

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

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DESCRIPTION AND FEATURES

Pengana International Equities Limited provides access to the benefits of an actively managed core portfolio of 30-50 ethically screened companies across developed and developing global markets via a listed investment company structure.

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 misconstrued by the market ('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 Company.

PERFORMANCE COMMENTARY

The portfolio was up 0.3% in November, which was pleasing given the benchmark declined 1.8%. Stocks we own were the largest positive contributor to outperformance and delivered almost 1% of absolute performance. Stocks we didn't own were another contributor to the outperformance, having dramatically reduced the exposure to the in-vogue US internet sector earlier this year, including Apple, which was the largest drag to the benchmark's November return.

The largest performance headwinds during the month were foreign exchange (FX) and the puts (portfolio insurance). The FX headwind was explained by the appreciating AUD while the puts declined due to the rising US market.

We structured the portfolio with the intention of reducing drawdowns and volatility and we are pleased to have delivered on these goals.

The three largest positive stock contributors were Tencent, Huazhu Group and Alibaba, reflecting the strength of the Chinese market. The three largest stock detractors were Nutrien, Sligro Food Group

Portfolio managers	Jordan Cvetanovski Steven Glass
ASX code shares	PIA
ASX code options	PIAO
Founded	19 March 2004
Mandate inception	1 July 2017
Asset class	International Equities
Fees	Management fee: 1.23% p.a. Performance fee: 15.38% of any return greater than the MSCI World ³
DRP	Yes
Share price¹	A\$1.065
Option price¹	A\$0.002
NTA (pre-tax)^{1,2}	A\$1.1672
NTA (post-tax)^{1,2}	A\$1.1653
Premium/discount to pre-tax NTA¹	(8.76%)
Ordinary shares on issue¹	252.99m
Bonus options on issue¹	237.80m
Benchmark	MSCI World ³

1. As at 30 November 2018. 2. The figures are unaudited. 3. MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

and Sandvik. Nutrien's share price declined in conjunction with the oil price, Sligro Food Group was downgraded by analysts and Sandvik was weak due to declining commodity prices.

The portfolio's largest industry exposures during the month were Financials, Consumer Discretionary, and Health Care. The Financials exposure reflects notable investments across derivative exchanges, which we expect will benefit from increased asset market volatility. The Consumer Discretionary exposure includes a broad basket of companies, many of which we don't consider as truly Consumer Discretionary e.g. TomTom. The Health Care exposure is relatively diversified.

Compared to the benchmark, the portfolio continues to have relatively large exposure to Europe + UK (29%) and Emerging Markets - Asia (13%), while having a significantly underweight exposure to the US (43%).

The weight of the Core segment remains within 60-70%, Cyclical approximately 10% and Opportunistic within 5-10% of the portfolio.

FOR FURTHER
INFORMATION
PLEASE VISIT
OUR WEBSITE:
PENGANA.COM/PIA

PERFORMANCE

Net performance for periods ending 30 November 2018⁴

	1 mth	3 mths	1 yr	FYTD	Since Inception p.a. ⁵
PIA	0.3%	-5.0%	3.5%	-1.8%	7.5%
Benchmark	-1.8%	-6.7%	4.1%	-0.5%	7.0%

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
Alphabet	United States	Information Technology
Bharti Infratel	India	Telecommunication Services
Cigna	United States	Health Care
CME Group	United States	Financials
Deutsche Boerse	Germany	Financials
Dollar General	United States	Consumer Discretionary
Intercontinental Exchange	United States	Financials
Microsoft	United States	Information Technology
Nutrien	Canada	Materials
Sabre	United States	Information Technology

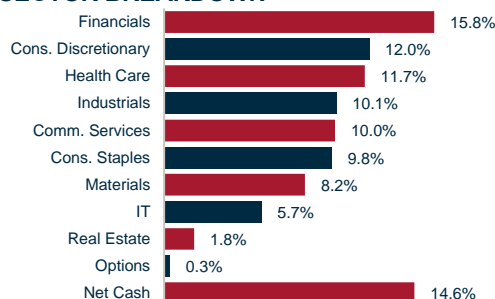
Largest 3 contributors

Tencent Holdings
Huazhu Group
Alibaba Group

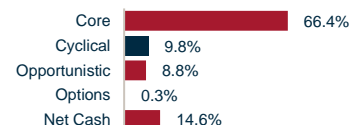
Largest 3 detractors

Nutrien
Sligro Food Group
Sandvik

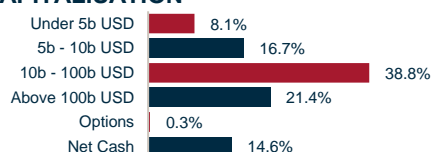
SECTOR BREAKDOWN



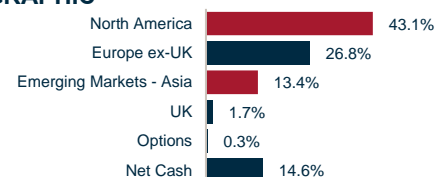
SEGMENT



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"), Pengana 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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