

ASX: PIA

PENGANA INTERNATIONAL EQUITIES LIMITED

The largest International Ethical LIC on the ASX

Targeting fully franked dividends, paid quarterly

ASX ANNOUNCEMENT

PIA DECEMBER 2024 INTERIM REPORT CHAIRMAN'S LETTER

Dear Fellow Shareholders,

Pengana International Equities Limited released its results for the half year to 31 December 2024 to the ASX on 17 February 2025.

Highlights

- Net Profit after tax of \$26.9 million, a significant increase on the \$8.9 million recorded for the previous corresponding period.
- Earnings per share were 10.5 cents per share, up on the 3.5 cents per share recorded for the previous corresponding period.
- First fully franked quarterly dividend for FY25 of 1.35 cps was paid on 16 December 2024
- Second fully franked quarterly dividend of 1.35 cps will be paid on 17 March 2025
- Net tangible assets after tax on unrealised gains were \$1.37 per share, up 6.2% over 6 months.

Performance for the half year to 31 December 2024

The Total Portfolio Returnⁱ (TPR), which comprises the dividends paid and the increase in value of the NTA before provision for tax on unrealised gains was 11.0%.

The Total Shareholder Return (TSR)ⁱⁱ, which combines dividends paid with changes in the share value, was 9.9%. The TSR increases to 10.9% if the value of franking credits is taken into account.

Financial Position

The Company is in a sound financial position with the value of its global listed investments at 31 December 2024 being \$370 million and cash of \$11 million. The Company has no borrowings.

Capital Management

The dividend reinvestment plan (DRP) enables shareholders to reinvest their dividends into PIA shares without incurring any other transaction costs such as brokerage. This may result in shares being issued at a discount to NTA.

It is the Board's intention to buyback shares on market to minimise the dilutive effect of issuing DRP shares at a discount to NTA.

In the half year to 31 December 2024, a total of 487,588 shares were purchased on-market, representing 100% of the DRP shares issued in the period.

Investment Manager's Outlook

Inflation continues to drift slowly back to central bank targets, enabling further gradual interest rate reductions over the coming months. While this should lend support to the global economy and corporate earnings growth over the rest of the financial year, geo-political uncertainty remains elevated.

Nonetheless, election cycles and even major political events often have a limited long-term impact on corporate earnings growth and share prices.

While adhering to a long-term investment horizon may seem daunting in the current environment, high quality companies with enduring competitive advantages, pricing power, sound balance sheets and led by capable management teams can outperform in times of greater uncertainty. Harding Loevner will continue to identify such companies, pursuing growth opportunities wherever they may be found.

We thank you for your interest and ongoing support of PIA.

Yours sincerely,



Frank Gooch
Independent Chair
Sydney
17 February 2025

ⁱ TPR refers to "Total Portfolio Return" TPR for periods greater than 12 months are annualised. TPR 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.

ⁱⁱ TSR refers to "Total Shareholder Return" TSR for periods greater than 12 months are annualised. TSR figures refer to the movement in closing share prices as quoted in the ASX, assuming the reinvestment of dividends. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.



PENGANA
INTERNATIONAL
EQUITIES LIMITED

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

31 December 2024 Investor Presentation



CERTIFIED BY RIAA

IMPORTANT INFORMATION & DISCLOSURES

This report has been prepared by Pengana Investment Management Ltd (ABN 69 063 081 612, Australian Financial Services Licence No. 219462) ("Pengana"). This report does not contain any investment recommendation or investment advice and has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on the information in this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. 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.

Pengana is the manager for Pengana International Equities Limited (ACN 107 462 966, ASX: PIA) ("PIA"). Pengana has appointed Harding Loevner LP ("Harding Loevner") as the sub-investment manager for PIA.

None of Pengana, Harding Loevner, nor any of their related entities, directors, partners or officers guarantees the performance of, or the repayment of capital, or income invested in PIA. An investment in PIA is subject to investment risk including a possible delay in repayment and loss of income and principal invested. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

Pengana has appointed Harding Loevner as Pengana's corporate authorised representative under Pengana's AFSL.

While care has been taken in the preparation of this information, neither Pengana nor Harding Loevner make any representation or warranty as to the accuracy, currency or completeness of any statement, data or value. To the maximum extent permitted by law, Pengana and Harding Loevner expressly disclaim any liability which may arise out of the provision to, or use by, any person of this information.

Pengana International Equities Limited has been certified by the Responsible Investment Association Australasia (RIAA) according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestments.com.au for details. RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance, or ethical considerations. The Symbol also signifies that Pengana International Equities Limited adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and Pengana International Equities Limited's methodology, performance, and stock holdings can be found at www.responsibleinvestments.com.au, together with details about other responsible investment products certified by RIAA. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

AGENDA

- I **Corporate overview**
- II Highlights for the half-year ending 31 December 2024
- III Portfolio update from Harding Loevner
- IV Harding Loevner overview

CORPORATE OVERVIEW

RESPONSIBLE INVESTING – CAPITAL GROWTH – RELIABLE INCOME

PIA's objective is to provide shareholders with:

- **capital growth** from investing in an ethically screened and actively managed portfolio of international businesses, and
- regular, reliable and **fully franked dividends**, paid quarterly.

PIA is managed by Pengana Capital Group (PCG), a listed diversified funds management group, offering distinct investment strategies, that aim to deliver superior long-term risk-adjusted returns to investors, with a focus on capital preservation.

Harding Loevner, a highly regarded global institutional fund manager, is the investment team responsible for the investment of PIA's portfolio.

PIA is certified by the Responsible Investment Association of Australasia.

RESPONSIBLE INVESTING: THE LARGEST INTERNATIONAL ETHICAL LIC ON THE ASX



Ethical Screens

- Pre trade application of Pengana's Ethical Screens that seek to avoid investment in companies that derive operating revenues from direct and material business involvement¹ in the following:
 - Adult content, alcohol, non-regulatory testing on animals, fossil fuels, gambling, GMOs in agriculture, human right abuses, mining, nuclear, severe impact on ecosystems, tobacco, weapons



Sustainable Investing

- ESG risks and opportunities examined in each stage of our investment process.
- ESG scorecard considers consequences of ESG-related concerns for business's sustainability.



Responsible Engagement

- Engage regularly with company management over the potential impact of ESG risks on long-term returns.
- Encourage adoption of practices that foster sustainable growth.
- Promote high standards of behavior and disclosure in every proxy vote.



Responsible Investment

- PIA has been continuously certified by Responsible Investment Association of Australasia ('RIAA') since 2006
- Harding Loevner is a signatory to the UN Principles for Responsible Investment ('UNPRI') and the UK Stewardship Code
- Pengana Capital Group is a signatory to the UNPRI and member of RIAA

1. *Material business involvement is generally considered to be over 5% of production of, or 15% aggregate revenue from, the production, distribution and retail of the screened product/service. For thresholds on each specific screen please refer to the Responsible Investment Policy located [here](#).

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FINANCIAL HIGHLIGHTS

FOR THE HALF-YEAR ENDING 31 DECEMBER 2024

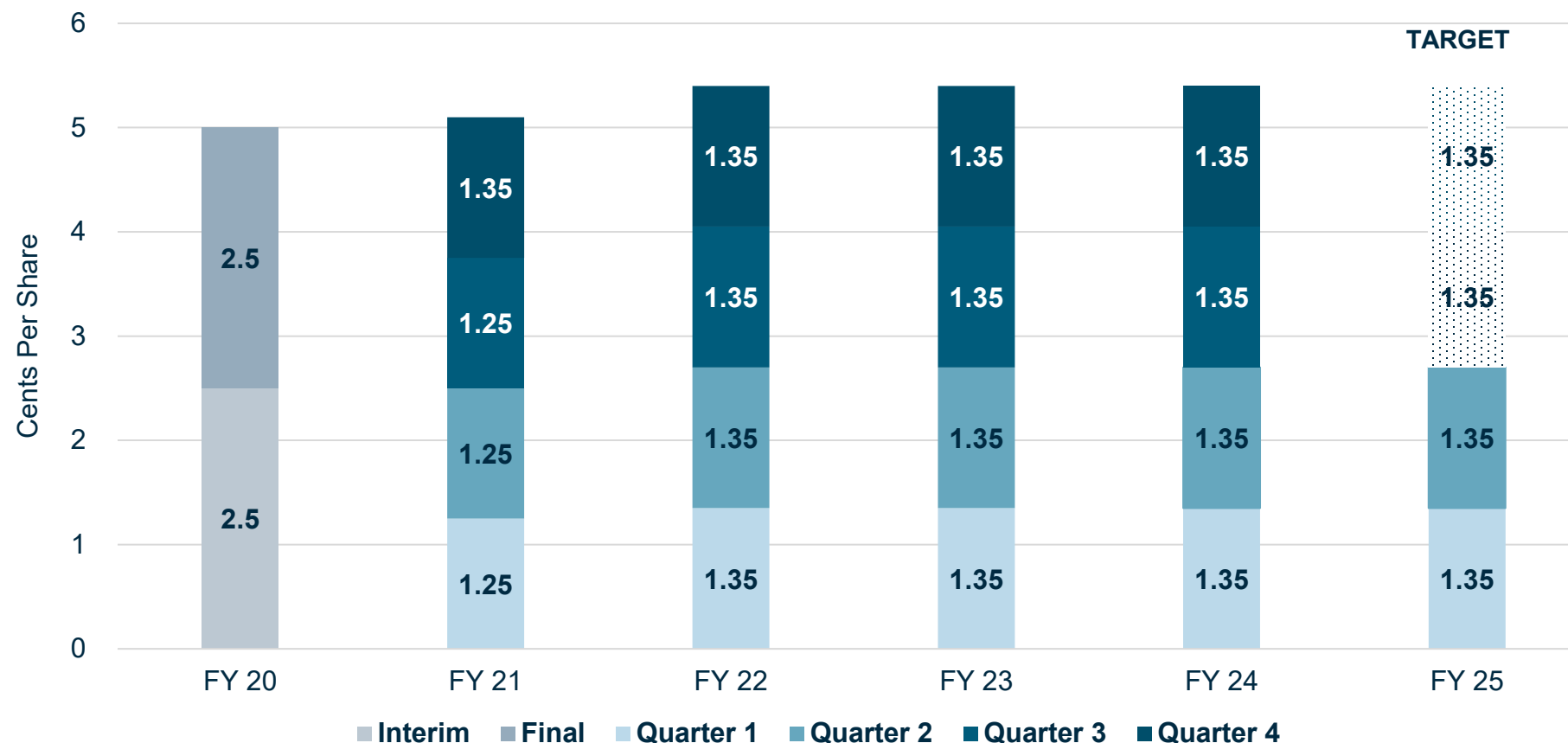
Next quarter dividend	1.35 cps to be paid on 17 March 2025, fully franked at 30% tax rate	Annual dividend¹	5.4 cps paid quarterly, yield of 4.3% or 6.2% grossed up for franking
Net Assets 31 December 2024	\$353 million or \$1.37 per share (post-tax)	Net Assets 7 February 2025	\$358 million or \$1.39 per share (post-tax)
Net profit after tax	\$26.9 million	Earnings per share	10.5 cents per share
Total Shareholder² Return 6 months to 31 December 2024	9.9%	Annualised Portfolio Return³ 20 years to 31 December 2024	8.3%
Profit reserves	\$228 million equivalent to a dividend of 88.7 cps	Franking reserves⁴	\$16.1 million, equivalent to a fully franked dividend of 14.6 cps, franked at 30%
Buy back	100% of the DRP shares issued in the period bought back		

1. Based on \$1.25 share price at 14 February 2024 and a 30% company tax rate 2. Source: Pengana Capital. TSR figures refer to the movement in closing share prices as quoted in the ASX, assuming the reinvestment of dividends 3. Source: Pengana Capital. Performance figures refer to the movement in net assets per share, reversing out the impact of movements in capital 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 4. The Company expects to pay approximately \$15.6m in tax for the financial year 2023/2024, which will increase the franking account balance to \$16.1 million or 14.6 cents per share.

SUSTAINABLE FULLY FRANKED DIVIDENDS

PIA's objective is to provide shareholders with capital growth from investing in an ethically screened and actively managed portfolio of global businesses, in addition to providing shareholders with regular, reliable and fully franked dividends

FULLY FRANKED DIVIDEND HISTORY



Annual Dividend Target

5.4c per share

Fully Franked

Upcoming Quarterly Dividend

1.35c per share

Fully franked at 30% tax rate

Ex date:

28 February 2025

Record date:

3 March 2025

Payment date:

17 March 2025


DIVIDEND YIELD

Quarterly Fully Franked Dividends

quarterly dividend

$$\frac{1.35c}{\$1.25} = \sim 4.3\% \text{ p.a. yield (cash basis)}$$

share price

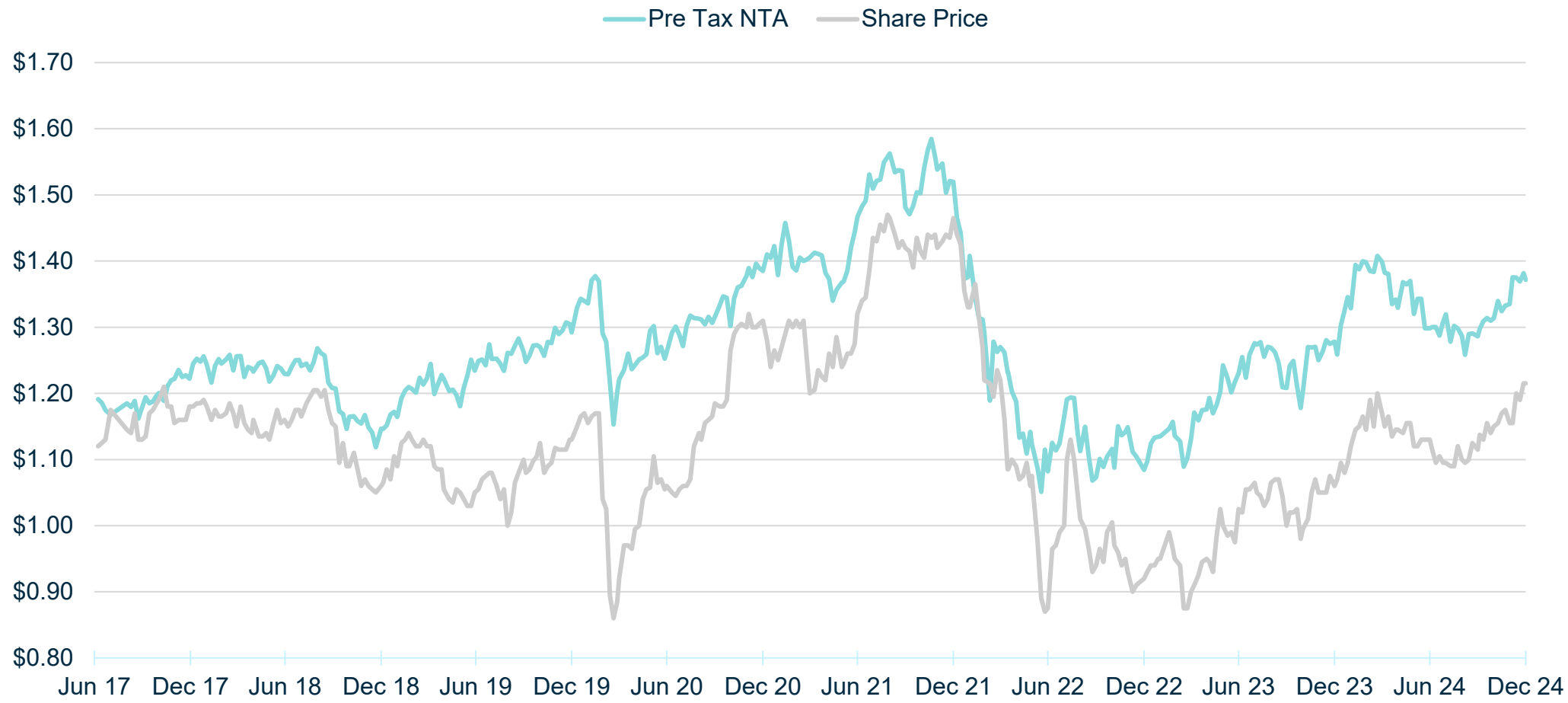
6.2% p.a. yield 

when grossed-up for franking credits

The current profit reserves & franking balance are able to sustain fully franked quarterly dividends into FY2027

NTA AND SHARE PRICE MOVEMENTS

1 JULY 2017 TO 31 DECEMBER 2024



As at 18 August 2023. Source: Bloomberg and Pengana Capital. Performance figures refer to the movement in net assets per share, reversing out the impact of movements in capital 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.





















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TOP HOLDINGS

AS AT 31 DECEMBER 2024

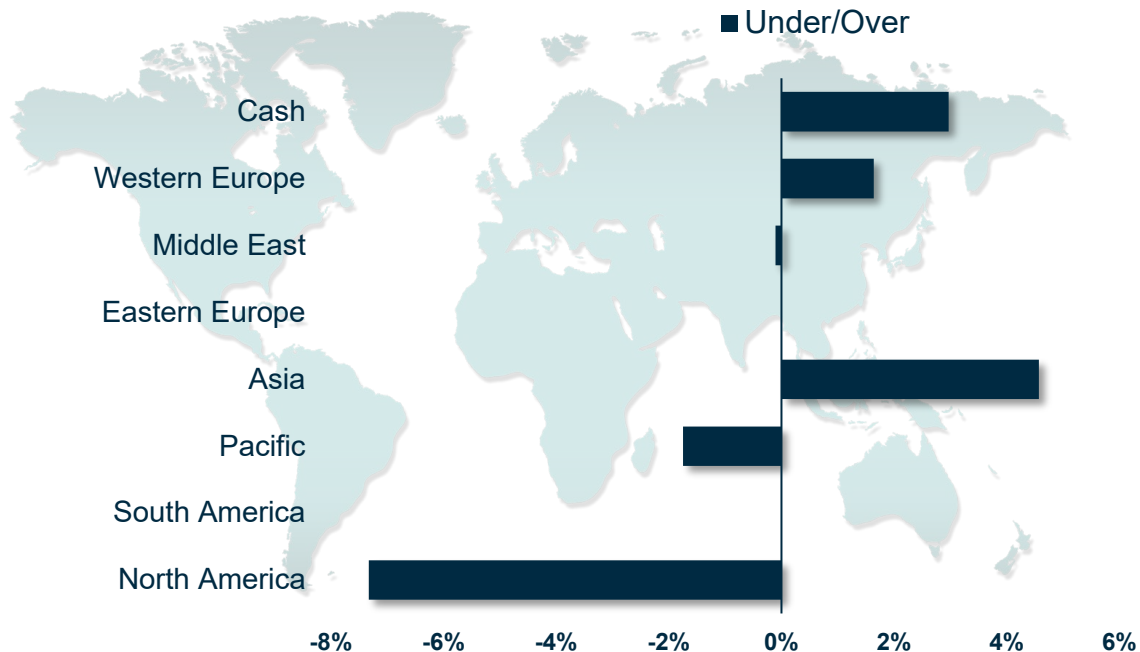
			
			
			
			
			

Total number of portfolio holdings: 55

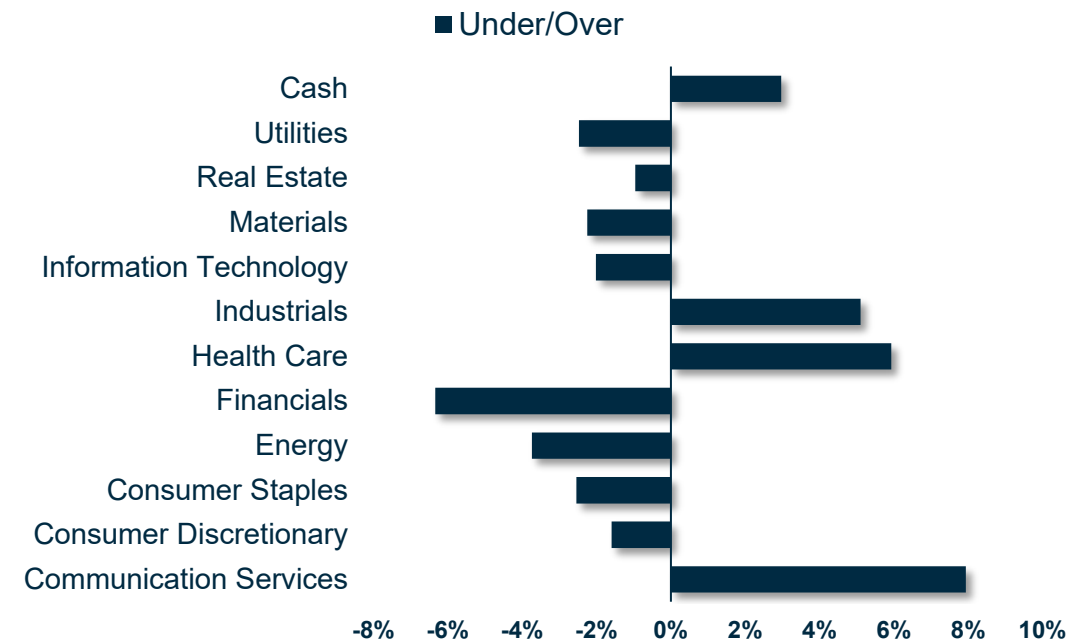
PORTFOLIO POSITIONING

EXPOSURES AS AT 31 DECEMBER 2024

GEOGRAPHIC EXPOSURE

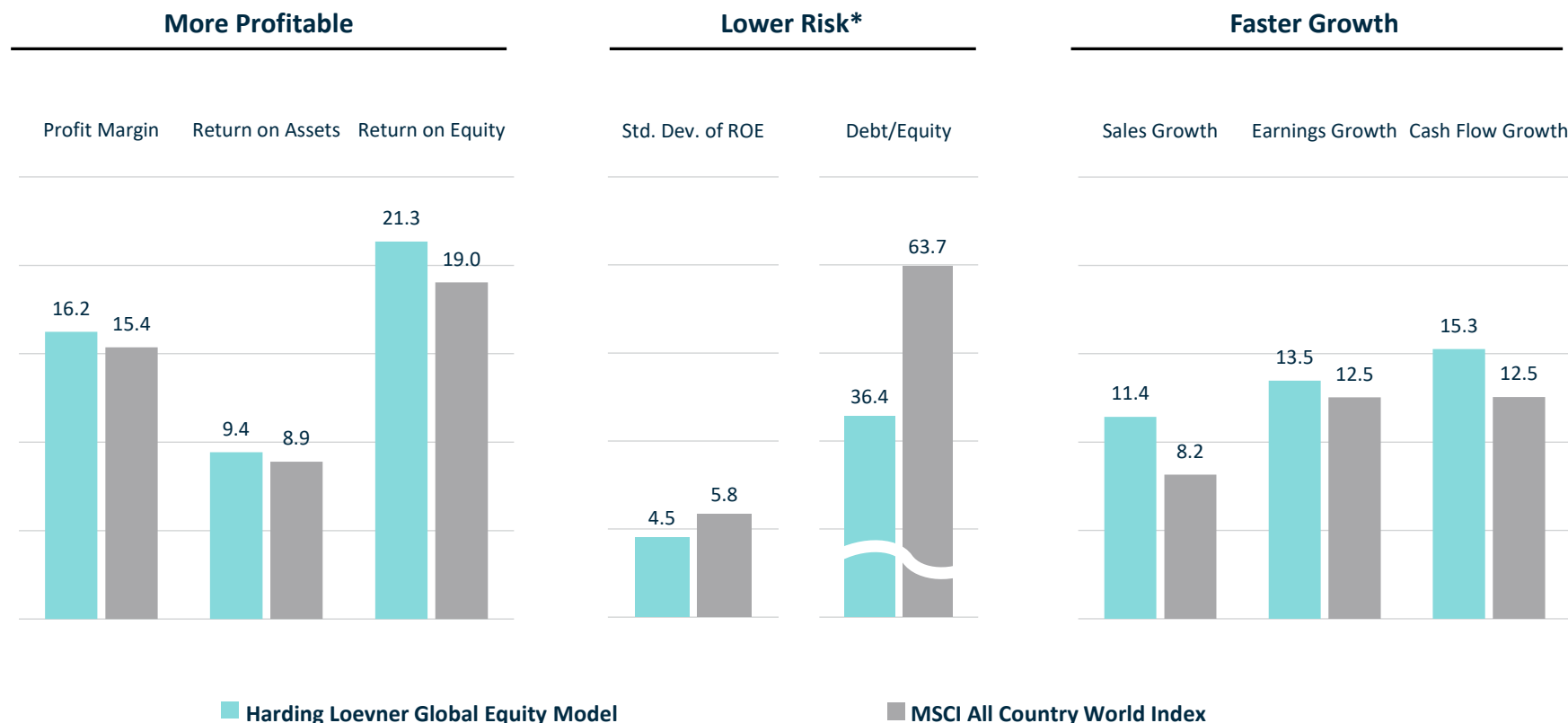


SECTOR EXPOSURE



QUALITY & GROWTH INVESTMENT PHILOSOPHY

WE BUILD DIVERSIFIED PORTFOLIOS OF HIGH-QUALITY, GROWING COMPANIES.



* Standard deviation measures the volatility of returns, indicating how much an investment's value fluctuates, making it a common proxy for risk in listed equity investments. Lower standard deviation indicated less volatility.

WHAT'S ON OUR MIND?

Continued volatility due to ongoing trade tensions, inflation concerns, and divergent central bank policies

1 The current backdrop

Inflation continues to drift (slowly) back to central bank targets; unemployment remains low
Interest rates will fall (further) but are unlikely to revisit pre-pandemic levels
Underlying conditions of global instability persist

2 Geopolitical Risk

Higher tariffs threaten to disrupt global trade and integrated supply chains
Elevated geopolitical risk will bring increased share market volatility

3 What are we doing

Focussing on business fundamentals while being mindful of risk
Investing in higher quality and lower valuations
AI innovation provides exciting-long-term opportunities, but investors should be very mindful of valuation levels

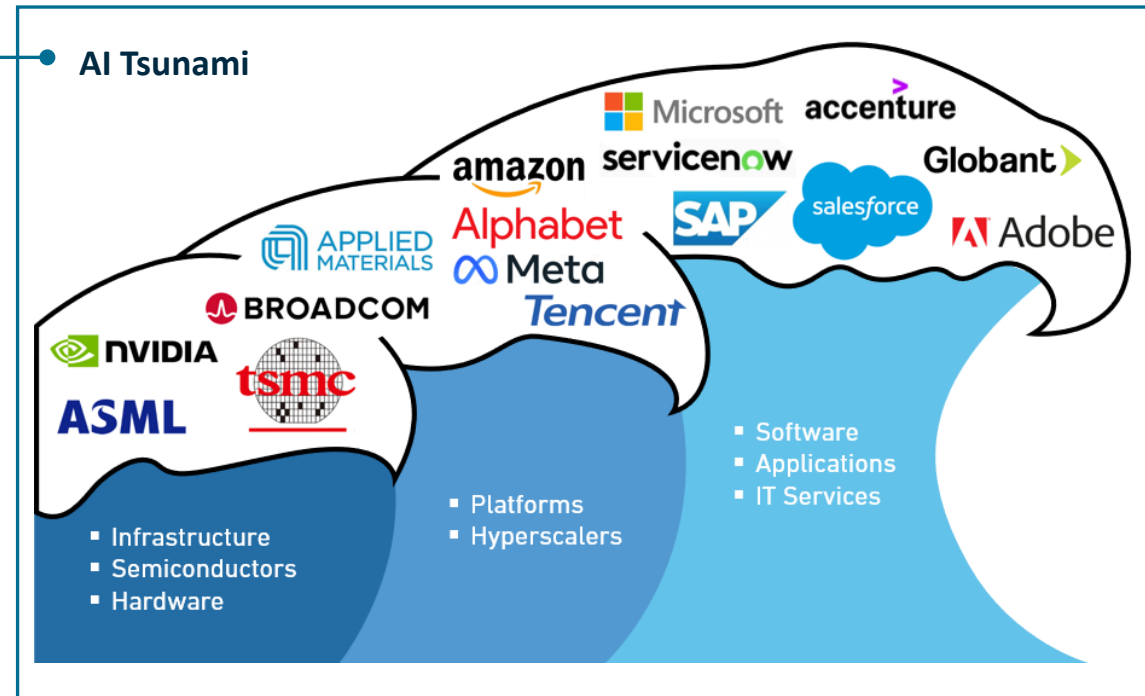
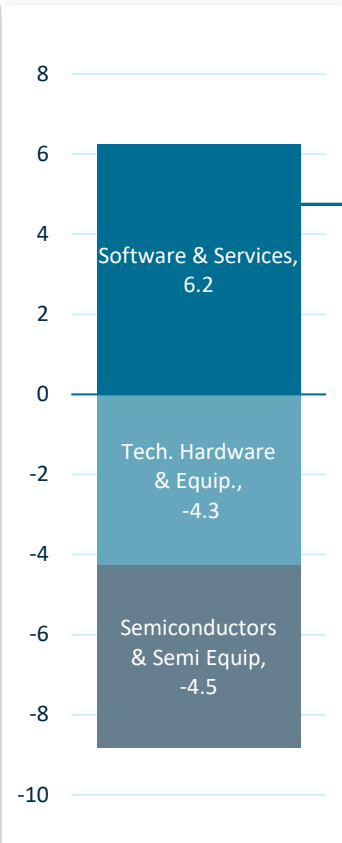


INFO TECH: BEYOND CHIPS & EQUIPMENT

AI Tsunami moving from chips to platforms to software & services

PIA Global Active Weights

Sector	PIA %	Under / Over
Communication Services	16.1	
Health Care	16.3	
Industrials	15.7	
Real Estate	1.1	
Consumer Discretionary	9.5	
Information Technology	24.1	
Materials	1.0	
Utilities	-	
Consumer Staples	3.5	
Energy	-	
Financials	9.7	
Cash	3.0	
	-10	10

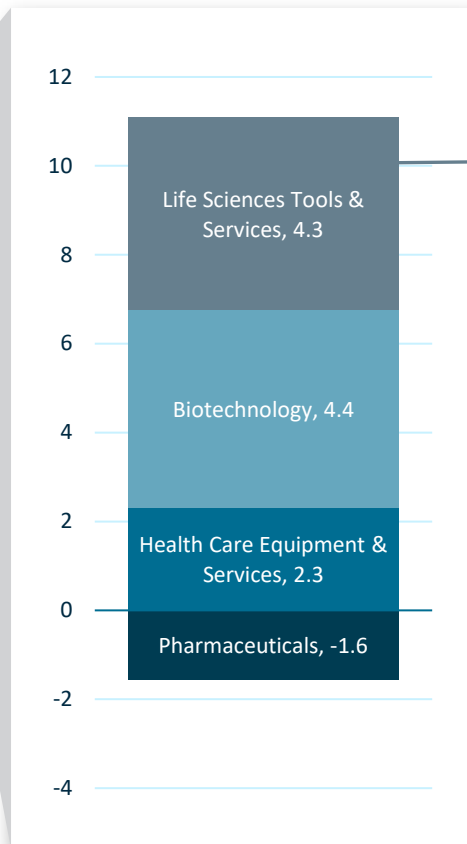


HEALTH CARE: BEYOND BIG PHARMA

Bioprocessing and Diagnostics: A Return to Robust Growth

PIA Global Active Weights

Sector	PIA %	Under / Over
Communication Services	16.1	
Health Care	16.3	
Industrials	15.7	
Real Estate	1.1	
Consumer Discretionary	9.5	
Information Technology	24.1	
Materials	1.0	
Utilities	-	
Consumer Staples	3.5	
Energy	-	
Financials	9.7	
Cash	3.0	
	-10	10



Bioprocessing & Diagnostics Holdings

ThermoFisher
SCIENTIFIC

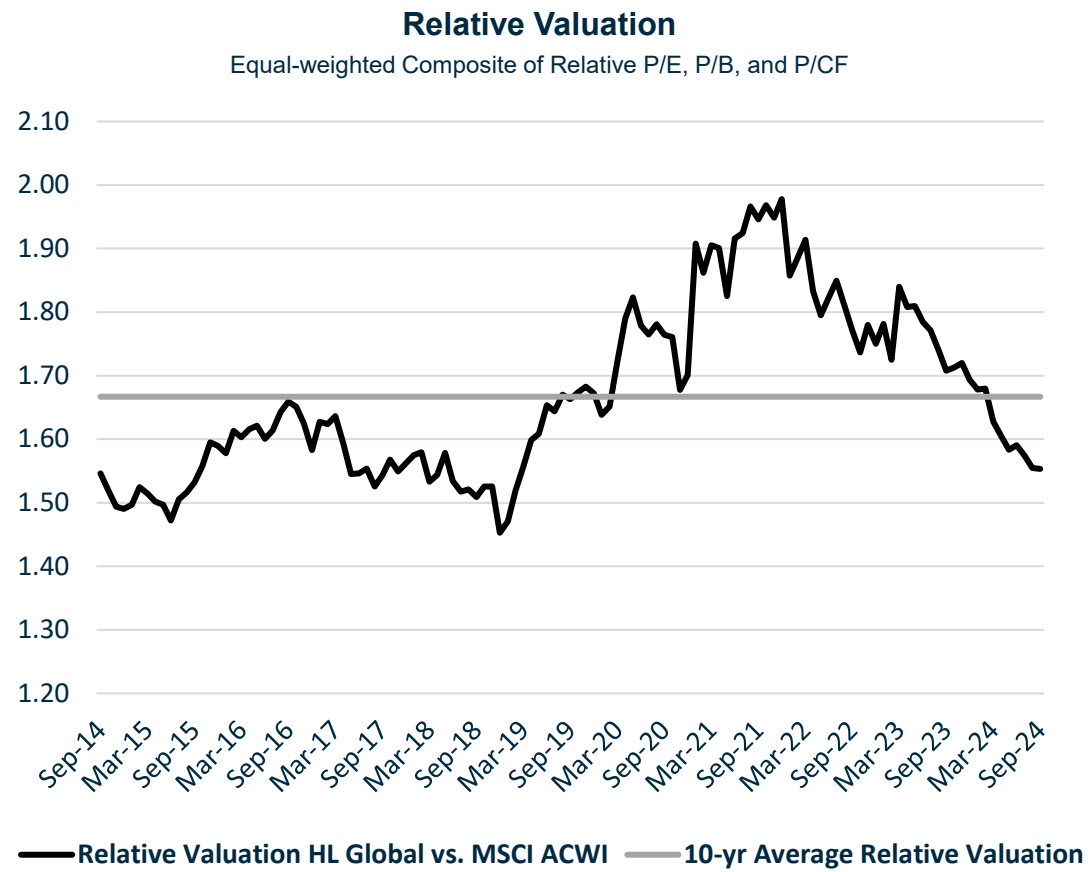
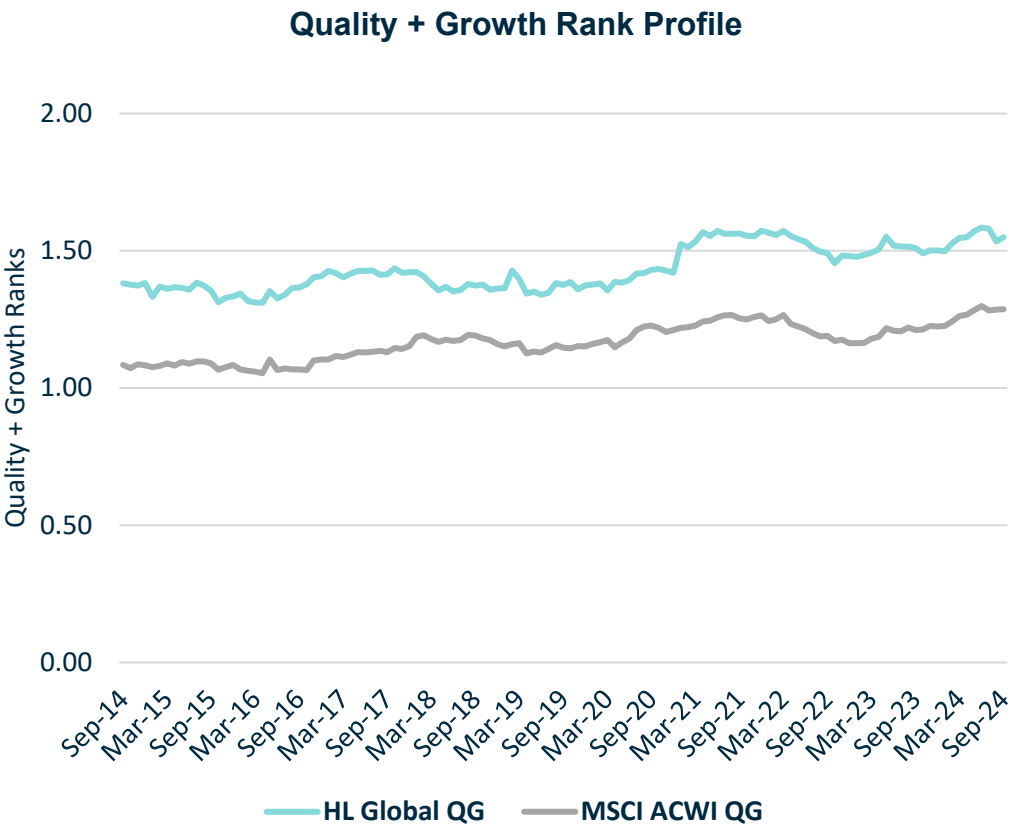
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 **REPLIGEN**

Increased Exposure in the Last Year

RISING QUALITY STANCE AT LOWER VALUATIONS

We have maintained our quality and growth premium while lowering relative valuation



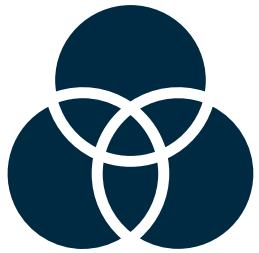
Source: Harding Loevner Global Equity model, FactSet, MSCI Inc. Data as of 30 September 2024.

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

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INVESTMENT HYPOTHESIS



Investing in high quality, growing businesses at reasonable prices leads to long term superior risk adjusted returns.

This “QUALITY GROWTH” Investment philosophy has been the foundation of our strategies since the firm was founded.

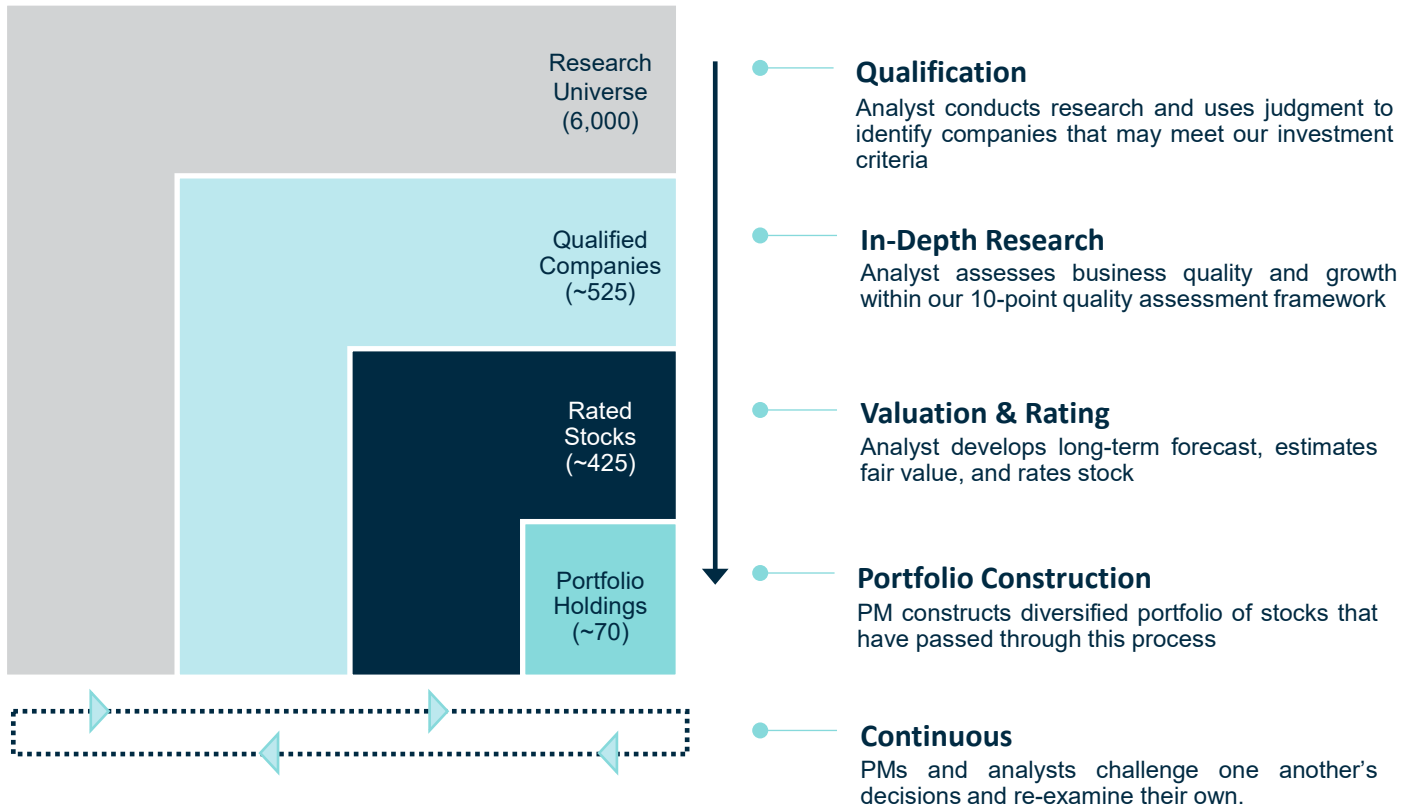


INVESTMENT PROCESS

Analysts search the world for companies that meet high quality and sustainable growth criteria, conduct fundamental research, then value and rate their stocks to make them available to PMs for investment.

ESG issues are considered in each step of the process.

Collaborative, Highly Structured Process that Promotes Individual Accountability



Harding Loevner

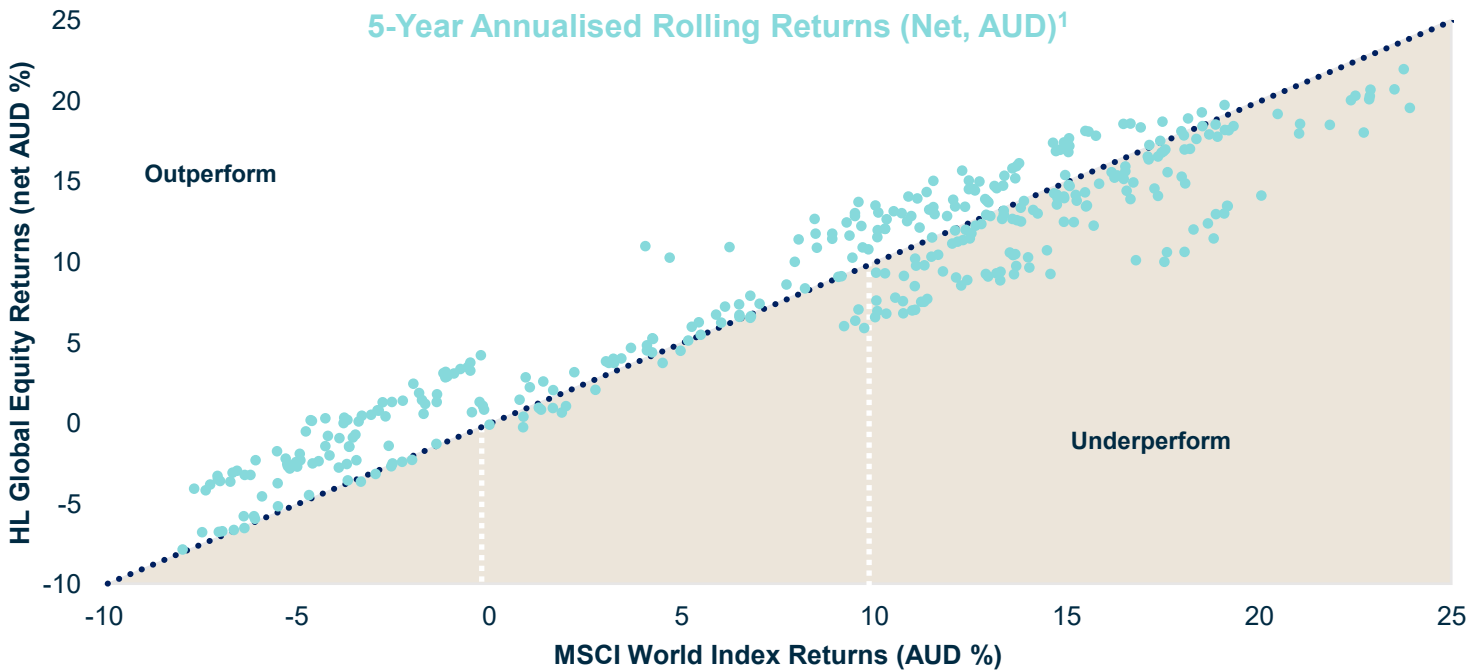
Circa US\$55 billion under management
33-year track record

Investment Philosophy

Quality growth
Distinct decision making
Behavioral finance
Patient & Disciplined

HARDING LOEVNER'S CONSISTENT RESULTS FOR OUR CLIENTS

Our decision-making has produced a distinctive pattern of performance



HL Outperformance Frequency (All Periods: 57%)

Falling Markets	Moderate Markets	Strong Markets
MSCI < 0	0 < MSCI < 10	MSCI > 10
94%	54%	33%

	HL Global Equity*	MSCI*
Alpha	0.81%	
Beta	0.90	
R-Squared	0.83	
Standard Deviation	12.51%	12.71%
Tracking error	5.34%	
Information Ratio	0.15	
Sharpe Ratio	0.35	0.28
Upside Capture	94.43%	
Downside Capture	87.43%	

*since inception on November 30, 1989

Prior to June 2021, the Harding Loevner Global Equity Strategy performance has been simulated by Pengana from the monthly gross returns of the Harding Loevner Global Equity strategy. This simulation was done by converting the USD gross returns to AUD, then applying a management fee of 0.974% p.a. (the Class B management fee). Net performance figures are after all fees and expenses and assume reinvestment of distributions. MSCI refers to the MSCI AC World Total Return Index (net, AUD) No allowance has been made for buy/sell spreads. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

1. November 30, 1989 (strategy inception) to December 31, 2024

PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

FOR MORE INFORMATION

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