

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)



**NOVEMBER
2017
PERFORMANCE
UPDATE**

Change of Company name: The resolution to change the name of the Company to Pengana International Equities Limited was approved by a majority of shareholders. The change of name will enable the Company to derive benefit from the strong, reputable and respected Pengana brand. The effective date for the change to the Company's ticker code was the 15th December 2017, when the ASX listing code changed from "HHV" to "PIA" and the options ASX code changed from "HHVO" to "PIAO".

DESCRIPTION AND FEATURES

Pengana International Equities Limited provides access to investments in 30-50 companies across developed and developing markets via a listed investment company structure.

Investments are made predominantly in companies that deliver stable yet growing free cash flow throughout cycles (which we classify as 'Core' holdings) whilst also taking positions in more cyclical companies ('Cyclical') and those whose valuation has been materially impacted ('Opportunistic').

We avoid investments in companies that in our opinion are harmful to people, animals or the environment. Visit our website for more information on the portfolio.

PERFORMANCE COMMENTARY

In November the portfolio delivered 1.8% while its benchmark returned 3.2%. The vast majority of the portfolio's stocks delivered decent returns during the month while our defensive positioning meant that the portfolio did not have a large exposure to the most exuberant parts of the market. FX was a net positive contributor, which was partially offset by our USD hedges.

The biggest positive individual stock contributors were Dollar General, Royal Ahold Delhaize, and Wacker Chemie. Dollar General and Ahold's performance reflected strength in the broader retail sector. Wacker's contribution reflected its large relative weight in the portfolio coupled with a solid return during the month.

The three largest individual stock detractors were Check Point Software, Flow Traders, and TomTom. Check Point's performance followed disappointing 4Q17 guidance. Flow Traders declined following a negative change in the regulatory environment and a difficult macro-environment for its business (low equity market

Portfolio Managers	Jordan Cvetanovski Steven Glass
ASX code	PIA
ASX code options	PIAO
Founded	19 March 2004
Mandate inception	1 July 2017
Asset Class	International Equities
Fees	Management Fee: 1.20% p.a. Performance Fee: 15.38% of any return greater than the MSCI
DRP	Yes
Share Price¹	\$1.16
Option Price¹	\$0.03
NTA (pre-tax)^{1,2}	\$1.2219
NTA (post tax)^{1,2}	\$1.2009
Premium/Discount to pre-tax NTA¹	(5.07%)
Ordinary Shares on Issue¹	244.88m
Benchmark	MSCI World ³

¹ At 30 November 2017.

² The figures are unaudited.

³ MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

volatility). TomTom's share price declined following its 3Q17 result.

During the month, we continued with our practice of reducing the portfolio's exposure to positions that are close to our price targets while adding to positions that are trading on more compelling valuations. During the month the portfolio exited Elis, B&M European Value Retail and Unilever; while initiating new positions in non-IT businesses in China and Latin America.

The portfolio's Segment (Core, Cyclical and Opportunistic) exposures remains 60-65% Core, 20-25% Cyclical, 5-10% Opportunistic and 5-10% cash. We continue to hold some insurance against market declines (puts), although this insurance has declined in value as the market appreciated. Cash holdings remain in AUD and we have hedged some of the portfolio's USD exposure while leaving the EUR exposure unhedged. The Fund's largest industry exposures were Materials (19%), Information Technology (16%) and Financials (16%).

**THE VAST
MAJORITY OF
THE
PORTFOLIO'S
STOCKS
DELIVERED
DECENT
RETURNS
DURING THE
MONTH**

PERFORMANCE

Net performance for periods ending 30 November 2017⁴

	1 Month	FYTD	Since Inception p.a. ⁵
PIA	1.8%	6.3%	7.8%
Benchmark	3.2%	10.3%	7.2%

Pengana International Equities Limited has been managed under the new investment mandate by the Pengana investment team since 1 July 2017. The performance since inception in the table above refers to the movement in net assets per share since the inception of PIA in March 2004. See footnotes ⁴ and ⁵ below for further details.

PORTFOLIO INFORMATION

Top 10 Stocks

Name	Country	Sector
American Express Company	United States	Financials
Dollar General Corporation	United States	Consumer Discretionary
IAC/InterActiveCorp.	United States	Information Technology
Intercontinental Exchange, Inc.	United States	Financials
Medtronic plc	United States	Health Care
Novo Nordisk A/S Class B	Denmark	Health Care
Oracle Corporation	United States	Information Technology
Reckitt Benckiser Group plc	United Kingdom	Consumer Staples
Royal Ahold Delhaize N.V.	Netherlands	Consumer Staples
Wacker Chemie AG	Germany	Materials

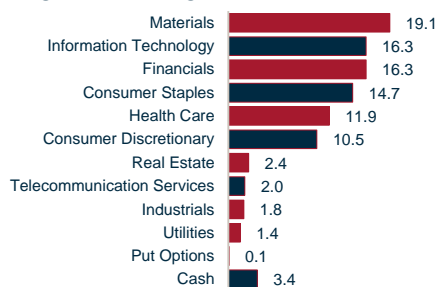
Largest 3 Contributors

Dollar General Corporation
Royal Ahold Delhaize N.V.
Wacker Chemie AG

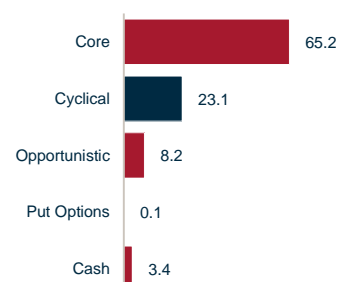
Largest 3 Detractors

Check Point Software Technologies Ltd.
Flow Traders NV
TomTom International B.V.

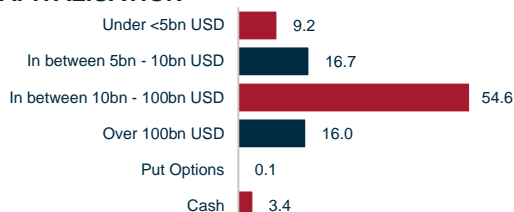
SECTOR BREAKDOWN



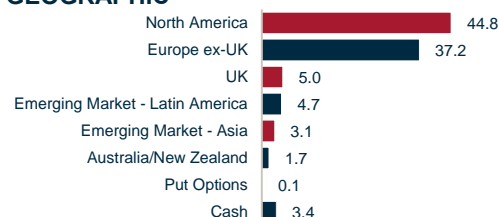
SEGMENT



CAPITALISATION



GEOGRAPHIC



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

5. Inception date of PIA: 19 March 2004, new investment team with new mandate adopted: 1 July 2017.

None of Pengana International Equities Limited ("PIA"), Hunter Hall Investment Management Limited (ABN 69 063 081 612, AFSL 219462) nor any of their related entities guarantees the repayment of capital or any particular rate of return from PIA. Past performance is no guarantee of future performance. This document has been prepared by PIA and does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered investment advice and should not be relied on as an investment recommendation.



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PENGANA CAPITAL GROUP

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