

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

**JANUARY 2018
PERFORMANCE
UPDATE**

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.

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	\$1.18
Option Price¹	\$0.034
NTA (pre-tax)^{1,2}	\$1.24
NTA (post tax)^{1,2}	\$1.22
Premium/Discount to pre-tax NTA¹	(5.12%)
Ordinary Shares on Issue¹	245.18m
Bonus Options on Issue¹	244.28m
Benchmark	MSCI World ³

¹ At 31 January 2018.

² The figures are unaudited.

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

KEY CONTRIBUTORS TO JANUARY PERFORMANCE WERE STOCK SELECTION AND HEDGING THE USD EXPOSURE

PERFORMANCE COMMENTARY

In January the portfolio delivered 2.3% while its benchmark returned 1.7%. Key contributors to this performance were stock selection and hedging of the portfolio's USD exposure.

The biggest positive individual stock contributors were Itau Unibanco (Brazilian bank), IAC and Dollar General. Itau rose with the Brazilian market following solid economic data and developments in the Brazilian legal system that make it increasingly unlikely that Lula will run in the upcoming presidential elections. There was no single catalyst to explain the performance of IAC and Dollar General.

The three largest individual stock detractors were Nutrien, Howard Hughes and Sealed Air Corp. There was no substantive news to explain the (relatively) minor decline in these companies' share prices.

During the month, we continued our practice of reducing the portfolio's exposure to positions that are close to our price targets or were not performing entirely in alignment with our expectations. We exited Apple and Nestle and materially reduced the portfolio's exposure to Ahold, American Express, Celgene, Dollar General, IAC, Jeronimo Martins, and Novo Nordisk. In their place we only added two new stocks, Electronic Arts (USA) and Smiths Group (UK). All told, we reduced the portfolio's total equity exposure from 94% as at Dec-17 to 86% as at Jan-18.

Following the aforementioned actions, the weight of the Core segment was 55%, which is below the target 60%. The team has a pipeline of prospective ideas to fill the gap and our priority is to take Core back above 60%. Cyclical exposure remains 20-25% and Opportunistic 0-10%.

PERFORMANCE

Net performance for periods ending 31 January 2018⁴

	1 Month	FYTD	Since Inception p.a. ⁵
PIA	2.3%	8.6%	7.9%
Benchmark	1.7%	10.3%	7.1%

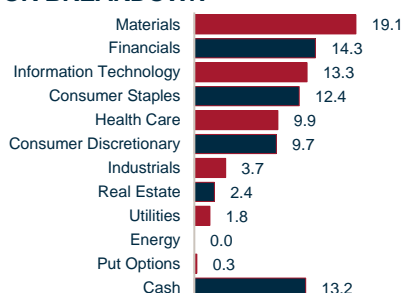
Pengana International Equities Limited has been managed under the new investment mandate by the Pengana investment team since 1 July 2017. The performance since inception in the table above refers to the movement in net assets per share since the inception of PIA in March 2004. See footnotes ⁴ and ⁵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

PORTFOLIO INFORMATION

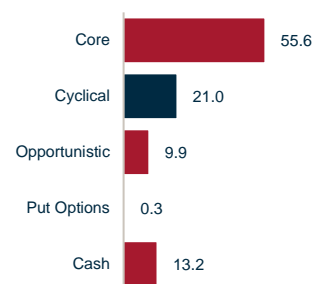
Top 10 Stocks		
Name	Country	Sector
Dollar General Corporation	United States	Consumer Discretionary
Howard Hughes Corporation	United States	Real Estate
Medtronic plc	United States	Health Care
Novo Nordisk A/S Class B	Denmark	Health Care
Nutrien Ltd.	Canada	Materials
Oracle Corporation	United States	Information Technology
Reckitt Benckiser Group plc	United Kingdom	Consumer Staples
Sligro Food Group N.V.	Netherlands	Consumer Staples
TomTom International B.V.	Netherlands	Consumer Discretionary
Wacker Chemie AG	Germany	Materials

Largest 3 Contributors		Largest 3 Detractors	
Itau Unibanco Holding SA Pfd		Nutrien Ltd.	
IAC/InterActiveCorp.		Howard Hughes Corporation	
Dollar General Corporation		Sealed Air Corporation	

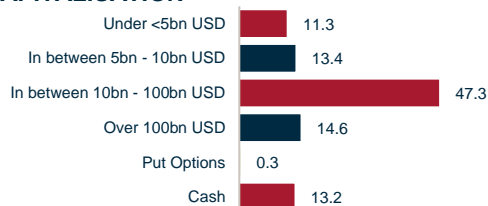
SECTOR BREAKDOWN



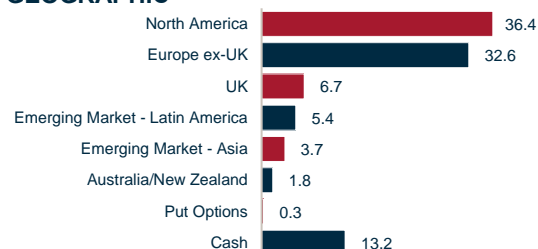
SEGMENT



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.

FOR FURTHER
INFORMATION
PLEASE VISIT
OUR WEBSITE:
PENGANA.COM



MANAGED BY
PENGANA CAPITAL GROUP

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ACN 107 462 966

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