

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.

SHARE PRICE	NTA POST-TAX	NTA PRE-TAX	PORTFOLIO RETURN (20 YEARS)	DIVIDEND YIELD ¹	CONSECUTIVE QUARTERLY DIVIDENDS PAID
\$1.155 29/11/2024	A\$ 1.335 29/11/2024	A\$ 1.371 29/11/2024	8.2% p.a. 29/11/2024	4.7% 6.7% when grossed up ² for franking credits	15

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

2. 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

- The Portfolio returned 3.6% in November, while the benchmark returned 5.2%.
- Global share markets were led by a strong rally in US shares following the presidential election, which raised investor hopes of pro-growth policies.
- A stronger US dollar and the prospect of higher US trade tariffs constrained returns in non-US markets.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Nov 2024¹

	1M	1Y	5Y	15Y	20Y
Total Portfolio Return	3.6%	22.2%	8.5%	9.3%	8.2%
Total Shareholder Return	1.6%	15.1%	5.6%	6.5%	4.4%
Index	5.2%	30.1%	13.3%	12.9%	9.3%

STATISTICAL DATA

VOLATILITYⁱⁱ 12.8%

NUMBER OF STOCKS 54

BETAⁱⁱ 0.76

TOP HOLDINGS (ALPHABETICALLY)

Accenture Plc Class A	Information Technology	Microsoft Corporation	Information Technology
Alphabet Inc. Class A	Communication Services	Netflix, Inc.	Communication Services
Amazon.com, Inc.	Consumer Discretionary	Schneider Electric SE	Industrials
Deere & Company	Industrials	UnitedHealth Group Incorporated	Health Care
Meta Platforms Inc Class A	Communication Services	Vertex Pharmaceuticals Incorporated	Health Care

NOVEMBER REPORT

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Market Review

Global equities made strong gains in November, led by the US, where the S&P500 reached a new record high. This was driven by the decisive outcome of the US election which saw Republicans take control of the White House and both houses of congress, raising hopes of pro-growth policies.

A stronger US dollar weighed on non-US stocks, particularly emerging markets (EMs), which was the weakest region. Markets were also subdued in Europe, Japan and China, upon fears that the new US administration could impose higher tariffs that would impact their global exporters' earnings growth.

Shares of lower-quality firms, which tend to benefit from stimulatory policy and lower regulation, outperformed those of higher-quality businesses. Quality refers to factors such as higher profits, lower volatility, stronger balance sheets and faster earnings growth. During November, the lowest 20% of stocks in the global market ranked by quality outperformed the top 20% by over 3.0%.

The strongest performing sectors during November were consumer discretionary, financials and information technology. Financials outperformed upon expectations of banking deregulation in the US after the new administration takes office. Meanwhile, materials, health care and utilities underperformed during the month. Health care underperformed following President-elect Trump's nomination of vaccine-sceptic Robert F. Kennedy Jr. as US Secretary of Health and Human Services.

Portfolio Commentary

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

Strong stock performance in consumer discretionary and communications services, and an underweight position in materials boosted relative returns in November. This was offset by an overweight position in health care, an underweight in financials and weaker stock performance in both sectors.

Throughout much of this year, semiconductor stocks strongly outperformed software stocks, which languished. This was driven by strong demand for the most advanced chips that power the large language models which support the development of artificial intelligence (AI) applications.

The wide discount at which the market values the software businesses which have been developing the AI applications that promise to grow labour productivity and hence corporate earnings, appears unsustainable. Harding Loevner believes that eventually businesses must succeed in monetising AI applications to sustain the massive chip and infrastructure investment.

Therefore, the Portfolio's exposure to businesses along the semiconductor value chain was reduced and the overweight exposure to software and services increased. In November, semiconductor stocks (other than NVIDIA) underperformed, while software stocks soared upon signs that AI applications are now delivering revenue growth. US-based enterprise software company **ServiceNow** which focusses on business-process automation reported that 'Now Assist' is its fastest-growing product ever. It also announced a software tool to integrate external data into the company's AI models.




Japan-based personal electronics and entertainment giant **Sony** outperformed upon strong revenue and earnings growth in the September quarter. This was boosted by the shift to subscriptions in its game division and strength in its image-sensor business.

Netherlands-based payments processing business **Adyen** underperformed in November upon weakness in the broader European stock market. Investor sentiment was also impacted by the company's lower-than-expected growth in transaction volumes. Harding Loevner remains optimistic about its business pipeline and growth prospects for next year, and the stock began to recover at the end of the month.

The Portfolio's underweight exposure to the underperforming emerging markets supported relative returns in the wake of the US election. However, weakness in European stocks – in which the Portfolio maintains an overweight position – detracted from relative returns in November.

The Portfolio did not establish any new positions or exit any existing ones in November.

FEATURES	
ASX CODE	PIA
FEES	Management Fee: 1.23% p.a. Performance Fee: 15.38% of any return greater than the Index ^v
INCEPTION DATE	19 March 2004
MANDATED	1 July 2017
BENCHMARK	MSCI World Total Return Index, Net Dividend Reinvested, in A\$ ("Index")
NTA POST TAX ^{iv}	A\$ 1.335 29/11/2024
NTA PRE TAX ^{iv}	A\$ 1.371 29/11/2024
PRICE CLOSE ^{iv}	A\$ 1.155
SHARES ON ISSUE ^{iv}	257.12m
DRP ^{iv}	Yes

FUND MANAGERS	
	Peter Baughan Portfolio Manager
	Jingyi Li Portfolio Manager
	Rick Schmidt Portfolio Manager

i. Performance for periods greater than 12 months is the compound annual return.

Total Shareholder Return refers to the movement in share price plus dividends declared for the period, not including the benefit of franking credits attached to dividends paid

Total Portfolio Return refers 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.

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

Past performance is not a reliable indicator of future performance, the value of investments can go up and down. None of Pengana International Equities Limited ('PIA'), Pengana Investment Management Limited nor any of their related entities guarantees the repayment of capital or any particular rate of return from PIA. This information 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. The figures are unaudited.

Source: PCG and Bloomberg.

ii. 20 Year Annualised Standard Deviation as at the last day of the last month prior to publishing this report.

iii. Relative to MSCI World Total Return Index, Net Dividends Reinvested, 20 Year annualised Beta as at the last day of the last month prior to publishing this report.

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ACN 107 462 966

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Authorised by: Paula Ferrao, Company Secretary.