

### 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. PIA's objective is 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 investment 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

VOLATILITY<sup>3</sup> 11.1%

NUMBER OF STOCKS 59

BETA<sup>4</sup> 0.83

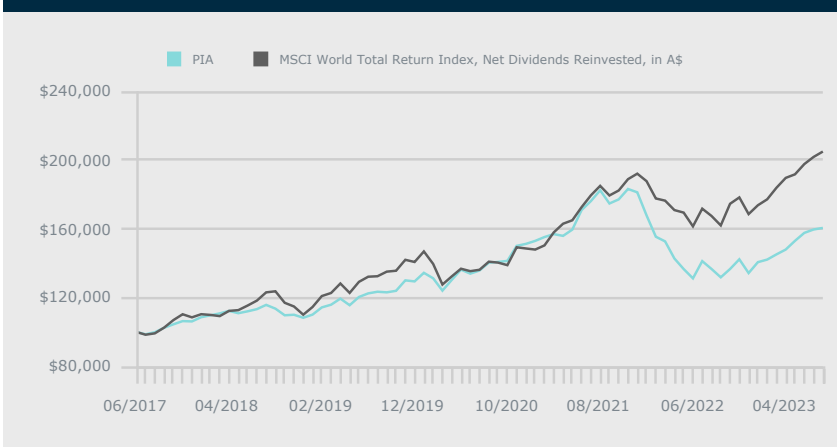
#### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2023<sup>1</sup>

	1M	1Y	3Y	Pengana SI July 2017 <sup>1</sup>
(ASX: PIA)	0.6%	17.5%	4.6%	8%
Index <sup>2</sup>	1.6%	22.4%	13.3%	12.3%

#### PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



#### TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon.com Inc	Consumer Discretionary
AMETEK Inc	Industrials
Danaher Corp	Health Care
Deere & Co	Industrials
Meta Platforms Inc	Communication Services
Rockwell Automation Inc	Industrials
Schneider Electric SE	Industrials
Thermo Fisher Scientific Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

#### SECTOR BREAKDOWN

Consumer Discretionary	7.8%
Consumer Staples	4%
Financials	8.6%
Health Care	21.9%
Industrials	20.4%
Information Technology	21.5%
Materials	1.1%
Communication Services	11.8%
Cash	2.8%

#### CAPITALISATION BREAKDOWN

Under 5bn USD	0.4%
In between 5bn - 10bn USD	2.7%
In between 10bn - 50bn USD	21.8%
In between 50bn - 150bn USD	27.9%
In between 150bn - 500bn USD	27.8%
Above 500bn USD	16.6%
Cash	2.8%

#### REGION BREAKDOWN

North America	68.7%
Europe ex-UK	15%
Emerging Markets	6.3%
Japan	4.8%
UK	1.5%
Asia Pacific ex-Japan	1%
Cash	2.8%

## AUGUST REPORT

### COMMENTARY

- Global share markets were weaker in August across most sectors and regions as the global economy continued to slow and inflationary pressures persisted
- US dollar strength and China's sluggish economy brought a weaker Australian dollar, boosting returns in AUD terms
- The Portfolio returned 0.6% in August, while the benchmark returned 1.6%

### Market Review

Global equity markets suffered a broad sell-off in August, as some of the gains of recent months were unwound. Signs of stubbornly high inflation brought concerns that global interest rates would be kept elevated for an extended period. This particularly impacted sentiment in the North American and European share markets.

Almost every region and sector made negative returns in local currency terms. The only exception was the energy sector, which outperformed after oil prices rebounded following production cuts by Saudi Arabia and Russia.

A faltering economy and continued weakness in its highly leveraged property sector pushed Chinese stocks lower. This weakened demand for materials and manufactured goods across global markets.

Technology and consumer stocks were generally weaker during August. However, the Portfolio's holdings in businesses that are exposed to innovation in artificial intelligence (AI), such as **Nvidia**, **Alphabet**, and **Amazon**, continued to perform relatively well.

### Portfolio Comment

Strong stock performance in information technology and the Portfolio's overweight position in health care contributed to relative returns during August. This was offset by weak stock performance in financials and industrials. Strong stock performance in the US and Asia was offset by weakness in Europe.

Stocks in the financial sector were broadly weaker during August upon signs of a slowing economy and the possibility of higher interest rates. The Portfolio's holdings in the sector detracted from relative returns in August.

This reflected underperformance by Netherlands-based digital payments processing company **Adyen**. Its share price fell sharply after the company announced disappointing half-year earnings results, which reported that growth in its US digital e-commerce business had slowed to 23%, half the level of last year. Furthermore, margins compressed as Adyen continued to aggressively hire engineers.

Many US e-commerce businesses opted for payment platforms provided by lower-priced – and lower-quality – competitors. These enterprises are focused on reducing costs to protect their own margins, which are coming under pressure as the economy slows. While these recent results were disappointing, the Portfolio believes that Adyen's management is right to focus on investing for future growth despite near-term margin compression.

Adyen has built a seamless, global, end-to-end payments, data, and financial management platform, which it believes offers merchants superior functionality at the lowest total cost. Investing in technology and skilled employees to bolster its market-leading solutions in a period of industry weakness is expected to enhance the company's prospects for long-term, profitable growth.

US-based electronic design automation (EDA) company **Synopsys** reported strong third-quarter earnings and raised its full-year earnings guidance. Robust chip design activity fuelled demand for its software which is used in microchip design and manufacture.

US-based global technology group Alphabet, which owns Google, continues to dominate the internet search market. It outperformed after demonstrating impressive generative AI capabilities through several key partnerships at its annual Cloud Next customer conference.

## FEATURES

ASX CODE	PIA
FEES	Management Fee: 1.23% p.a. Performance Fee: 15.38% of any return greater than the Index***
INCEPTION DATE	19 March 2004
MANDATED	1 July 2017
BENCHMARK	MSCI World Total Return Index, Net Dividend Reinvested, in A\$ ("Index")
NTA POST TAX **	A\$ 1.221
NTA PRE TAX **	A\$ 1.269
PRICE CLOSE **	A\$ 1.065
SHARES ON ISSUE **	256.84m
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.

3. 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.

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

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### PENGANA INTERNATIONAL EQUITIES LIMITED

ACN 107 462 966

MANAGED BY PENGANA INVESTMENT MANAGEMENT LIMITED

PART OF THE PENGANA CAPITAL GROUP

AFSL 219462

[PENGANA.COM/PIA](http://PENGANA.COM/PIA)

### CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: [clientservice@pengana.com](mailto:clientservice@pengana.com)



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Authorised by: Paula Ferrao, Company Secretary.