

An aerial photograph of a large, multi-lane roundabout in a city. The roundabout has a central green island with a blue circular feature. It is surrounded by dense urban development, including residential buildings and commercial structures. The image is partially obscured by a white diagonal line and a red teardrop shape.

PENGANA INTERNATIONAL EQUITIES LIMITED

April / May
2019

2019 INVESTOR ROADSHOW

AGENDA

1. CORPORATE UPDATE
2. PERFORMANCE UPDATE
3. MACRO ECONOMIC OVERVIEW
4. PORTFOLIO UPDATE
5. ETHICAL FRAMEWORK

ASX: PIA



CORPORATE UPDATE

Mr Frank Gooch, Chairman



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Recap on strategic plan

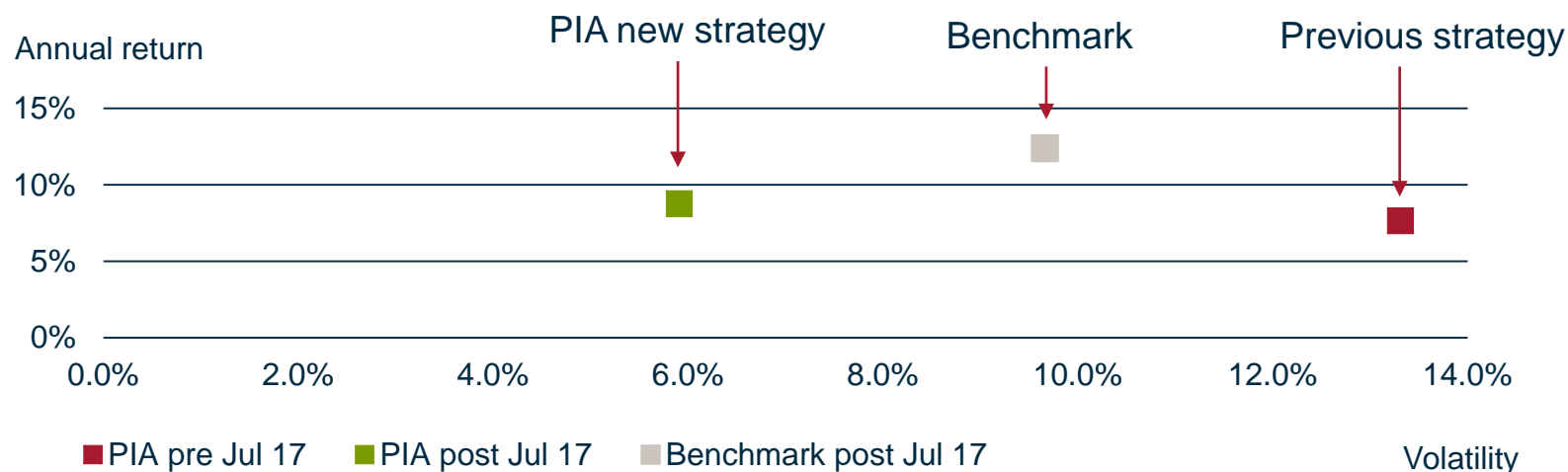
Date	Event
January 2017	Peter Hall retires
	David Groves appointed a non executive director
June 2017	Pengana Capital Group Limited takes control of Investment Manager
	New investment team led by Jordan Cvetanovski appointed
	New investment mandate announced
	Russel Pillemer & Frank Gooch appointed non executive directors
July 2017	New investment mandate implemented
October 2017	Bonus options issued
December 2017	Fee restructure implemented after shareholder approval

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Lower risk profile



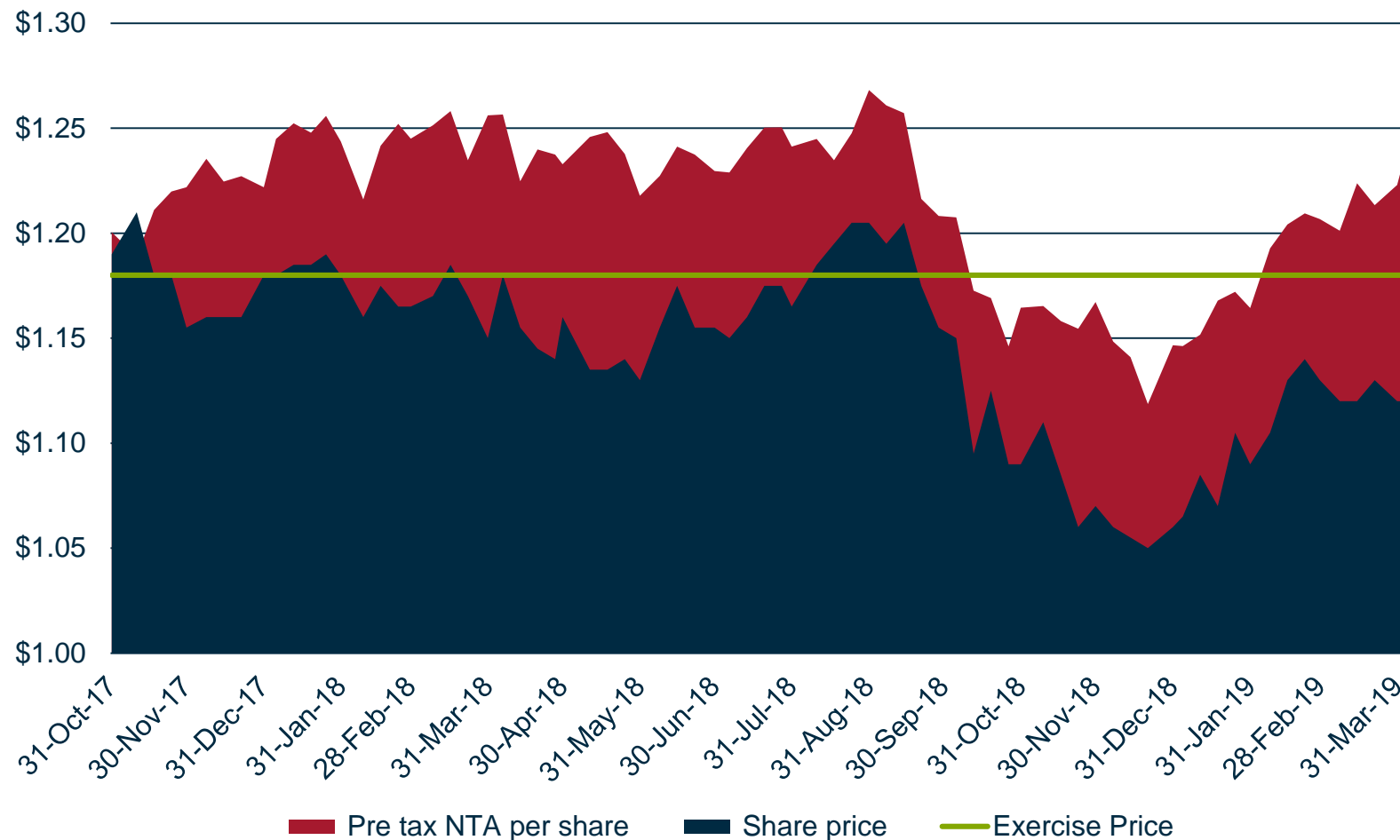
1. For the period 19 March 2004 to 28 February 2019
2. Inception date of PIA: 19 March 2004, new investment team with new mandate adopted: 1 July 2017.
3. Performance figures refer to the movement in net assets per share, reversing out the impact of option exercises and payments of dividends, before 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.
4. Benchmark refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$

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Share price and pre-tax NTA since option issue



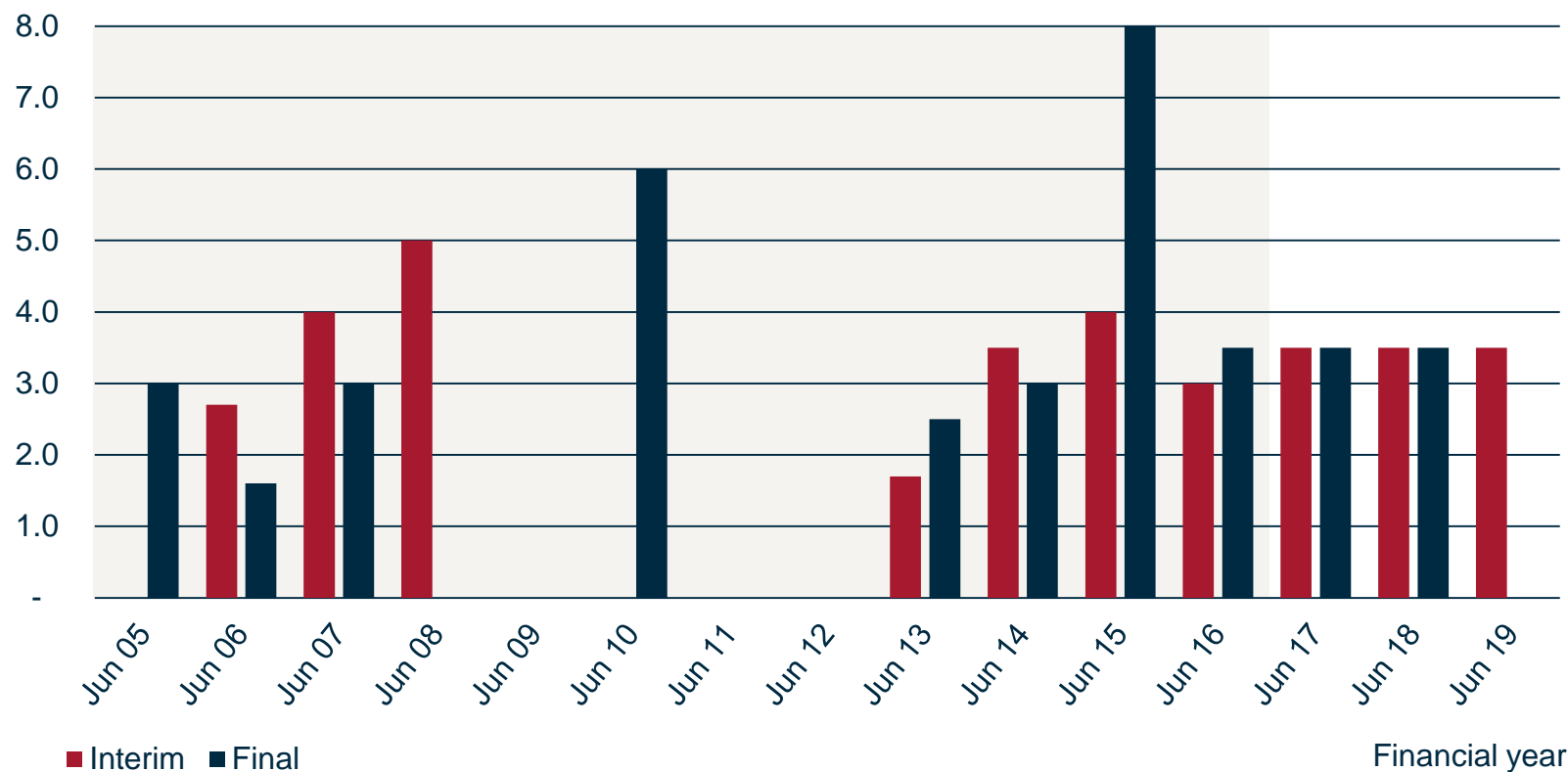
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Stability of dividends

Cents per share



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PORTFOLIO UPDATE

Mr Jordan Cvetanovski, Portfolio Manager



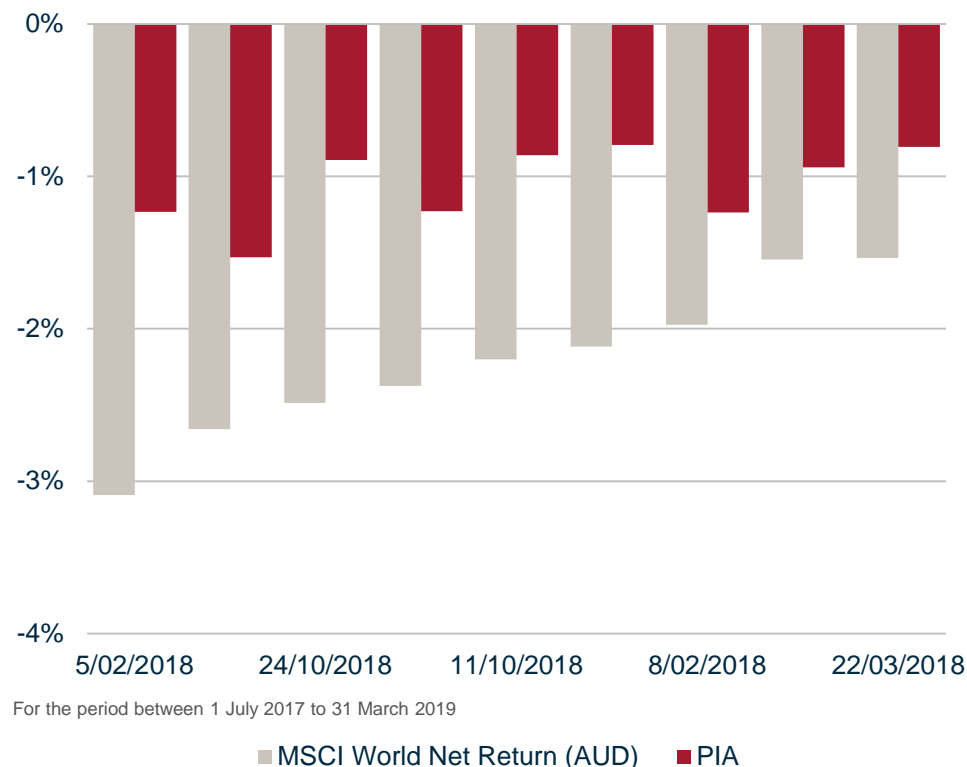
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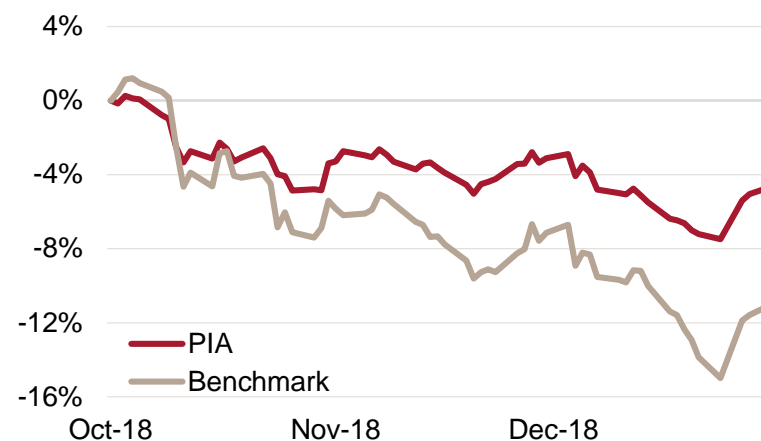


Balancing Capital Growth and Preservation of Capital

Pengana International Equities Limited (PIA) Daily Performance < -1.5%



Performance – 1 Oct 2018 to 31 Dec 2018



Performance as of 31 March 2019

	CYTD	FY17/18	Since Inception p.a.
PIA	7.0%	12.0%	7.8%
Benchmark	11.5%	15.4%	7.3%

As at 31 March 2019

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

OBSERVATIONS OF THE MARKET

A MACRO PERSPECTIVE

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Macroeconomic view

Regional View:

- USA on high valuation multiples; has outperformed significantly ; crowded trade
- Many Emerging Markets on low multiples ; significantly better longer term risk reward characteristics
- Europe : Selectively buying high quality global companies

Sector Comments:

- Technology – anti tech backlash, over-owned, expensive
- EM driven industries

Volatility vs low interest rates

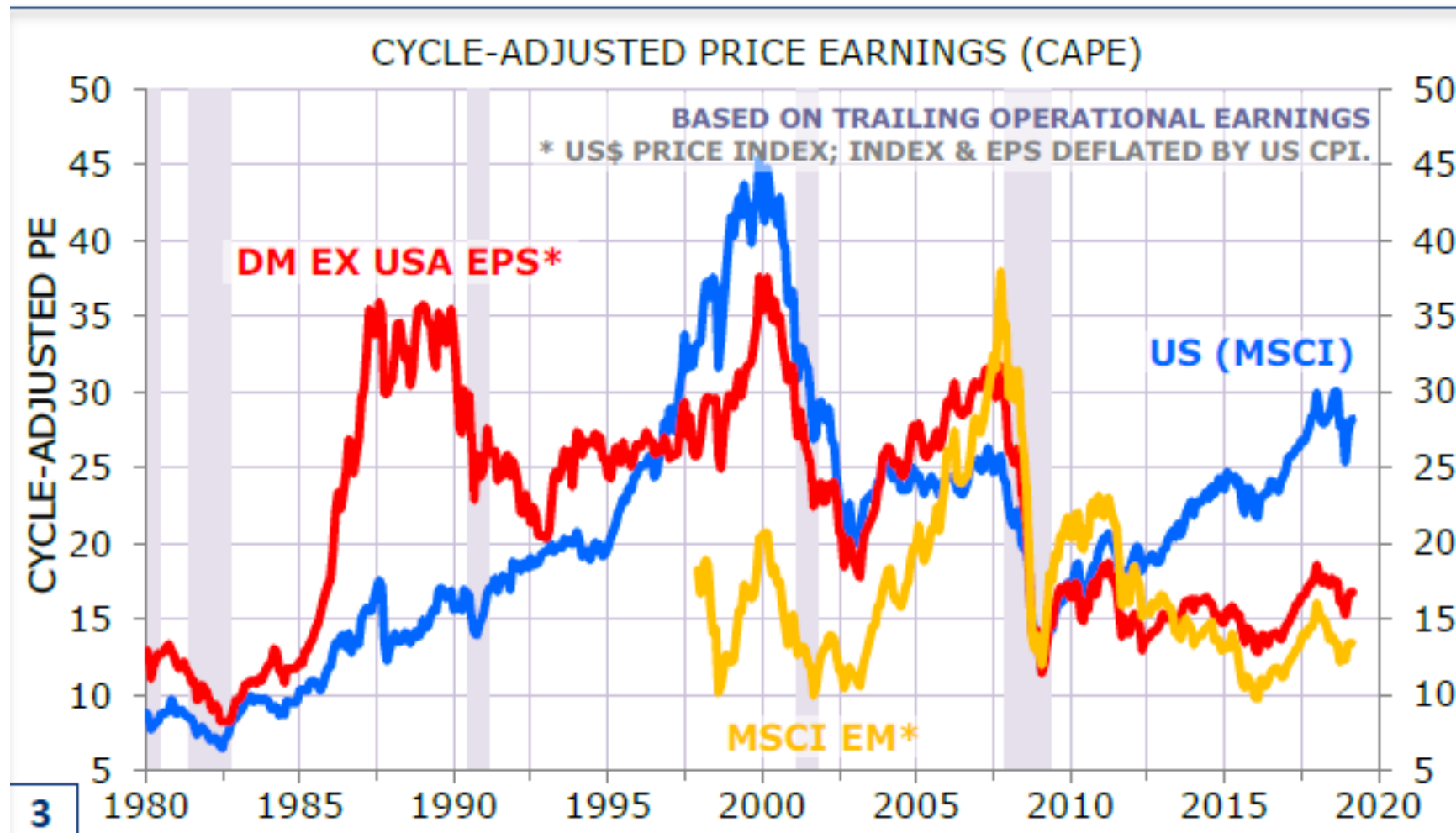
- Volatility is low due to stable & low interest rates (i/r)
- Increase in i/r → higher volatility + stronger USD + equity markets decline
- Low and steady i/r → low volatility + weaker USD + emerging markets benefit
- Low i/r , weak GDP (recession) → very high volatility + weaker USD + weak markets especially SPX

What we have done – sold expensive US growth stocks - sold European domestic exposure + increased exposure to emerging markets + investment into stocks that benefit from volatility

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Valuations

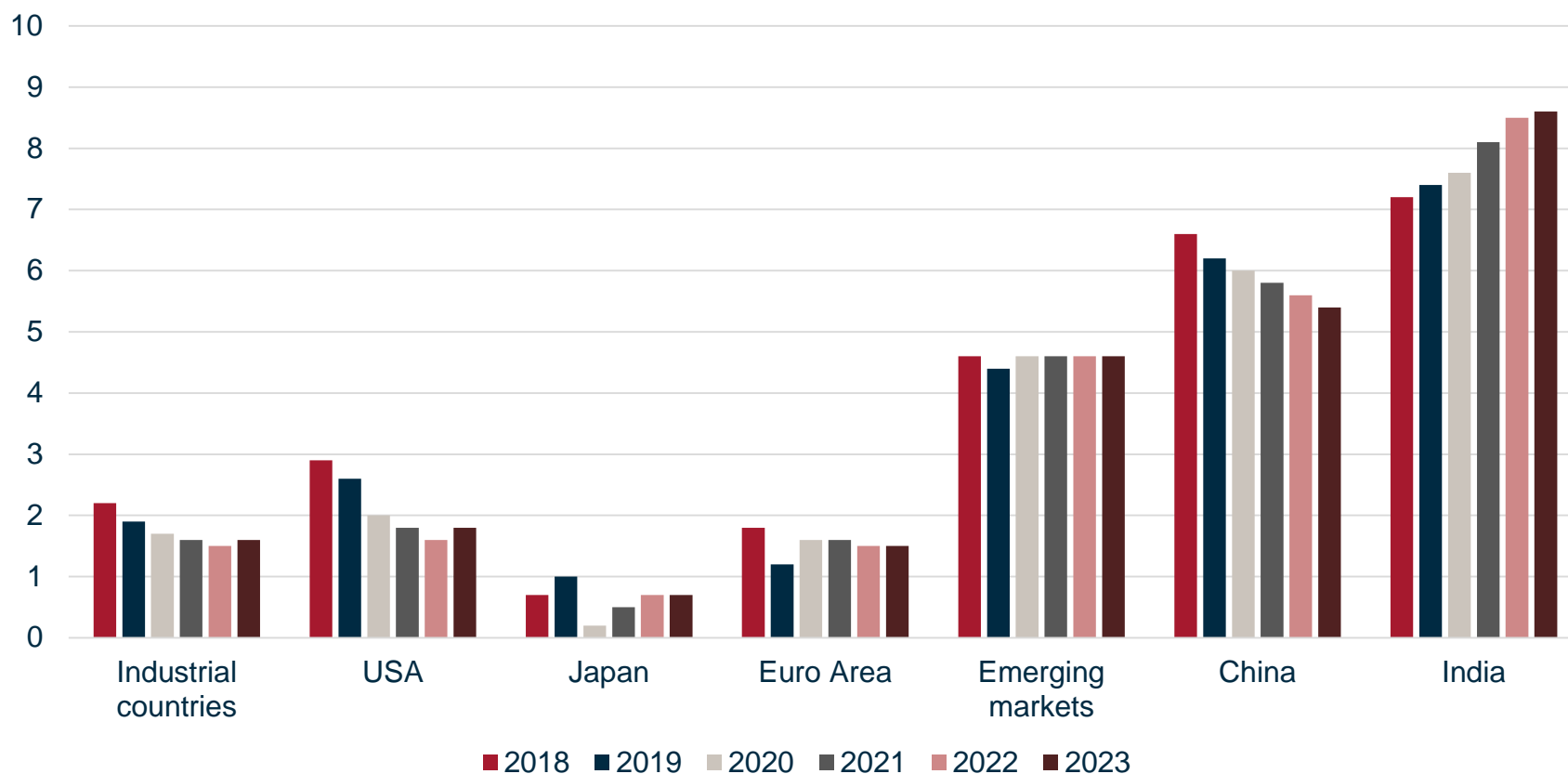


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GDP growth by region

GDP growth



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Portfolio Positioning - Sector

Sector	31-Mar-19 %	31-Mar-18 %	+/- %
Financials	15.0	16.7	-1.7
Consumer Discretionary	14.3	9.9	4.4
Communication Services	13.2	0	13.2
Health Care	9.5	9.2	0.3
Materials	8.7	16.3	-7.6
Information Technology	8.5	5.8	2.7
Consumer Staples	8.3	15.7	-7.4
Industrials	8.2	5.5	2.7
Real Estate	1.9	2.6	-0.7
Telecommunication Services	0	6.3	-6.3
Utilities	0	1.9	-1.9
Options	0.2	0.7	-0.5
Net Cash	12.2	9.4	2.8

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Portfolio Positioning - Region

Region	31-Mar-19 %	31-Mar-18 %	+/- %
North America	41.4	33.0	8.4
Europe ex-UK	27.5	39.3	-11.8
Emerging Markets - Asia	13.9	9.2	4.7
Japan	3.1	0	3.1
UK	1.7	6.3	-4.6
Emerging Market - Latin America	0	2.1	-2.1
Options	0.2	0.7	-0.5
Net Cash	12.2	9.4	2.9

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Ethical Framework - Summary



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Ethical Framework - Sustainalytics



1 of 2 GLOBAL LEADERS
IN ESG & RESEARCH



170 ANALYSTS
COVERING OVER
4,000 COMPANIES



GLOBAL OPERATIONS
WITH AUSTRALIAN
PRESENCE



DEDICATED ESG
BUSINESS MODEL



COST OF RESEARCH
PAID BY MANAGER,
NOT FUND



WEB BASED PORTAL:
RESEARCH &
SCREENING TOOL

SELECTED BY PENGANA FOR ESG RESEARCH

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Ethical Framework Process

SCREENING



Stocks are screened out if:

- ✓ **Material and direct** business involvement in restricted sectors
Material defined as >5% earnings
- ✓ **Serious** current controversies
Serious defined as Sustainalytics category 4 or 5
- ✓ **Screened stocks** discussed by ESG Committee
- ✓ **2 portfolio** managers and the CRO
CRO has veto power

RESEARCH



- ✓ **ESG ratings** (overall score and relative position)
- ✓ **Current** and historical performance
- ✓ **Detailed** research with analyst view
- ✓ **Key ESG** issues given business activity
- ✓ **Assessment** of significance and impact of controversies

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Stay connected

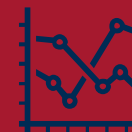
**Investor Roadshows
each year
Annual General Meeting**



**Weekly NTA
announcements
Monthly Newsletter**



**Half and full year
financial results**



**Thought leadership and
market insights papers**



**Research house and
brokers reports**



**Webinars and video
insights**



Website:
PENGANA.COM/PIA

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