

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 1.7% in January. In local currency, the portfolio delivered almost 5% but appreciation of the \$A was a notable headwind, reducing the returns in \$A terms. The portfolio insurance (puts) were another headwind, costing the portfolio approximately 60bps in returns.

January represented a sharp reversal from recent months with the more defensive positions declining while more economically sensitive positions (such as banks, industrials and emerging markets) outperformed.

The portfolio's three largest positive stock contributors were Alibaba, Bharti Infratel, and Wacker Chemie. These companies benefited from the market's rejuvenated appetite for emerging market exposure.

The portfolio's three largest detractors were CME, Interactive Brokers and Medtronic. CME has been treated as a safe haven during market downturns, with the flip side being that it can underperform during more sanguine times. Interactive Brokers declined following the announcement that its founding CEO would transition to a pure Executive

| | |
|--|--|
| 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\$1.090 |
| Option price¹ | A\$0.001 |
| NTA (pre-tax)^{1,2} | A\$1.1644 |
| NTA (post-tax)^{1,2} | A\$1.1659 |
| Premium/discount to pre-tax NTA¹ | (6.39%) |
| Ordinary shares on issue¹ | 252.99m |
| Bonus options on issue¹ | 237.80m |
| Benchmark | MSCI World ³ |

1. As at 31 January 2019. 2. The figures are unaudited. 3. MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

Chairman position. Medtronic declined because it provided below market revenue guidance for the year ending March 2020.

The portfolio's largest industry exposures during the month were Financials, Industrials, and Consumer Discretionary. The Financials exposure reflects notable investments across derivative exchanges, which we expect will benefit from increased asset market volatility. The Industrials exposure includes a number of high-quality businesses that we anticipate will benefit from a potential industrial production resurgence. The Consumer Discretionary exposure includes a broad basket of companies, many of which we don't consider as truly Consumer Discretionary e.g. TomTom.

Compared to the benchmark, the portfolio continues to have relatively large exposure to Europe ex UK (29%) and Emerging Markets - Asia (13%), while being underweight the US (45%).

The weight of the Core segment remains within 65-70%, Cyclical remain 10-15% and Opportunistic 5-10% of the portfolio.

FOR FURTHER
INFORMATION
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OUR WEBSITE:
PENGANA.COM/PIA

PERFORMANCE

Net performance for periods ending 31 January 2019⁴

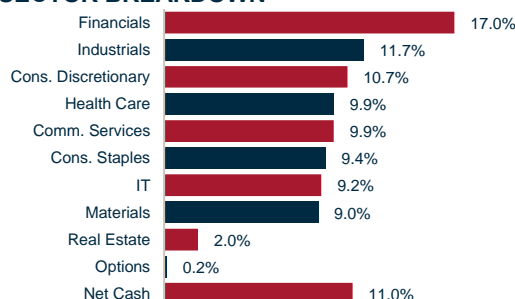
| | 1 mth | 3 mths | 1 yr | FYTD | Since Inception p.a. ⁵ |
|-----------|-------|--------|------|-------|--------------------------------------|
| PIA | 1.7% | 0.3% | 1.4% | -1.7% | 7.5% |
| Benchmark | 4.1% | -2.1% | 3.8% | -0.7% | 6.9% |

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.

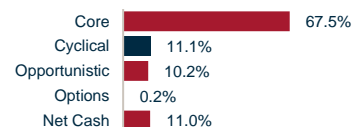
PORTFOLIO INFORMATION

| Top 10 stocks | | |
|------------------------|---------------|------------------------|
| Name | Country | Sector |
| Alphabet | United States | Communication Services |
| American Express | United States | Financials |
| Bharti Infratel | India | Communication Services |
| Cigna Corp | United States | Health Care |
| CME Group | United States | Financials |
| Deutsche Boerse | Germany | Financials |
| Heineken | Netherlands | Consumer Staples |
| Microsoft | United States | Information Technology |
| Nutrien | Canada | Materials |
| Sabre | United States | Information Technology |
| Largest 3 contributors | | Largest 3 detractors |
| Alibaba Group | | CME Group |
| Bharti Infratel | | Interactive Brokers |
| Wacker Chemie | | Medtronic |

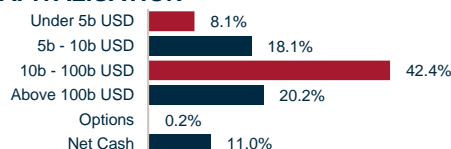
SECTOR BREAKDOWN



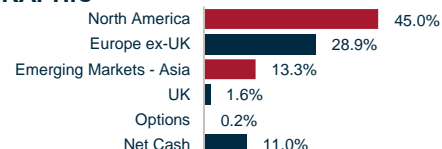
SEGMENT



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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