

### 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 <sup>1</sup>	CONSECUTIVE QUARTERLY DIVIDENDS PAID
<b>\$1.205</b> 28/02/2025	<b>A\$ 1.369</b> 28/02/2025	<b>A\$ 1.420</b> 28/02/2025	<b>8.1% p.a.</b> 28/02/2025	<b>4.5%</b> 6.4% when grossed up <sup>2</sup> for franking credits	<b>17</b>

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 -2.2%, while the benchmark delivered -0.4% in February, as weakness in information technology and healthcare weighed on returns.
- Global equities edged lower, with US tariff uncertainty and volatile economic data dampening investor sentiment. The post-election rally faded, leading to profit-taking in large-cap US technology stocks and increased caution towards highly valued growth stocks.
- Tencent and Sony were the Portfolio's strongest performers. New positions were established in Shenzhen Mindray Bio-Medical Electronics, ASML, and Amphenol, reflecting the Portfolio's focus on high-quality, long-term growth opportunities.

#### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2025<sup>1</sup>

	1M	1Y	5Y	15Y	20Y
Total Portfolio Return	-2.2%	12.7%	9.3%	9.5%	8.1%
Total Shareholder Return	-0.5%	10.0%	8.1%	6.9%	4.7%
Index	-0.4%	21.1%	14.7%	13.2%	9.4%

#### STATISTICAL DATA

VOLATILITY<sup>ii</sup> 12.8%

NUMBER OF STOCKS 56

BETA<sup>ii</sup> 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

## FEBRUARY REPORT

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### Market Commentary

Global equity markets edged lower in February after a strong start to the year. The US market declined modestly as concerns grew over the impact of government policies on economic growth, corporate sentiment, and consumer demand. In contrast, European equities extended their gains from January, while emerging markets were broadly flat. However, China stocks rallied as government stimulus measures and AI optimism buoyed investor sentiment.

Investor enthusiasm for Chinese stocks was fuelled by the launch of open-source AI models from DeepSeek and Alibaba. These models demonstrated greater efficiency than comparable models from US firms. Additionally, a rare meeting between President Xi Jinping and leading technology executives was widely interpreted as signalling a shift toward a more pro-business stance by Chinese policymakers.

Across global sectors, consumer staples was the best-performing sector, supported by its defensive characteristics. Meanwhile, consumer discretionary stocks lagged, reflecting concerns about consumer demand in a slowing US economy. In the technology sector, policy uncertainty and its potential impact on AI supply chains weighed on sentiment. However, the broader implications of improved AI efficiency continue to evolve, bringing the potential to lower costs, increase adoption, and expand AI applications.

### Portfolio Commentary

The Portfolio returned -2.2% in February, while the benchmark declined -0.4%. Weakness in information technology and healthcare stocks drove underperformance as concerns about slowing US economic growth dampened investor confidence.

**Tencent** was the Portfolio's strongest performer, rallying alongside a broader rebound in Chinese technology stocks. It benefitted from increased investor optimism following signs of a more pro-business stance from Chinese policymakers. Additionally, the company saw strong engagement and revenue growth across its gaming and advertising businesses.

**Sony** also outperformed after reporting strong results, supported by revenue growth in its gaming division. The company benefited from increased sales of gaming content and hardware, as well as continued momentum in its entertainment and media segments.

In contrast, the Portfolio's holdings in the technology sector were a key source of underperformance. **Salesforce** and **Globant** declined amid investor concerns over slowing enterprise spending and a weaker macroeconomic outlook in

the US. Additionally, **Globant** indicated that political and trade policy risks in Latin America could negatively impact business sentiment.



Google-owner **Alphabet** also detracted from relative performance as renewed competition in AI, particularly from China's DeepSeek's large language models.

The Portfolio made several portfolio adjustments in February. Taking advantage of weakness in the IT sector, the Portfolio re-established a position in **ASML**, the Dutch advanced photolithography equipment supplier. **ASML** had been previously sold following a prolonged rally. A series of recent developments created an opportunity to repurchase shares at a 20% discount to the previous sale price. These included a downward revision to **ASML's** 2025 outlook, export control concerns, and a demand reset for extreme ultraviolet (EUV) technology. **ASML** remains the dominant supplier of lithography equipment, with no credible competition in leading-edge semiconductor manufacturing. The company is expected to benefit from **TSMC's** 2-nanometer process node ramp-up and increased EUV adoption. Additional growth opportunities include new semiconductor manufacturing facilities in Arizona and Japan.

Over the month, the Portfolio exited positions in US-based global technology group **Apple** and Netherlands-based digital payments group **Adyen** due to valuation concerns. **Adyen's** share price had rallied since November 2024 and surged further in February upon strong second-half 2024 results, with revenues and earnings exceeding expectations. Given the sharp rise in its valuation, the Portfolio took profits and exited the position. **Apple** was also sold as its valuation exceeded long-term return expectations, despite its strong market position.

While near-term market conditions remain volatile, the Portfolio continues to focus on high-quality businesses with durable competitive advantages, strong cash flows, and the ability to benefit from long-term secular growth trends.

FEATURES	
ASX CODE	PIA
FEES	Management Fee: 1.23% p.a. Performance Fee: 15.38% of any return greater than the Index <sup>v</sup>
INCEPTION DATE	19 March 2004
MANDATED	1 July 2017
BENCHMARK	MSCI World Total Return Index, Net Dividend Reinvested, in A\$ ("Index")
NTA POST TAX <sup>iv</sup>	A\$ 1.369 28/02/2025
NTA PRE TAX <sup>iv</sup>	A\$ 1.420 28/02/2025
PRICE CLOSE <sup>iv</sup>	A\$ 1.205
SHARES ON ISSUE <sup>iv</sup>	257.08m
DRP <sup>iv</sup>	Yes

FUND MANAGERS	
	<b>Jingyi Li</b> Portfolio Manager
	<b>Rick Schmidt</b> 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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### PENGANA INTERNATIONAL EQUITIES LIMITED

ACN 107 462 966

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Authorised by: Paula Ferrao, Company Secretary.