |
| Chugai Pharmaceutical Co., Ltd      | 2.1%          | 0.1%             | +2.0%         |
| Accenture Plc                       | 2.3%          | 0.3%             | 2.0%          |
|                                     | <b>30.4%</b>  | <b>3.4%</b>      |               |

As at 30 April 2025, the largest sector allocation in the portfolio was Information Technology (IT), representing 22.6% of the portfolio. IT is the largest sector in the benchmark with the portfolio slightly underweight this sector relative to the benchmark. The largest overweight exposure was the Health Care sector with an overweight exposure of 8.5% with Vertex Pharmaceuticals being the largest overweight exposure in the sector. The portfolio also had a material overweight exposure to Communication Services with exposure to this sector increasing over the last two years. Three of the top 10 overweight exposures were to companies in this sector.

The portfolio is reflective of the focus on growth companies with the portfolio having no exposure to Energy and Utilities with a material underweight exposure to Consumer Staples.

#### Sector Allocation (as at 30 April 2025)

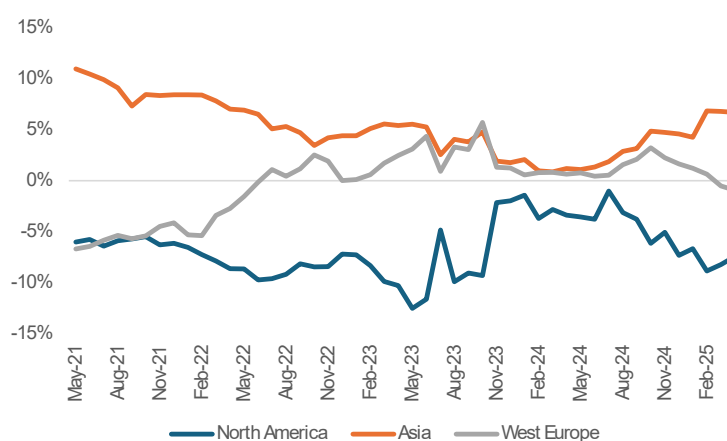
| Sector                 | PIA Portfolio | MSCI World Index | Active Weight |
|------------------------|---------------|------------------|---------------|
| Communication Services | 14.9%         | 8.0%             | +6.9%         |
| Consumer Discretionary | 9.5%          | 10.2%            | -0.7%         |
| Consumer Staples       | 1.9%          | 6.6%             | -4.7%         |
| Energy                 | 0.0%          | 3.6%             | -3.6%         |
| Financials             | 9.4%          | 17.3%            | -7.9%         |
| Health Care            | 19.3%         | 10.8%            | +8.5%         |
| Industrials            | 16.6%         | 11.2%            | +5.3%         |
| Information Technology | 22.6%         | 23.9%            | -1.3%         |
| Materials              | 1.1%          | 3.4%             | -2.3%         |
| Real Estate            | 1.2%          | 2.2%             | -1.0%         |
| Utilities              | 0.0%          | 2.8%             | -2.8%         |

The portfolio is typically weighted to North America which is to be expected given this is the largest market in the benchmark. Since May 2021, the portfolio has been consistently underweight North America and overweight Asia. Exposure to Western Europe has varied on a relative basis over time as is highlighted in the below chart. The Company has some guidelines with regards to geographic exposure which are detailed in the Investment Process Section above. This includes a maximum allocation of 65% to the US, which means the portfolio has been underweight the US as it represents over 70% of the benchmark.

#### Geographic Allocation (as at 30 April 2025)

| Sector        | PIA Portfolio | MSCI World Index | Active Weight |
|---------------|---------------|------------------|---------------|
| Asia          | 13.1%         | 6.5%             | 6.7%          |
| Middle East   | 0.0%          | 0.1%             | -0.1%         |
| North America | 67.2%         | 74.6%            | -7.4%         |
| Pacific       | 0.0%          | 1.8%             | -1.8%         |
| West Europe   | 16.0%         | 17.0%            | -1.0%         |

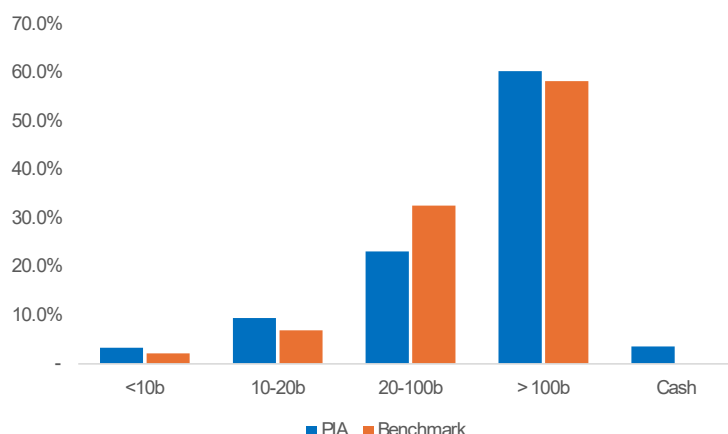
#### Historical Relative Geographic Exposure of PIA Portfolio



The portfolio provides exposure to an all cap portfolio with the portfolio providing exposure that is largely representative of the benchmark as shown in the below chart. The portfolio is predominantly exposed to large/mega cap companies with the Manager typically only investing in stocks with a market cap of \$10+ billion. As at 30 April 2025, 60.4% of the portfolio was allocated to companies with a market cap of >US\$100 billion with the portfolio slightly overweight this segment of the market relative to the benchmark.

Small and mid cap stocks represent only a small portion of the benchmark with the portfolio also typically having a low allocation to this segment of the market.

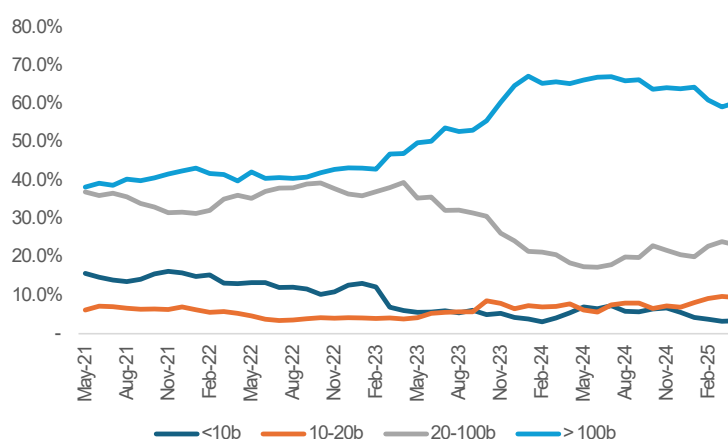
#### Market Cap Exposure (as at 30 April 2025)



The composition of the portfolio has changed over the tenure of the Manager. Since being appointed in May 2021, the portfolio has increased its exposure to stocks with a market cap of >US\$100 billion and reduced its exposure to stocks in the US\$20-\$100 billion market cap segment.

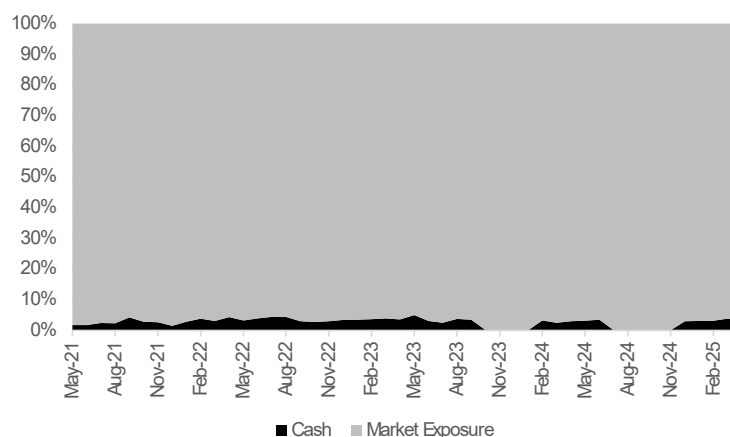
The changes in the market cap exposure of the portfolio follow the trend of the benchmark to some extent with the benchmark becoming more concentrated to stocks with a market cap of >US\$100 billion over the period 31 May 2021 to 30 April 2025.

#### Historic Market Cap Exposure - PIA Portfolio



The Manager has a maximum cash allocation of 10% of the portfolio. Since being appointed, the portfolio has had an average cash position of 2.6%. Given this, PIA provides exposure to a strategy that provides market exposure for investors. The Manager does not seek to time the market with regards to allocations between cash and the market.

### Market Exposure



## PERFORMANCE ANALYTICS

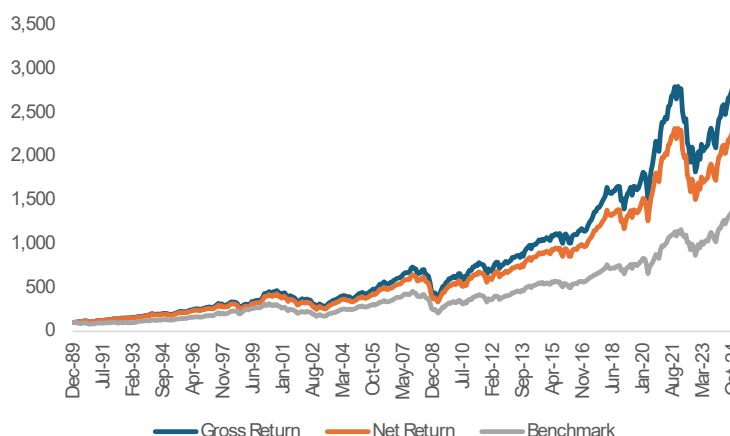
The below provides an assessment of the performance of the portfolio and share price of the Company. The Company provides exposure to the Harding Loevner Global Equity Strategy which has a track record dating back to December 1989. Given Harding Loevner were appointed in May 2021, we have provided the performance of the Strategy over the longer-term period as well as the performance since being appointed to manager the PIA portfolio.

### Harding Loevner Global Equity Strategy Performance

The Harding Loevner Global Equity Strategy ("HLGES", the "Strategy") has a track record dating back to December 1989. We note the below performance of the Strategy is based in US dollars. The purpose of the below is to highlight whether the Manager has delivered on its objectives over the long-term.

The below chart shows the gross and net return of the Strategy since inception to 31 March 2025. On both a gross and net return basis, the Strategy has outperformed the benchmark over the long-term.

### Indexed Cumulative Total Returns\* (1 December 1989 to 31 March 2025)



Gross Returns = before expenses and fees.

Net returns = after expenses and fees. We note that the fees applied are less than the management fees paid by PIA.

Assumes all income is reinvested.

The below table shows the performance metrics of the Strategy compared to the benchmark. While the Strategy has outperformed the benchmark over the long-term, the Strategy has underperformed over the short-and-medium term.

The key objective of the Strategy is to deliver superior risk-adjusted returns to the benchmark. On a risk-adjusted basis the Strategy has outperformed the benchmark since inception, however has underperformed the benchmark over the 10 years and shorter time

periods to 31 March 2025 with the Strategy having particularly weak 3 year performance figures.

The Strategy is leveraged to the market with a beta greater than 1.0 over most time periods. While the portfolio is highly differentiated from the benchmark, the Strategy has a low tracking error which reflects the risk controls in place. We also attribute this to the large allocation to mega cap companies which the benchmark is concentrated to.

| Performance Metrics to 31 March 2025 |                    |                  |                 |
|--------------------------------------|--------------------|------------------|-----------------|
|                                      | Gross Return (USD) | Net Return (USD) | Benchmark (USD) |
| <b>Cumulative Total Returns:</b>     |                    |                  |                 |
| 1 year                               | 5.3%               | 4.9%             | 7.6%            |
| 3 year (p.a.)                        | 3.9%               | 3.6%             | 7.4%            |
| 5 year (p.a.)                        | 12.5%              | 12.1%            | 15.7%           |
| 10 year (p.a.)                       | 9.7%               | 9.2%             | 9.4%            |
| Since Inception (p.a.)               | 9.8%               | 9.2%             | 7.7%            |
| <b>Standard Deviation:</b>           |                    |                  |                 |
| 1 year                               | 11.0%              | 11.0%            | 10.1%           |
| 3 year (p.a.)                        | 17.8%              | 17.8%            | 16.3%           |
| 5 year (p.a.)                        | 17.8%              | 17.8%            | 15.8%           |
| 10 year (p.a.)                       | 16.0%              | 15.9%            | 14.8%           |
| Since Inception (p.a.)               | 14.9%              | 14.9%            | 15.2%           |
| <b>Return/Risk Ratio:</b>            |                    |                  |                 |
| 1 year                               | 0.48               | 0.45             | 0.75            |
| 3 year (p.a.)                        | 0.22               | 0.20             | 0.46            |
| 5 year (p.a.)                        | 0.70               | 0.68             | 0.99            |
| 10 year (p.a.)                       | 0.61               | 0.58             | 0.63            |
| Since Inception (p.a.)               | 0.66               | 0.62             | 0.50            |
| <b>Beta:</b>                         |                    |                  |                 |
| 1 year                               | 1.04               | 1.04             | 1.00            |
| 3 year (p.a.)                        | 1.06               | 1.05             | 1.00            |
| 5 year (p.a.)                        | 1.08               | 1.07             | 1.00            |
| 10 year (p.a.)                       | 1.03               | 1.03             | 1.00            |
| Since Inception (p.a.)               | 0.92               | 0.92             | 1.00            |
| <b>Tracking Error:</b>               |                    |                  |                 |
| 1 year                               | 3.4%               | 3.4%             | na              |
| 3 year (p.a.)                        | 4.6%               | 4.6%             | na              |
| 5 year (p.a.)                        | 5.4%               | 5.4%             | na              |
| 10 year (p.a.)                       | 4.5%               | 4.5%             | na              |
| Since Inception (p.a.)               | 5.2%               | 5.2%             | na              |

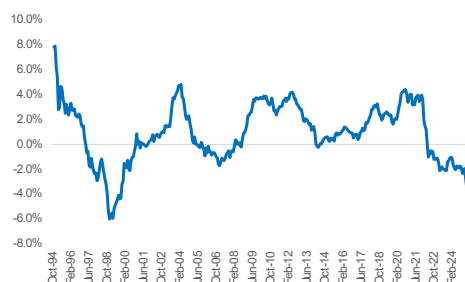
Gross Returns = before expenses and fees.

Net returns = after expenses and fees. We note that the fees applied are less than the management fees paid by PIA.

Assumes all income is reinvested.

Given the long-term investment horizon of the Manager, we take a look at the rolling 5 year excess returns of the Strategy on a net basis relative to the benchmark to take a look at the consistency of the relative returns of the Strategy.

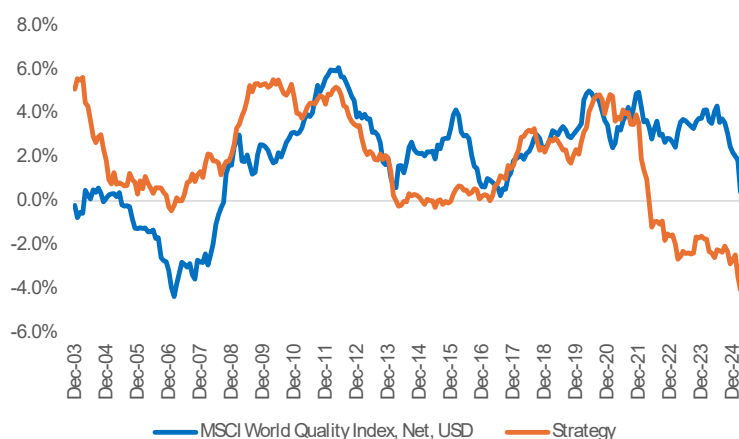
The below charts include the rolling 5 year annualised excess net returns on an absolute basis and on a risk-adjusted basis, given the primary objective is to deliver superior risk-adjusted returns to the benchmark. Throughout its history, the Strategy has delivered superior risk-adjusted returns on a reasonably consistent basis with the Strategy delivering superior risk-adjusted returns to the benchmark in 68.5% of the rolling 5 year periods since inception to 31 March 2025. The Strategy has not delivered on this objective in recent periods with the degree of underperformance of risk-adjusted returns increasing from mid-2021.

**Rolling 5 year Excess Net Returns on an Absolute Basis****Rolling 5 year Excess Net Returns on a Risk-Adjusted Basis**

Looking into this a little deeper we take a look at the performance over the MSCI World Quality Index, which represents global quality growth stocks relative to the MSCI World Index, to see the factor bias that may explain some of the difference in the relative returns of the Strategy compared to the benchmark.

The below chart shows the rolling 5 year excess returns of global quality stocks to the broader global equity market over the period from 31 December 1998 to 31 March 2025. We have included the net returns of the Strategy to show the performance of the Strategy in relation to the broader global quality growth market. There are some factor headwinds that are evident that have contributed to the periods of out-and-under performance on a relative basis.

Prior to 2021, the Strategy had performed relatively well during periods of relative underperformance of quality growth stocks more broadly, however, there has been a material dislocation in recent years with the Strategy materially underperforming the broader quality growth market which introduces concerns regarding the stock selections of the Portfolio Manager.

**Rolling 5 year Excess Returns Relative to MSCI World Index, Net, USD**

## PIA Performance

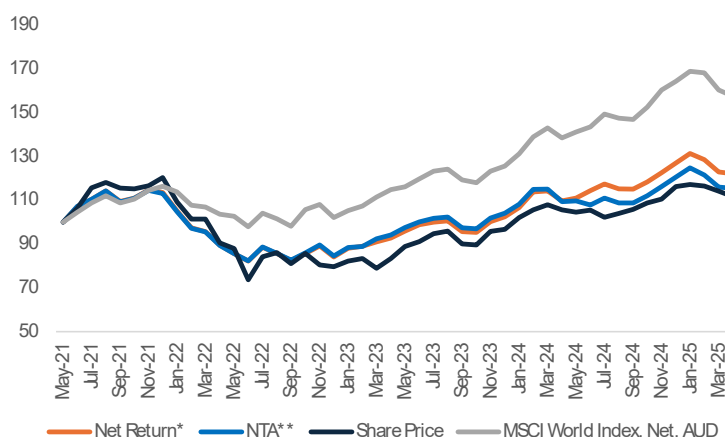
Below we take a look at the performance of the PIA portfolio and share price compared to the benchmark. While the Company initially listed in March 2004, there have been numerous investment managers of the portfolio throughout that time. The below only looks at the period from 31 May 2021, which is when Harding Loevner was appointed as the Portfolio Manager for PIA.

Over the period since Harding Loevner has been the Manager for PIA, the portfolio has underperformed the benchmark on an absolute return basis by a fairly material amount. On a net return basis (after fees and expenses but before tax paid and payable), the performance diverged from the start of 2022 and has been unable to recover the underperformance to date.

The NTA (which includes tax paid and payable on income and realised gains and provides the value of the portfolio for investors) has delivered returns largely similar to the net returns with the impact of tax resulting in a slight divergence in net returns and NTA returns from 2024.

Share price returns have lagged NTA returns with the Company trading at discount to NTA throughout the majority of the period. We note that the share price returns in the below chart do not include the benefit of franked dividends.

#### Indexed Cumulative Total Returns (31 May 2021 to 30 April 2025)



\*Net Return is after fees and expenses and before tax paid and payable on realised and unrealised gains.

\*\*NTA return is after tax paid and payable on income and realised gains but before tax payable on unrealised gains.

The below table takes a look at the performance metrics of the PIA portfolio and share price returns compared to the benchmark since Harding Loevner was appointed as the Manager of the portfolio. The below returns are in Australian dollars.

Harding Loevner has been managing the PIA portfolio for 4 years. On a net returns basis, which excludes tax paid and payable, the portfolio has underperformed the benchmark materially over this period to 30 April 2025 on both an absolute and risk-adjusted basis. In the 12 months to 30 April 2025, the portfolio has delivered improved performance relative to the benchmark, however has not achieved its objective of delivering superior risk-adjusted returns.

A combination of stock selection and factor headwinds has been a key driver of the underperformance with the exposure to SVB Financial Group and First Republic Bank being the biggest detractors of performance since Harding Loevner were appointed.

The impact of tax paid and payable on income and realised gains is highlighted by the difference between the Net Return and the NTA return. Paying tax at the company level provides the Company the ability to pass on franking credits to investors.

The share price returns have typically lagged the NTA returns, with the share price trading at a discount to NTA over the period. The ability to narrow the discount has the potential to boost share price returns, however, this will be determined by the ability of the Manager to generate demand for the vehicle, a key driver of which will be improved risk-adjusted relative returns.

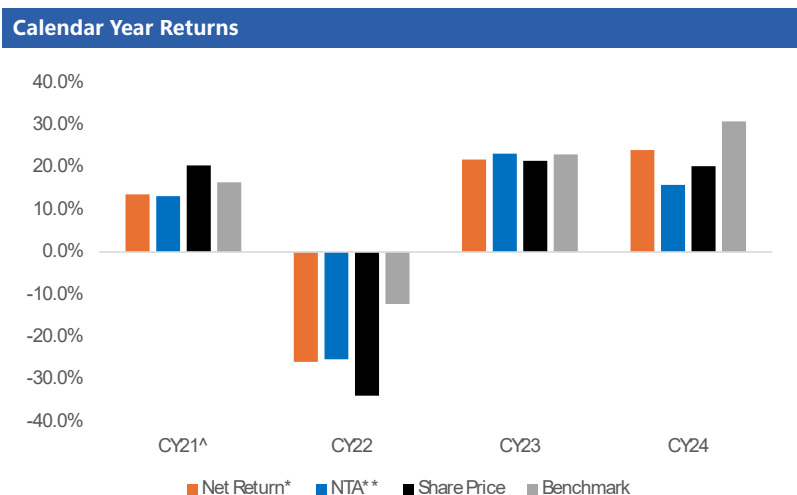
The primary objective of the Company is to provide long-term capital growth for investors in addition to providing a regular, fully franked dividend. While the Company has delivered on the dividend objective, it has not delivered on the capital growth objective as yet with regards to the NTA and share price.

| Performance Metrics to 30 April 2025 |             |       |             |           |
|--------------------------------------|-------------|-------|-------------|-----------|
|                                      | Net Return* | NTA** | Share Price | Benchmark |
| <b>Cumulative Total Returns:</b>     |             |       |             |           |
| 1 year                               | 11.4%       | 5.6%  | 5.7%        | 13.8%     |
| 3 year (p.a.)                        | 11.0%       | 8.9%  | 7.3%        | 15.0%     |
| Since 31 May 2021 (p.a.)             | 5.3%        | 3.7%  | 2.9%        | 12.3%     |
| <b>Standard Deviation:</b>           |             |       |             |           |
| 1 year                               | 9.4%        | 9.9%  | 8.2%        | 9.9%      |
| 3 year (p.a.)                        | 12.1%       | 12.4% | 17.7%       | 11.7%     |
| Since 31 May 2021 (p.a.)             | 13.6%       | 13.7% | 18.5%       | 11.6%     |
| <b>Return/Risk Ratio:</b>            |             |       |             |           |
| 1 year                               | 1.21        | 0.56  | 0.70        | 1.40      |
| 3 year (p.a.)                        | 0.91        | 0.72  | 0.41        | 1.29      |
| Since 31 May 2021 (p.a.)             | 0.39        | 0.27  | 0.16        | 1.06      |
| <b>Beta:</b>                         |             |       |             |           |
| 1 year                               | 0.87        | 0.87  | 0.28        | 1.00      |
| 3 year (p.a.)                        | 0.94        | 0.96  | 0.95        | 1.00      |
| Since 31 May 2021 (p.a.)             | 1.06        | 1.07  | 1.09        | 1.00      |
| <b>Tracking Error:</b>               |             |       |             |           |
| 1 year                               | 4.0%        | 4.9%  | 10.5%       | na        |
| 3 year (p.a.)                        | 5.0%        | 5.3%  | 13.9%       | na        |
| Since 31 May 2021 (p.a.)             | 5.7%        | 5.8%  | 13.5%       | na        |

\*Net Return is after fees and expenses and before tax paid and payable on realised and unrealised gains.

\*\*NTA return is after tax paid and payable on income and realised gains but before tax payable on unrealised gains.

The below chart shows the calendar year returns of PIA since 31 May 2021 to highlight some of the drivers of the above performance metrics. 2022 was a particularly bad year for global quality growth stocks with these companies heavily impacted by the increasing interest rate environment during this period. While this explains some of the headwinds faced since Harding Loevner was appointed, the portfolio also underperformed in CY23 and CY24 which were more favourable periods for quality growth stocks, highlighting the impact of stock selections by the Manager.



^Calendar year represents returns from 31 May 2025 to 31 December 2021.

\*Net Return is after fees and expenses and before tax paid and payable on realised and unrealised gains.

\*\*NTA return is after tax paid and payable on income and realised gains but before tax payable on unrealised gains.

Given the investment style of the Manager there is an expectation that the portfolio will deliver capital preservation in down markets. Over the period from 31 May 2021 to 30 April 2025, the portfolio on a net return basis has not delivered on the expectations given the investment style employed with the portfolio not providing capital preservation in down markets. We do note that this is over a relatively short period of time, during which there has been heightened levels of volatility during certain periods.

The correlation of the portfolio to certain sectors was higher than realised during the market declines in 2022. The implementation of new tools by the Manager are designed to provide the investment team with real-time in-depth analysis of the portfolio to enable the Portfolio Manager to identify the factors the portfolio is exposed to and be able to make risk assessments based on this information.

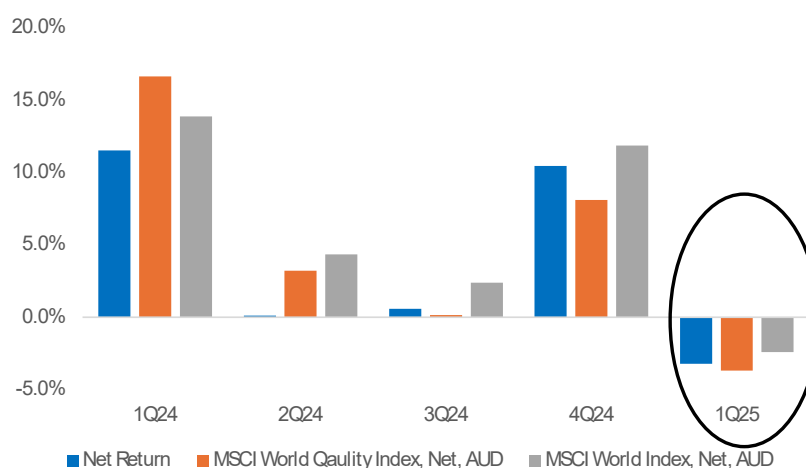
#### PIA Net Return Market Capture Ratios

|                         |      |
|-------------------------|------|
| Upside Market Capture   | 0.93 |
| Downside Market Capture | 1.39 |
| Market Capture Ratio    | 0.67 |

The global quality growth market has seen headwinds over the 4 quarters to 31 March 2025. This is highlighted by the below chart which shows the quarterly net return of the PIA portfolio relative to the benchmark and the broader global quality growth market.

While the net return of PIA has been impacted by the factor headwinds relative to the benchmark, the performance compared to the global quality growth market in the second half of calendar year 2024 and the 1Q'CY25 have seen an improved performance on both the upside and the downside. We have highlighted the 1Q'25 in which the portfolio fell less than the broader global quality growth market with the portfolio showing green shoots of getting back on track.

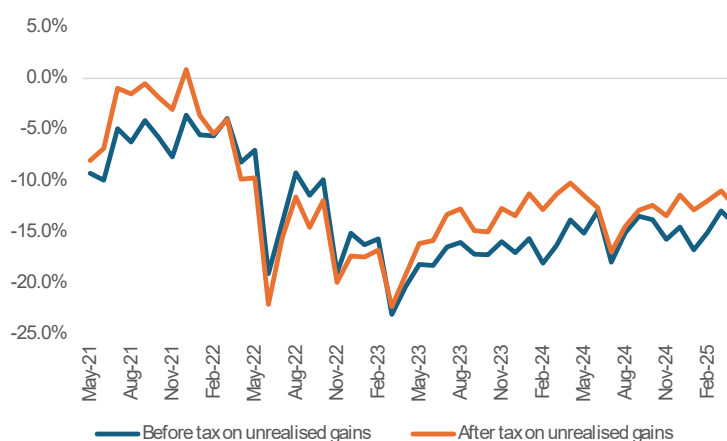
#### Quarterly Performance of Portfolio Compared to the Broader Market



#### Premium/Discount

The Company has largely traded at a discount over the period in which Harding Loevner has been the Portfolio Manager. The discount reflects the performance of the portfolio with the relative underperformance of the portfolio of the broader global equities market and its quality global growth peers hindering demand for the vehicle. Improved risk-adjusted returns will be a key driver with respect to narrowing the discount.

#### Historical Premium/Discount (based on month-end data)



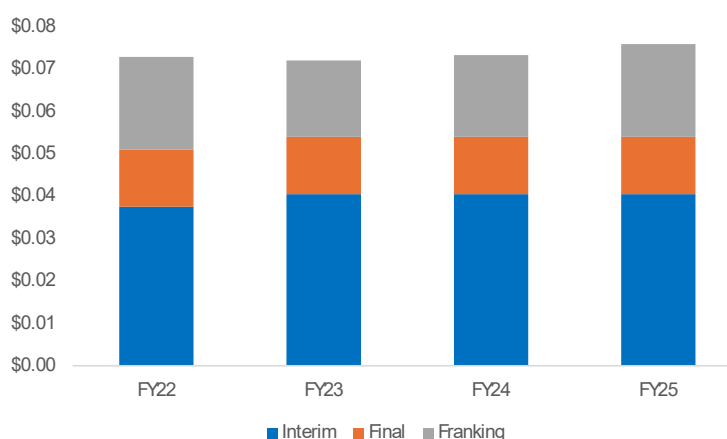
Source: Pengana Investment Management, Iress, IIR.

## Dividends

As mentioned above, the Company seeks to pay a regular fully franked dividend. The Company pays a quarterly dividend, which has remained stable since Harding Loevner were appointed. While the annual dividend amount has remained stable, the Company tax rate has varied between 25% and 30% over the period, which has resulted in a slightly variable grossed-up amount.

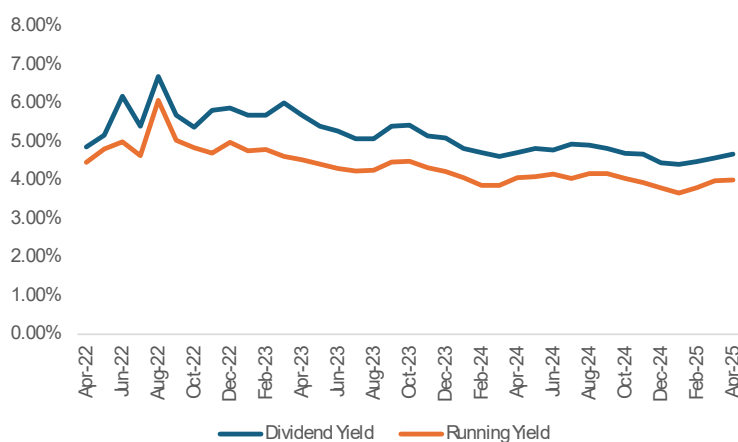
The Company reports using revenue based accounting, meaning that the Net Profit includes the impact of realised and unrealised changes in the value of the portfolio. This can result in a volatile earnings profile, however allows for the Company to book both realised and unrealised gains in the portfolio for distribution as dividends. Given this, dividends need to be managed carefully to ensure the annual dividend can be maintained during periods of market weakness. The Company currently has a substantial amount of dividend coverage with over 16 years of coverage of the current annual dividend amount based on the profits reserve as at 31 December 2024. The Company also has a healthy level of franking credits to maintain the dividend for a number of years without the accumulation of additional franking credits.

### Dividends Declared by Financial Year (Since Harding Loevner's Appointment)



The Company is paying a yield on the NTA that is sustainable and also provides the potential for capital growth. The ability of the Company to maintain a steady dividend stream combined with capital growth will be a key contributor to the narrowing the level of dislocation between the NTA and share price.

### Trailing 12-month Dividend & Running Yield



## PEER COMPARISON

The below provides a comparison of PIA's key structural components and performance with a select group of peers in the listed managed investments (LMI) universe. There are a number of global investment strategies that are available on the domestic market across a range of structures including listed investment company's (LICs), listed investment trust's

(LITs) and actively and passively managed exchange traded funds (ETMFs and ETFs). The peer group includes long only, actively managed LMI's that have a global equity mandate.

There are three other actively managed LMIs in addition to PIA that have ethical screens applied to the investment universe. The only other LIC that has a global ethical equity mandate is Morphic Ethical Equities Fund (ASX: MEC). MEC provides different exposure to PIA with a mid and small cap bias and has had its challenges in recent years.

Of the peer group, PIA is one of only four LMIs that pays a quarterly dividend, providing investors exposure to a regular, fully franked dividend. One of the benefits of the LIC structure is that the company pays tax and can pass on franking credits to shareholders, providing the tax benefits that arise from franked dividends. Trusts (LITs, ETMFs and ETFs) on the other hand are pass through vehicles and do not pay tax. Given the global focus of the portfolios, there are typically little to no franking credits paid in these vehicles.

| LMI Peer Group                                        |            |            |               |                   |                    |
|-------------------------------------------------------|------------|------------|---------------|-------------------|--------------------|
| LMI                                                   | Ticker     | Structure  | Listing Date  | Market Cap (\$m)* | Dividend Frequency |
| Morphic Ethical Equities Fund                         | MEC        | LIC        | May-17        | \$36.8            | Quarterly          |
| MFF Capital Investments                               | MFF        | LIC        | Dec-06        | \$2,589.5         | Semi-Annual        |
| <b>Pengana International Equities Limited</b>         | <b>PIA</b> | <b>LIC</b> | <b>Jun-11</b> | <b>\$308.6</b>    | <b>Quarterly</b>   |
| WAM Global Limited                                    | WGB        | LIC        | Jun-18        | \$892.9           | Semi-Annual        |
| WCM Global Growth Limited                             | WQG        | LIC        | Jun-17        | \$396.8           | Quarterly          |
| Apostle Dundas Global Equity Fund - Active ETF        | ADEF       | ETMF       | Feb-21        | \$18.0            | Semi-Annual        |
| Claremont Global Fund Active ETF                      | CGUN       | ETMF       | Feb-24        | \$98.6            | Annual             |
| Dimensional Global Core Eq Unhgd - Active ETF         | DGCE       | ETMF       | Nov-23        | \$4,598.0         | Semi-Annual        |
| Franklin Global Growth Fund - Active ETF              | FRGG       | ETMF       | Apr-24        | \$503.8           | Semi-Annual        |
| Janus Henderson Global Sustainable Active ETF         | FUTR       | ETMF       | Sep-21        | \$1.6             | Semi-Annual        |
| Barrow Hanley Global Share Fund Active ETF            | GLOB       | ETMF       | Jun-22        | \$355.7           | Semi-Annual        |
| Hyperion Global Growth Companies Fund - Active ETF    | HYGG       | ETMF       | Mar-21        | \$3,555.2         | Quarterly          |
| Lakehouse Global Growth Fund Active ETF               | LHGG       | ETMF       | Apr-25        | \$392.6           | Annual             |
| Loomis Sayles Global Equity Fund - Active ETF         | LSGE       | ETMF       | Oct-21        | \$56.5            | Annual             |
| Munro Concentrated Global Growth Fund Active ETF      | MCGG       | ETMF       | Feb-22        | \$43.7            | Annual             |
| Magellan Global Fund - Active ETF                     | MGOC       | ETMF       | Nov-20        | \$7,428.3         | Semi-Annual        |
| Montaka Global Equities Fund - Active ETF             | MOGL       | ETMF       | Dec-17        | \$130.1           | Semi-Annual        |
| Firetrail S3 Global Opportunities Fund - Active ETF   | S3GO       | ETMF       | Oct-22        | \$23.4            | Semi-Annual        |
| Talaria Global Equity Fund Complex ETF                | TLRA       | ETMF       | Nov-21        | \$2,334.8         | Quarterly          |
| WCM Quality Global Growth Fund - Active ETF           | WCMQ       | ETMF       | Sep-18        | \$411.6           | Annual             |
| Alphinity Global Equity Fund - Active ETF             | XALG       | ETMF       | Jan-23        | \$671.6           | Annual             |
| Alphinity Global Sustainable Equity Fund - Active ETF | XASG       | ETMF       | Jan-23        | \$87.1            | Annual             |

\*As at 30 June 2025.

From a fee perspective, PIA's management fee is above the peer group average, although the lowest amongst its LIC peers. The performance fees are also above the median performance fee. The global equity arena is a competitive segment of the market, particularly with the large number of passively managed ETF alternatives available to investors. The net performance of portfolios needs to be competitive to ensure there is sufficient demand for the strategy, This is of particular importance for LICs, with the demand and supply balance being important for the vehicle to trade in close proximity to the NTA.

| Peer Group Fees                                       |            |                        |                 |                                                                       |
|-------------------------------------------------------|------------|------------------------|-----------------|-----------------------------------------------------------------------|
| LMI                                                   | Ticker     | Management Fee, ex GST | Performance Fee | Performance Hurdle                                                    |
| Morphic Ethical Equities Fund                         | MEC        | 1.25%                  | 15.00%          | MSCI All Country Total Return Daily Index                             |
| MFF Capital Investments                               | MFF        | 1.33%                  | 0.00%           | na                                                                    |
| <b>Pengana International Equities Limited</b>         | <b>PIA</b> | <b>1.12%</b>           | <b>15.38%</b>   | <b>MSCI Total Return Index, Net Dividends Reinvested, AUD</b>         |
| WAM Global Limited                                    | WGB        | 1.25%                  | 20.00%          | MSCI World Index. Net, AUD                                            |
| WCM Global Growth Limited                             | WQG        | 1.25%                  | 10.00%          | MSCI ACWI ex Australia, AUD                                           |
| Apostle Dundas Global Equity Fund - Active ETF        | ADEF       | 0.82%                  | 0.00%           | na                                                                    |
| Claremont Global Fund Active ETF                      | CGUN       | 1.14%                  | 0.00%           | na                                                                    |
| Dimensional Global Core Eq Unhgd - Active ETF         | DGCE       | 0.33%                  | 0.00%           | na                                                                    |
| Franklin Global Growth Fund - Active ETF              | FRGG       | 0.82%                  | 0.00%           | na                                                                    |
| Janus Henderson Global Sustainable Active ETF         | FUTR       | 0.80%                  | 0.00%           | na                                                                    |
| Barrow Hanley Global Share Fund Active ETF            | GLOB       | 0.90%                  | 0.00%           | na                                                                    |
| Hyperion Global Growth Companies Fund - Active ETF    | HYGG       | 0.70%                  | 20.00%          | MSCI World Accumulation Index, AUD                                    |
| Lakehouse Global Growth Fund Active ETF               | LHGG       | 1.30%                  | 15.00%          | MSCI ACWI, Net, AUD                                                   |
| Loomis Sayles Global Equity Fund - Active ETF         | LSGE       | 0.68%                  | 0.00%           | na                                                                    |
| Munro Concentrated Global Growth Fund Active ETF      | MCGG       | 0.64%                  | 10.00%          | MSCI World Ex Australia NR AUD                                        |
| Magellan Global Fund - Active ETF                     | MGOC       | 1.23%                  | 10.00%          | Index Return and Absolute Return (10-year Australian Government Bond) |
| Montaka Global Equities Fund - Active ETF             | MOGL       | 1.20%                  | 15.38%          | MSCI World Net Total Return Index, AUD                                |
| Firetrail S3 Global Opportunities Fund - Active ETF   | S3GO       | 0.72%                  | 15.00%          | MSCI World Net Total Return Index, AUD                                |
| Talaria Global Equity Fund Complex ETF                | TLRA       | 1.16%                  | 0.00%           | na                                                                    |
| WCM Quality Global Growth Fund - Active ETF           | WCMQ       | 1.25%                  | 10.00%          | MSCI ACWI ex Australia, AUD                                           |
| Alphinity Global Equity Fund - Active ETF             | XALG       | 0.75%                  | 10.00%          | MSCI World Net Total Return Index (AUD)                               |
| Alphinity Global Sustainable Equity Fund - Active ETF | XASG       | 0.75%                  | 10.00%          | MSCI World Net Total Return Index, AUD                                |
| <b>Median</b>                                         |            | <b>1.01%</b>           | <b>10.00%</b>   |                                                                       |

### Peer Group Performance

The below table provides the portfolio performance of the peer group to 30 April 2025. Readers should note that the LIC portfolio returns are based on the NTA, which includes tax paid and in some circumstances current tax liabilities and assets. This compares to ETMF's which do not pay tax and therefore the NAV does not include any tax payments. This is an important consideration when comparing LMI vehicles as the performance figures between the structures is not on a like-for-like basis.

Many of the ETMF's are relatively newly listed. While the underlying strategies may have a longer-term track record we only include the performance of the portfolio from the listing date.

The performance of the PIA portfolio has lagged its peers over the 1, 3 and 5 year periods to 30 April 2025. If we were to focus just on the LIC's given the discrepancies between NTA and NAV reporting, PIA has delivered the second lowest return over the three and five year periods to 30 April 2025 with MEC being the worst performer of the LICs in the peer group.

If you were to remove the tax paid by PAI and use the net return figures detailed in the Performance Analytics Section above, the portfolio performance is more competitive, however has still lagged many of its peers. While the portfolio has lagged many of its peers,

the portfolio has had lower levels of volatility than many of its peers. However, the lower volatility has not offset the lower returns, with returns also lagging on a risk-adjusted basis.

The portfolio has faced some factor headwinds in recent years, however there are a number of quality growth focused strategies in the peer group that have faced the same headwinds. The Manager will need to deliver competitive risk-adjusted returns to improve the level at which the share price trades relative to the NTA.

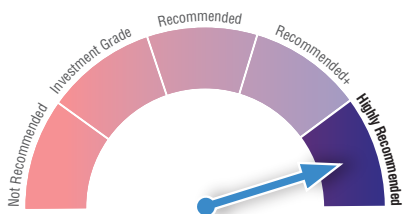
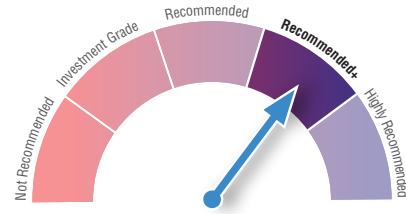
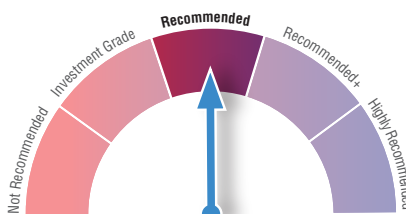
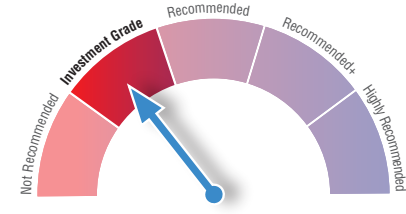
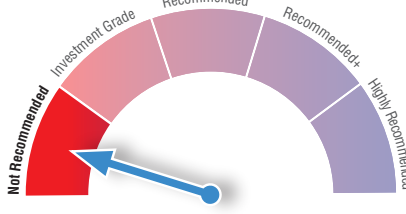
| NTA/NAV* Performance Metrics (to 30 April 2025) |                          |               |               |                    |               |               |
|-------------------------------------------------|--------------------------|---------------|---------------|--------------------|---------------|---------------|
| LMI                                             | Cumulative Total Return* |               |               | Standard Deviation |               |               |
|                                                 | 1 year                   | 3 year (p.a.) | 5 year (p.a.) | 1 year             | 3 year (p.a.) | 5 year (p.a.) |
| MEC                                             | 6.5%                     | 4.3%          | 5.5%          | 10.9%              | 16.5%         | 15.7%         |
| MFF                                             | 14.3%                    | 19.2%         | 12.7%         | 15.2%              | 16.7%         | 15.6%         |
| <b>PIA</b>                                      | <b>5.6%</b>              | <b>8.9%</b>   | <b>5.9%</b>   | <b>9.9%</b>        | <b>12.4%</b>  | <b>12.6%</b>  |
| WGB                                             | 8.5%                     | 9.2%          | 7.8%          | 9.1%               | 11.7%         | 11.5%         |
| WQG                                             | 3.4%                     | 11.4%         | 8.3%          | 16.7%              | 15.7%         | 15.4%         |
| ADEF                                            | 8.0%                     | 11.3%         | na            | 10.3%              | 12.8%         | na            |
| CGUN                                            | 5.7%                     | na            | na            | 11.5%              | na            | na            |
| DGCE                                            | 10.4%                    | na            | na            | 10.8%              | na            | na            |
| FRGG                                            | 5.5%                     | na            | na            | 12.8%              | na            | na            |
| FUTR                                            | 11.9%                    | 13.4%         | na            | 8.5%               | 12.8%         | na            |
| GLOB                                            | 13.6%                    | na            | na            | 8.1%               | na            | na            |
| HYGG                                            | 29.4%                    | 23.1%         | na            | 22.2%              | 24.1%         | na            |
| LHGG                                            | na                       | na            | na            | na                 | na            | na            |
| LSGE                                            | 17.4%                    | 18.0%         | na            | 14.4%              | 15.6%         | na            |
| MCGG                                            | 21.5%                    | 21.0%         | na            | 14.3%              | 15.5%         | na            |
| MGOC                                            | 11.0%                    | 13.4%         | na            | 10.0%              | 13.8%         | na            |
| MOGL                                            | 14.0%                    | 18.0%         | 12.11%        | 20.4%              | 20.9%         | 19.0%         |
| S3GO                                            | 11.5%                    | na            | na            | 9.4%               | na            | na            |
| TLRA                                            | 9.3%                     | 9.4%          | na            | 6.0%               | 7.2%          | na            |
| WCMQ                                            | 23.2%                    | 18.9%         | 14.32%        | 15.6%              | 16.4%         | 16.1%         |
| XALG                                            | 6.2%                     | na            | na            | 13.8%              | na            | na            |
| XASG                                            | 0.2%                     | na            | na            | 12.1%              | na            | na            |

\*LIC returns are calculated on the NTA, which includes tax paid but is before tax on unrealised gains. LIT, ETMF and ETF returns are calculated using the NAV or market prices, which do not include tax.

## APPENDIX A – RATINGS PROCESS

### Independent Investment Research Pty Ltd “IIR” rating system

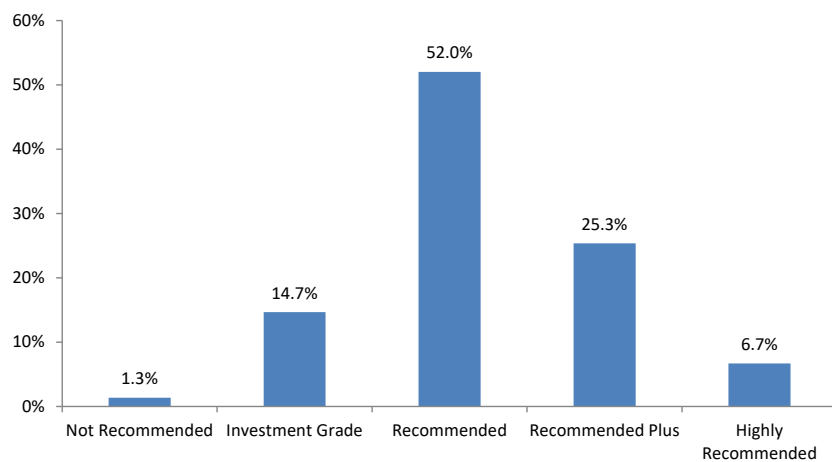
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

| LMI Ratings                                                                                                 | SCORE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Highly Recommended</b>  | <b>83 and above</b> <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>                                                                                                                                                                                                                |
| <b>Recommended +</b>      | <b>79–83</b> <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p> |
| <b>Recommended</b>       | <b>70–79</b> <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>                                                                                                                                                                                                                                                                                                                                         |
| <b>Investment Grade</b>  | <b>60–70</b> <p>This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.</p>                                                                                                                                                                                                                                                                                                                                                           |
| <b>Not Recommended</b>   | <b>&lt;60</b> <p>This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.</p>                                                                                                                                                           |

## APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

### Spread of Managed Investment Ratings



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