

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 3.8% in February. In local currency, the portfolio delivered 2% (approx.) and the depreciating AUD added a further 2% (approx.). In a strongly bullish market, the portfolio's cash holdings and puts were a performance headwind.

February continued the trend witnessed in January: more defensive positions declined while more economically sensitive companies (industrials and materials) and US fast growing tech businesses outperformed.

The portfolio's three largest positive stock contributors were Heineken, IPG Photonics (industrial laser company) and Microsoft. Heineken's performance followed its 4Q18 result announcement. IPG rose with other trade-related companies and Microsoft's performance reflected strength in the broader software segment.

Some of the portfolio's three largest detractors were Cigna, Snap-On, and TomTom. Cigna declined along with other health related companies following the re-emergence of potential regulatory risks. Snap-On and TomTom declined following their 4Q18 results.

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\$1.130
Option price¹	A\$0.002
NTA (pre-tax)^{1,2}	A\$1.2067
NTA (post-tax)^{1,2}	A\$1.1982
Premium/discount to pre-tax NTA¹	(6.36%)
Ordinary shares on issue¹	252.99m
Bonus options on issue¹	237.80m
Benchmark	MSCI World ³

1. As at 28 February 2019. 2. The figures are unaudited. 3. MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

The portfolio's largest industry exposures during the month were Financials, Communications Services and Information Technology. The Financials exposure reflects notable investments across derivative exchanges and online brokers, which would benefit from an increase in capital market volatility. The Communication Sector exposure is predominantly in emerging market companies, including Tencent and ZEE Entertainment. The IT exposure is IT only in name (we use MSCI's definition) and includes a payments business, an industrial laser business and a travel booking business. The portfolio continues to be notably underweight in the typical in-vogue (but we believe, expensive) US tech companies.

Compared to the benchmark, the portfolio continues to have large exposure to Europe ex UK (30%) and Emerging Markets - Asia (13%), while being underweight the US (44%).

The weight of the Core segment remains within 60-70%, Cyclical remain 10-15% and Opportunistic increased to 10-15% of the portfolio.

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INFORMATION
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OUR WEBSITE:
PENGANA.COM/PIA

PERFORMANCE

Net performance for periods ending 28 February 2019⁴

	1 mth	3 mths	1 yr	FYTD	Since Inception p.a. ⁵
PIA	3.8%	3.9%	4.2%	2.0%	7.7%
Benchmark	5.6%	5.3%	10.0%	4.8%	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
Alphabet	United States	Communication Services
ASML Holding	Netherlands	Information Technology
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
Worldpay	United States	Information Technology

Largest 3 contributors

Heineken

IPG Photonics

Microsoft

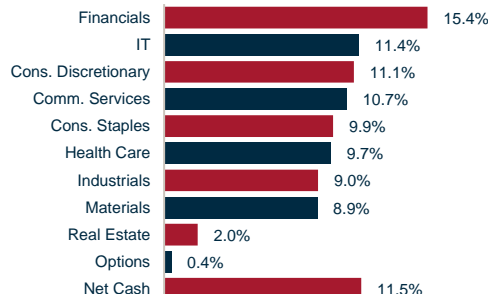
Largest 3 detractors

Cigna Corp

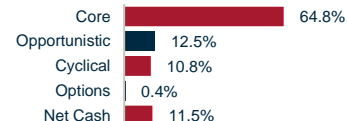
Snap-On

TomTom

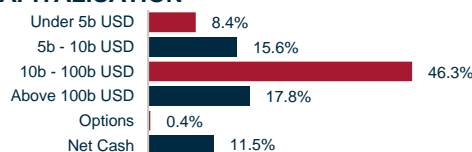
SECTOR BREAKDOWN



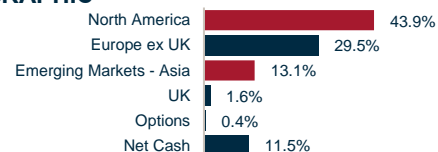
SEGMENT



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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