

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

DESCRIPTION

Pengana International Equities Limited (trading on the ASX as PIA) is the largest international ethical Listed Investment Company ("LIC") on the ASX, that exists to provide shareholders with capital growth as well as regular, reliable, and fully franked dividends.

The strategy aims to generate superior risk-adjusted returns, through investing in an actively managed portfolio of global companies that meet the team's high quality and durable growth criteria at reasonable prices. A robust ethical framework provides an added layer of risk mitigation.

These companies are identified through the conduct of fundamental research, with a long-term, global perspective, and must exhibit the following four key investment criteria: competitive advantages, quality management, financial strength, and sustainable growth potential.

STATISTICAL DATA

VOLATILITY³ 11.3%

NUMBER OF STOCKS 62

BETA⁴ 0.83

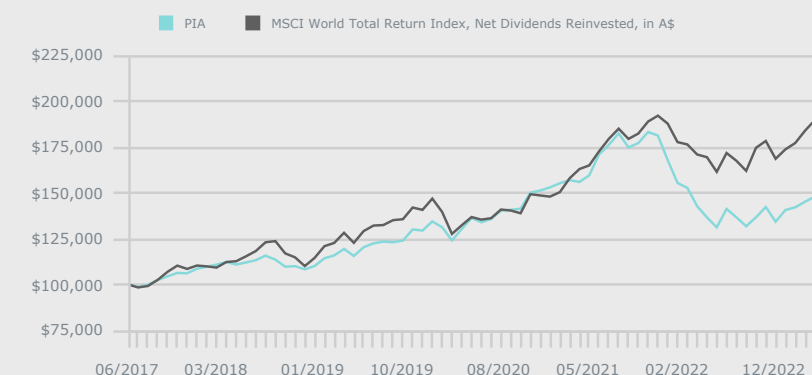
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2023¹

| | 1M | 1Y | 3Y | Pengana SI July 2017 ¹ |
|--------------------|------|------|-------|--------------------------------------|
| (ASX: PIA) | 1.9% | 3.6% | 4.3% | 6.9% |
| Index ² | 3.1% | 11% | 12.8% | 11.6% |

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

| | |
|----------------------------|------------------------|
| Alphabet Inc | Communication Services |
| AMETEK Inc | Industrials |
| Bank Central Asia Tbk PT | Financials |
| Deere & Co | Industrials |
| Meta Platforms Inc | Communication Services |
| Microsoft | Information Technology |
| Schneider Electric SE | Industrials |
| Synopsys Inc | Information Technology |
| UnitedHealth Group Inc | Health Care |
| Vertex Pharmaceuticals Inc | Health Care |

SECTOR BREAKDOWN

| | |
|------------------------|-------|
| Consumer Discretionary | 5.3% |
| Consumer Staples | 4.5% |
| Financials | 12.3% |
| Health Care | 21.4% |
| Industrials | 18.8% |
| Information Technology | 22.4% |
| Materials | 0.3% |
| Real Estate | 0.5% |
| Communication Services | 10.8% |
| Cash | 3.7% |

CAPITALISATION BREAKDOWN

| | |
|------------------------------|-------|
| Under 5bn USD | 1.9% |
| In between 5bn - 10bn USD | 1.1% |
| In between 10bn - 50bn USD | 23.7% |
| In between 50bn - 150bn USD | 33% |
| In between 150bn - 500bn USD | 23.3% |
| Above 500bn USD | 13.3% |
| Cash | 3.7% |

REGION BREAKDOWN

| | |
|-----------------------|-------|
| North America | 59.1% |
| Europe ex-UK | 21.2% |
| Emerging Markets | 9.5% |
| Japan | 3% |
| UK | 2.3% |
| Asia Pacific ex-Japan | 1.2% |
| Cash | 3.7% |

APRIL REPORT

COMMENTARY

- Global share markets strengthened in April as economic data remained resilient and company earnings exceeded investor expectations
- Australian dollar weakness supported share market returns in AUD terms
- The Portfolio returned 1.9% in April, while the benchmark returned 3.1%

SHAREHOLDER OPEN FORM – ASK US ANYTHING

In an effort to have greater engagement with our shareholders, as well as ensure our monthly commentary and investment updates cover the topics important to you, we have included an open text form in this month's report that will allow you to submit any questions you may have for the investment team, Harding Loevner, in relation to the investment process, portfolio holdings, portfolio construction or performance. Please submit your questions [HERE](#) and we will provide a comprehensive response to all questions in next month's report.

Market Review

Global equity markets made gains in April as investors turned their focus to more resilient economic data and better-than-expected quarterly earnings reports. The MSCI World Total Return Index AUD delivered 3.1% during the month. The uplift in share prices was led by large technology companies such as **Meta Platforms** (which owns Facebook, Instagram and WhatsApp) and **Microsoft**.

The energy sector outperformed the broader market following the announcement of cuts in crude oil production by members of the OPEC+ group. Meanwhile, consumer staples stocks outperformed upon evidence of their pricing power being sustained. Concerns that falling household income is impacting demand led automotive stocks to underperform, dragging down returns in the broader consumer discretionary sector.

Europe was the strongest performing economic region, while negative returns in most major Asian countries impacted emerging market returns. Disappointing factory activity levels in China offset the rise in consumer demand which followed the lifting of pandemic-era restrictions.

Portfolio Comment

OpenAI, which is backed by Microsoft, launched its artificial intelligence chat bot ChatGPT in late 2022. This sparked both excitement and trepidation about the impact which artificial intelligence (AI) may have on our lives and on the competitive positioning and growth prospects of companies. Leading microchip developers, such as **NVIDIA**, expect rising demand for their products to power ever more complex systems.

Microsoft has been keen to highlight that the race to develop AI applications is boosting demand for its Azure cloud computing infrastructure. The company hopes that the recently launched AI-powered enhancement to its Bing search engine can help it capture increasing market share from Google.

AI is also creating challenges. **Adobe** faces more competition in content creation from new AI-based text-to-image applications such as Dall-E and Stable Diffusion. Adobe has unveiled its own AI image generator, Adobe Firefly. It aims to differentiate itself from rivals by only using licensed content from its stock image portfolio to safeguard against potential copyright violations that plague other AI tools.

The Portfolio's holdings in financials detracted from relative returns. Fixed income electronic marketplace **Tradeweb** reported lower-than-expected revenues despite rapid volume growth, as its business mix shifted to lower-fee, investment-grade bonds.

Stock performance in the US also detracted from relative returns. Agricultural equipment manufacturer **John Deere** underperformed on concerns that falling agriculture commodity prices would weaken demand for its products.

The Portfolio's overweight exposure to the health care sector contributed to relative returns. The Danish biotechnology company **Genmab** outperformed as it announced it would be collaborating with Dutch peer argenx to develop new cancer and immunology drugs.

FEATURES

| | |
|--------------------|--|
| ASX CODE | PIA |
| FEES | Management Fee: 1.23% p.a. Performance Fee: 15.38% of any return greater than the MSCI World*** |
| INCEPTION DATE | 19 March 2004 |
| MANDATED | 1 July 2017 |
| BENCHMARK | MSCI World Total Return Index, Net Dividend Reinvested, in A\$ |
| NTA POST TAX ** | A\$ 1.176 |
| NTA PRE TAX ** | A\$ 1.193 |
| PRICE CLOSE ** | A\$ 0.950 |
| SHARES ON ISSUE ** | 256.54m |
| DRP ** | Yes |

FUND MANAGERS



Peter Baughan
Portfolio Manager



Jingyi Li
Portfolio Manager

1. As at the last day of last month prior to publishing of this report. 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. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

2. Inception date of PIA: 19 March 2004, new investment team with new mandate adopted: 1 July 2017. Pengana International Equities Limited has been managed under the new investment mandate by the Pengana investment team since 1 July 2017. The performance since mandated in the table above refers to the movement in net assets per share since the new mandate adopted on 1 July 2017. The index is the MSCI World Total Return Index, Net Dividends Reinvested, in A\$. Annualised Standard Deviation since mandated

4. Relative to MSCI World

** As at the last day of last month prior to publishing of this report. The figures are unaudited.

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

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ACN 107 462 966

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Authorised by: Paula Ferrao, Company Secretary.