

Highlights for the year ended 30 June 2019:

- Final dividend of 3.5 cents per share of which 2.35 cents per share are franked
- Total dividends declared for the financial year of 7 cents per share
- Net profit after tax of \$16.7 million
- Investment return of 7.4%ⁱ

Pengana International Equities Limited (**ASX: PIA**), the leading global equities ethical listed investment company, today announced a profit of \$16.7 million after tax in the year to 30 June 2019 and a final dividend of 3.5 cents per share.

The Company's lower risk investment portfolio delivered a net return of 7.4%ⁱ. The portfolio, which is managed by Pengana Capital Group Limited (PCG), is diversified in terms of both geographies and sectors and was significantly underweight large cap US technology stocks (the predominant driver of growth in global equity markets) to protect against losses and lower volatility.

Russel Pillemer, CEO of PCG, said: "Many investors are now wary of the high prices of large US technology stocks and the possibility of substantial volatility and falls, so they are seeking strategies managed by teams who have the ability to generate strong returns across multiple sectors and geographies and under multiple conditions. The Pengana International Equity team has proven its ability to do exactly this, which is a rare feat in the industry."

Final dividend

The Company declared a final dividend of 3.5 cents per share, of which 2.35 cents per share is franked at 27.5%. The dividend will be paid on 19 November to shareholders on the register at the record date of 5 November. This brings the total dividends declared for the financial year to 7 cents per share.

Future dividends

Changes in the medium term global economic outlook and the prevailing low interest rate environment led the Board to review the sustainability of the current annual dividend of 7 cents per share and it concluded that an annual dividend of 5 cents per share would be more likely to be sustained and provide a base from which shareholders could look forward to growth in both dividends and capital over the medium to long term.

Accordingly and in the absence of unforeseen circumstances, the Board expects to reset the annual dividend in the financial year 2020 with dividends franked to the maximum extent possible.

Frank Gooch, Chairman of PIA, said: "Many of our shareholders are seeking a combination of capital growth and reliable dividends. With the prospect of lower growth in the global economy and prevailing lower interest rates, the Board is of the opinion that it would not be prudent to continue paying dividends at the current level as this substantially affects the Company's ability to grow the value of its assets, dividends and share price.

Accordingly, we have taken this step to announce the expected new base so that investors can have more confidence in the outlook for future dividends and capital growth from PIA."

Board renewal

We are pleased to announce that Ms Sandi Orleow will join the Board as an independent Non-Executive Director effective 1 September 2019 while Mr Julian Constable will retire as a director at the conclusion of the 2019 Annual General Meeting.

Ms Orleow brings to the PIA Board over two decades of experience in financial services across superannuation, asset management, consulting and research.

Mr Constable joined the Board in May 2010, he has been a member of the Company's Audit, Risk and Compliance Committee since his appointment and was appointed its chair in 2016.

The Board would like to thank Julian for his extensive contribution to the Company over the last 9 years.

Buyback

The Board has announced its intention to implement an on-market buy back of no more than 10% of the Company's shares over the following twelve months.

The buyback may be actioned when it is considered that it provides a better long-term benefit to continuing shareholders than an alternative investment of funds.

Outlook

On behalf of PIA, the manager will continue to seek companies of all sizes, located in a variety of industries and countries that provide the optimal diversification for PIA's shareholders and the best risk/return characteristics.

The manager's track record demonstrates that it has made sound returns over a wide range of sectors and geographies. This provides confidence that, when the current market theme shifts away from the narrow focus on large cap growth, the portfolio will be well placed to continue delivering good returns.

ENDS

About Pengana International Equities Limited

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.

Shareholder Registry

Computershare Investor Services Pty Ltd on 1300 850 505 (within Australia) or +61 3 9415 400 (outside Australia)

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ⁱ 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.