

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.

<p>SHARE PRICE</p> <p>\$1.160</p> <p><small>Time: 04:24 pm</small></p>	<p>NTA POST-TAX</p> <p>A\$ 1.318</p> <p><small>28/03/2024</small></p>	<p>NTA PRE-TAX</p> <p>A\$ 1.399</p> <p><small>28/03/2024</small></p>	<p>INVESTMENT PERFORMANCE¹</p> <p>9.3% p.a.</p>	<p>DIVIDEND YIELD²</p> <p>4.7%</p> <p><small>6.2% when grossed up³ for franking credits</small></p>	<p>CONSECUTIVE DIVIDENDS PAID</p> <p>14</p>
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1. Investment performance since new mandate adopted 1 July 2017.

2. Dividend yield is based on current displayed share price and dividends declared over the previous 12 months

3. Grossed up yield is based on current displayed share price, dividends declared over the previous 12 months and the tax rate and franking percentage applicable for the most recently declared dividend

COMMENTARY

- Global share markets continued to perform well in March as inflationary pressures around the world moderate.
- Equity gains were driven by value stocks as share price gains extended to a broader range of the market.
- The Portfolio returned 0.4% in March, while the benchmark returned 3.0%.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Mar 2024¹

	1M	1Y	3Y	Pengana SI July 2017 ¹
(ASX: PIA)	0.4%	25.7%	5.1%	9.3%
Index ²	3%	28.4%	14.3%	13.6%

STATISTICAL DATA

VOLATILITY³ 12.7%

NUMBER OF STOCKS 58

BETA⁴ 0.74

TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services	Microsoft Corp	Information Technology
Amazon.com Inc	Consumer Discretionary	Netflix Inc	Communication Services
AMETEK Inc	Industrials	Schneider Electric SE	Industrials
Deere & Co	Industrials	Thermo Fisher Scientific Inc	Health Care
Meta Platforms Inc	Communication Services	Vertex Pharmaceuticals Inc	Health Care

MARCH REPORT

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Market Review

Global equity markets made positive gains in March.

The US Federal Reserve kept its benchmark rate unchanged at 5.25 – 5.50% for the fifth consecutive meeting, while continuing to signal three rate cuts this year. Both the Bank of England and European Central Bank also kept rates unchanged. However, the Swiss National Bank unexpectedly reduced interest rates by 0.25% to 1.50% as inflation returned to the bank's target range.

The Bank of Japan raised short-term interest rates, ending the country's decade-long era of negative interest rates. In contrast, the People's Bank of China introduced measures to re-invigorate its moribund economy, including reducing the cash-reserve requirements for banks, freeing up more funds for lending.

European stocks also outperformed, led by strong returns in Spain, Italy, and Denmark. Pacific ex-Japan stocks underperformed, impacted by poor returns in Hong Kong, which were weighed down by ongoing economic weakness on the Chinese mainland. Poor returns in China also detracted from returns in emerging markets, although this was offset by strong performance in Taiwan and South Korea.

Energy and Materials were the strongest performing sectors, aided by higher oil and precious metal prices. Consumer discretionary and consumer staples were the weakest performing sectors. Information Technology also underperformed, dragged down by the poor performance of index heavyweights like Apple.

Portfolio Commentary

The Portfolio underperformed the benchmark during March. Value stocks outperformed growth as the share market recovery broadened, following strong outperformance by growth companies at the start of the year. Strong performance by the Portfolio's holdings in materials and real estate and the underweight position in consumer discretionary boosted relative returns. However, this was offset by weaker performance by the Portfolio's holdings in information technology, healthcare and financials.

The Portfolio is focussed on identifying great companies through bottom-up analysis and continues to identify exciting opportunities in health care, communications services and industrials, in which it maintains overweight positions.

The strongest contributor to relative returns during March was the overweight position in US-based agricultural equipment manufacturer **Deere**. The stock outperformed upon rising sentiment in the agricultural sector, driven by stronger commodity prices, which should support increased capital investment.

The US-based global technology group **Alphabet** outperformed after announcing it was in talks with Apple to include Google's Gemini AI technology into the iPhone. This would help Google maintain its market leading position in internet search.

The Portfolio's holding in US-based **Vertex Pharmaceuticals** detracted from relative returns in March. This followed concerns around a lull in its drug development pipeline and progress on its phase 3 trial for an acute pain treatment.

Hong Kong-based China life insurer **AIA Group** also detracted from the Portfolio's relative performance. Weakness in China's economy has impacted investor sentiment across the Hong Kong and China stock markets. Investors were further disappointed when it failed to announce more stock repurchases.

The Portfolio established a new position in US-based **Booking Holdings**, an online travel agency which owns brands such as Booking.com, Priceline and Agoda. It benefits from an experienced management team, positive free cash flow generation and a strong competitive position in the US, European, and Asian markets. The global travel market remains fragmented, with only about half of total bookings made online. Continuing adoption of online booking and the company's recent expansion into airline tickets and alternative accommodation are expected to drive future earnings growth.

The Portfolio also opened a new position in US-listed – but Argentina-based – **Globant**. The company specialises in designing and building cloud applications, data-analytics solutions, cybersecurity solutions, and mobile-optimised user interfaces. The company helps customers improve their digital interactions as businesses undertake major digital transformation initiatives to better engage with customers, counterparties and employees. Rising corporate demand for digital solutions and Globant's ability to win market share is expected to drive earnings growth over the next decade.

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\$ 1.318 28/03/2024
NTA PRE TAX **	A\$ 1.399 28/03/2024
PRICE CLOSE **	A\$ 1.170
SHARES ON ISSUE **	257.17m
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 Total Return Index, Net Dividends Reinvested

**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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ACN 107 462 966

MANAGED BY PENGANA INVESTMENT MANAGEMENT LIMITED

PART OF THE PENGANA CAPITAL GROUP

AFSL 219462

PENGANA.COM/PIA

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Authorised by: Paula Ferrao, Company Secretary.

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com

