

ASX: PIA

PENGANA INTERNATIONAL EQUITIES LIMITED



The responsible international equity LIC

AUGUST
2019

3.5 cps dividend payable Nov 19

NAV PER UNIT ^{1,2}

PERFORMANCE SINCE
MANDATED⁵

FINAL
DIVIDEND

DIVIDEND
PAYABLE

\$1.261

10.2% pa

3.5cps

Nov 19

Performance Highlights

- The portfolio returned +0.8% in August⁵.
- The portfolio remains underweight 'fast growth tech', which we believe is currently overvalued.
- Compared to the benchmark, the portfolio continues to have large exposure to Europe ex-UK and Emerging Markets – Asia, while being underweight the US.

Dividend

- A final dividend of 3.5 cents per share has been declared for the 2019 Financial Year, of which 2.35 cents per share is franked at a tax rate of 27.5%.
- Dividends will be paid on 19 November to shareholders recorded on the register at 5 November.
- The total dividends declared for the 30 June 2019 financial year is 7 cents per share.

Performance

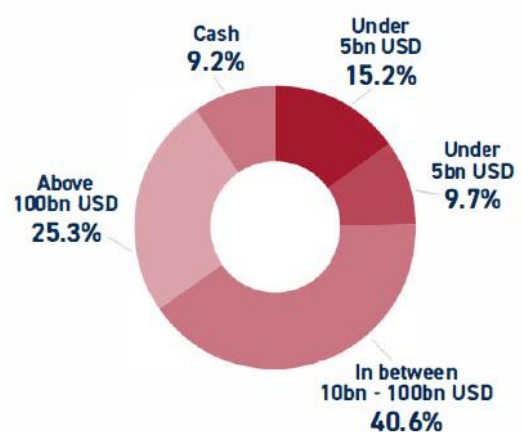
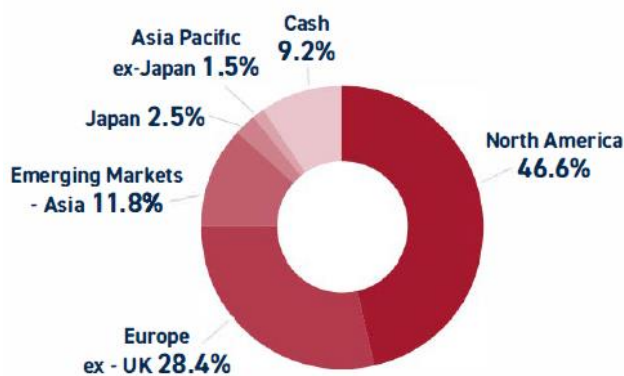
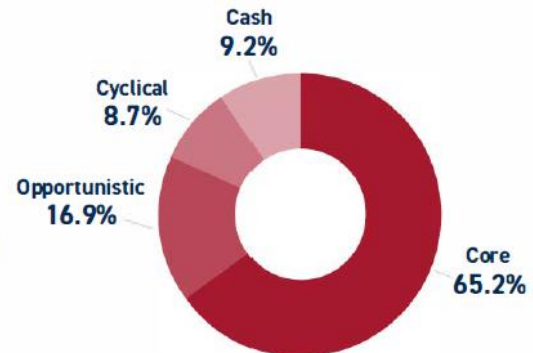
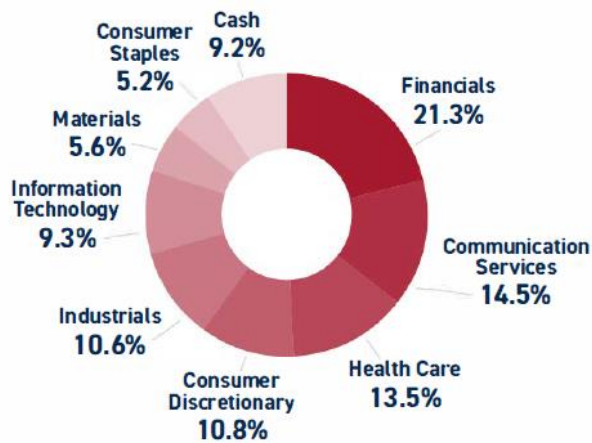
Net performance for periods ending 31 August 2019⁴

	1 mth	3 mths	1 yr	Since Inception p.a. ⁵
PIA	0.8%	6.8%	6.6%	8.0%
MSCI World ⁶	0.2%	7.9%	7.6%	7.6%

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 breakdown

Top 10 Holdings		
	AON	 Financials
	ASML Holdings	 Information Technology
	Bharti Infratel	 Communication Services
	CME Group	 Financials
	Charter Communications	 Communications Services
	Cigna Corp	 Health Care
	Deutsche Boerse	 Financials
	Medtronic	 Health Care
	Mowi ASA	 Consumer Staples
	Tencent Holdings	 Communications Services



Performance commentary

Global markets were still adjusting to the US Federal Reserve's late July decision to cut interest rates for the first time in a decade when President Trump tweeted his intention to impose a 15% tariff on an additional US\$300 billion of Chinese imports. On the other side of the globe, the Brexit saga took further twists and turns, with the uncertainty driving UK equity markets down significantly. Following these events, global equity markets fell by 1.9% during August, with the AUD also declining in the risk-off environment. Supported by currency movements, the MSCI World Index in AUD returned 0.2% for the month.

Our portfolio returned +0.8% in August. Stock selection was the largest contributor to our outperformance relative to the market, while FX was a major contributor to the positive returns.

The portfolio's three largest positive stock contributors were CME Group (US derivatives exchange), Charter Communications (US cable company), and Medtronic (US medical devices company). CME's earnings benefit from increased volatility, explaining why it outperformed during August. Charter's share price responded positively to announced price increases for its TV and internet products. Medtronic's performance followed its 1Q20 results, which were ahead of consensus expectations.

The largest detractor to performance was Uber (US ridesharing), following its 2Q19 result, despite the result being ahead of expectations.

The portfolio currently has no exposure to South and Central America, Africa or the UK. Compared to the benchmark, the portfolio continues to be underweight the US (47%) but has relatively large exposure to Europe ex-UK (28%) and Emerging Markets – Asia (12%). We have exposures across most MSCI sectors apart from the Oil and Gas sector and Real Estate remain underweight 'fast growth tech'.

More about PIA

Portfolio Managers	Jordan Cvetanovski Steven Glass	Asset class	International equities
Benchmark	MSCI World Total Return Index, Net Dividends Reinvested, in A\$	Fees	Management fee: 1.23% p.a. Performance fee: 15.38% of any return greater than the MSCI World
Founded	19 March 2004	Mandate inception	1 July 2017
Ordinary shares on issue	254.05 m	DRP	Yes
Pre- tax NTA	\$1.2613	Post-tax NTA	\$1.2330
Share price	\$1.000	Premium/discount to pre-tax NTA	20.72% Discount

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.

1. As at 31 August 2019.

2. The figures are unaudited.

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.

6. MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

7. In the absence of unforeseen circumstances

PENGANA INTERNATIONAL EQUITIES LIMITED
ACN 107 462 966
MANAGED BY PENGANA INVESTMENT MANAGEMENT LIMITED
PART OF THE PENGANA CAPITAL GROUP
AFSL 219462

Level 12, 167 Macquarie Street,
Sydney NSW 2000

PENGANA.COM/PIA

CLIENT SERVICE
T: +61 2 8524 9900
E: clientservice@pengana.com

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. 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. 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.