

**PENGANA INTERNATIONAL  
EQUITIES LIMITED (ASX: PIA)**

# **PROPOSED PORTFOLIO ENHANCEMENTS**

*Through an investment in Global Private Credit  
Targeting a significant increase in dividends*

**AUGUST 2025**

# IMPORTANT INFORMATION & DISCLOSURES

This report has been prepared by Pengana Capital Limited (ABN 30 103 800 568, Australian Financial Services Licence No. 226566) ("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 Capital Limited (ABN 30 103 800 568, AFSL 226566) 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 Investment Management Ltd (ABN 69 063 081 612, Australian Financial Services Licence No. 219462) ("PIML") is the manager for Pengana International Equities Limited (ACN 107 462 966, ASX: PIA) ("PIA"). PIML has appointed Harding Loevner LP ("Harding Loevner") as the sub-investment manager for PIA's global equities portfolio.

None of Pengana, PIML, 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.

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# AGENDA

- 1 **SUMMARY OF PROPOSAL**
- 2 **WHY IT MAKES SENSE**
- 3 **WHY PIA CAN DO IT**
- 4 **HOW THE STRUCTURE WORKS**
- 5 **APPENDIX**

# EXECUTIVE SUMMARY

## Proposal to enhance PIA:

- Diversify assets by **adding exposure to Global Private Credit (GPC)**, generating regular reliable income
- GPC exposure is loan funded so **no change to size and composition of equity exposure**
- GPC Target Return of 4.5% p.a. above cost of debt, equates to a pre-tax **earnings uplift of ~2% p.a. of NAV**
- Pengana Capital Group (PCG): covers interest cost on debt if global credit returns insufficient; charges no base fees; and receives returns above Target Return

## Targeted impact of the Proposal<sup>1</sup> :

- Increase in underlying earnings per share
- **56% increase in fully franked dividends to 8.4c per share p.a.**
- Equating to a **gross dividend yield<sup>1</sup> of 8.9% p.a.** at July month end share price
- Dividends to be paid monthly commencing November 2025

## Implementation is subject to shareholder vote<sup>2</sup>:

- AGM scheduled for 10 October 2025
- Requires more than 50% approval of shareholders who vote

1. Post-tax NAV of \$1.4041 and market price of \$1.255 (as at 31 July 2025), grossed up dividend and yield calculations use a 25% company tax rate

2. Subject to final approval by the boards of PIA and PCG, finalisation of transaction documents and financing arrangements, receipt of an independent expert's report, and shareholder approval which will be sought at the Company's Annual General Meeting, which is due to be held on 10 October this year

# REASONS FOR THE PROPOSAL

## Diversification and Tax-Efficient Income – Without the Concentration Risk

- **Diversified return sources** combine steady income with growth potential, reducing reliance on any one market condition.
- **Fully-franked yield** delivers tax-efficient, reliable cashflow, with franking credits boosting after-tax returns.
- **Fewer alternatives** - the withdrawal of bank hybrids reduces high-yield, fully franked options, leaving investors more reliant on concentrated sectors like banks and resources.
- **Demographic reality** - ageing populations, rising living costs, and longer life expectancies make steady, reliable returns more critical than ever.



# INTRODUCING A PROPOSED SECOND INCOME STREAM

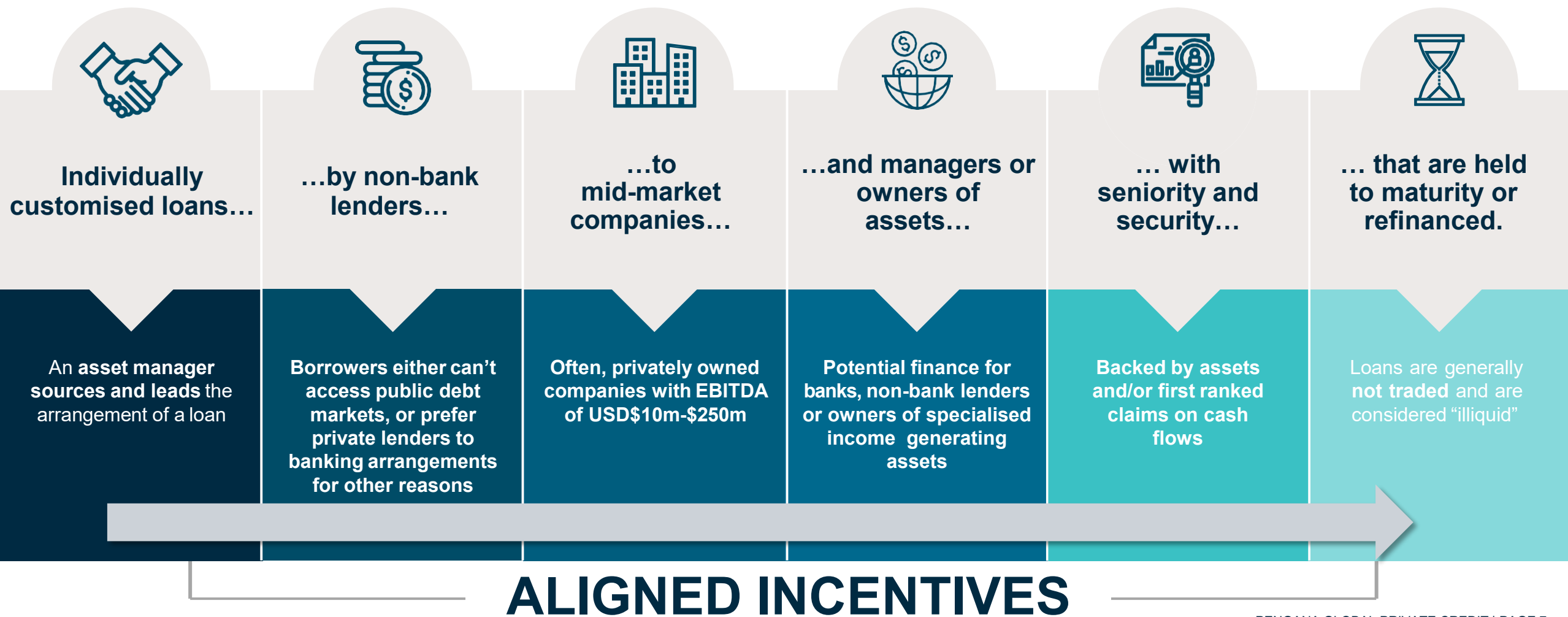
## Diversifying with Global Private Credit

- New income stream from **Global Private Credit**
- Funded via a competitively priced loan
- Global private credit **behaves differently to** equities, offering low correlation and improved diversification
- Global private credit income is **contractual and floating-rate**, enhancing portfolio stability and resilience
- **Distributed monthly** to shareholders, with full franking credits
- Strengthens the portfolio's **risk-adjusted return profile** while maintaining equity growth potential



# WHAT IS GLOBAL PRIVATE CREDIT?

Individually customised non-bank loans to US and European mid-market companies, with seniority and security, that are held to maturity or refinanced



# TARGETED IMPACT OF PROPOSED CHANGES

Delivering More Without Changing the Core

	PIA Current	PIA Proposed
Dividend	5.4c p.a. →	8.4c p.a.
Gross Dividend	7.7c p.a. →	11.2c p.a.
Frequency	Quarterly →	Monthly
Yield on NAV <i>including franking</i>	5.6% @ NAV →	8.0% @ NAV

Grossed-up yield of  
8.9% p.a.  
@ market price of  
\$1.255  
as of 31 July 2025

- Increases targeted fully-franked dividends by **56%** to **8.4c per share**
- Dividends to be paid monthly from November 2025 (previously quarterly)
- Equates to a **grossed-up dividend yield of 8.9%** p.a. on July month end market price (and 8.0% p.a. on NAV)



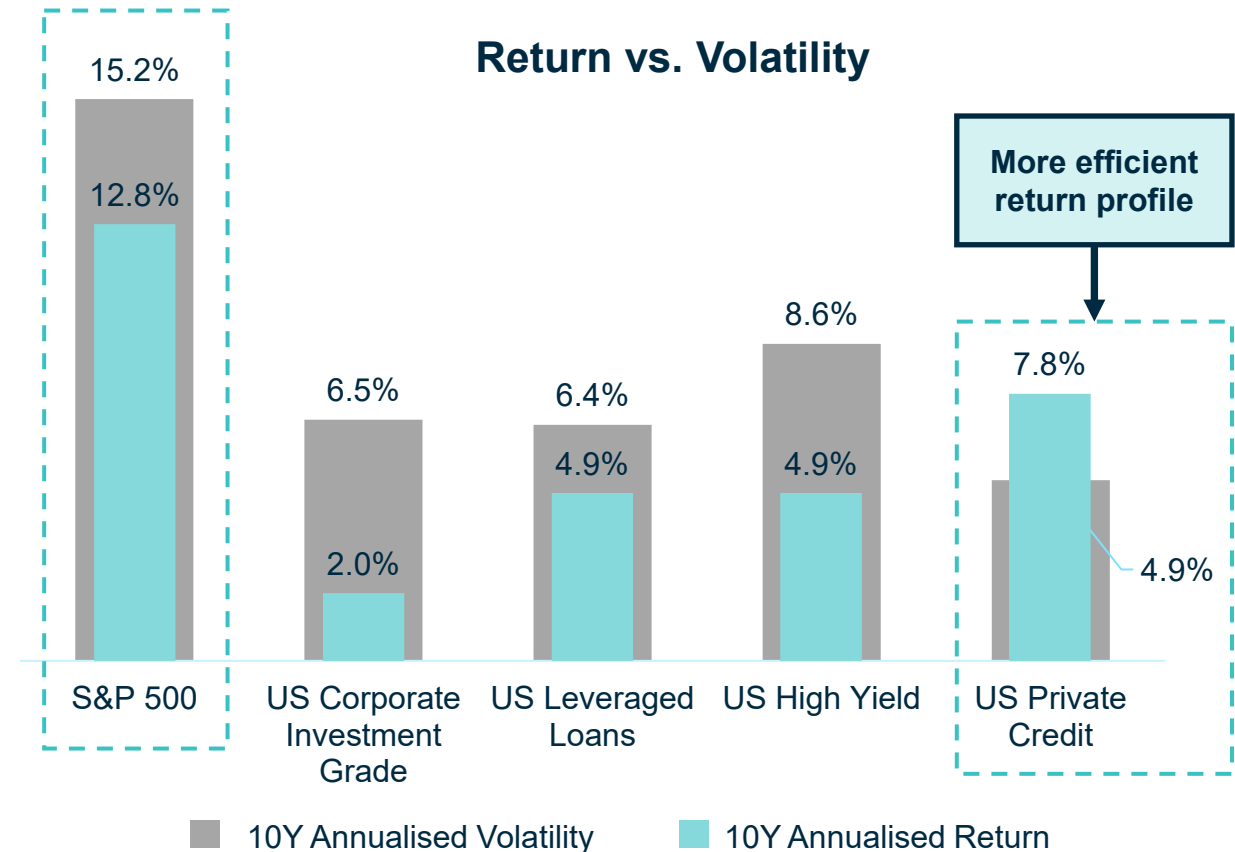
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# WHY IT MAKES SENSE

Global equities and global private credit behave differently – and that difference is what makes them work so well together.

- Historically **superior risk-adjusted returns combined with low correlations** can make private credit an effective diversifier for investment portfolios
- Historical **track record of resilience** versus equities and other fixed income asset classes across economic environments
- Together with global equities, private credit helps power a more balanced portfolio** – blending growth with consistent, reliable income.



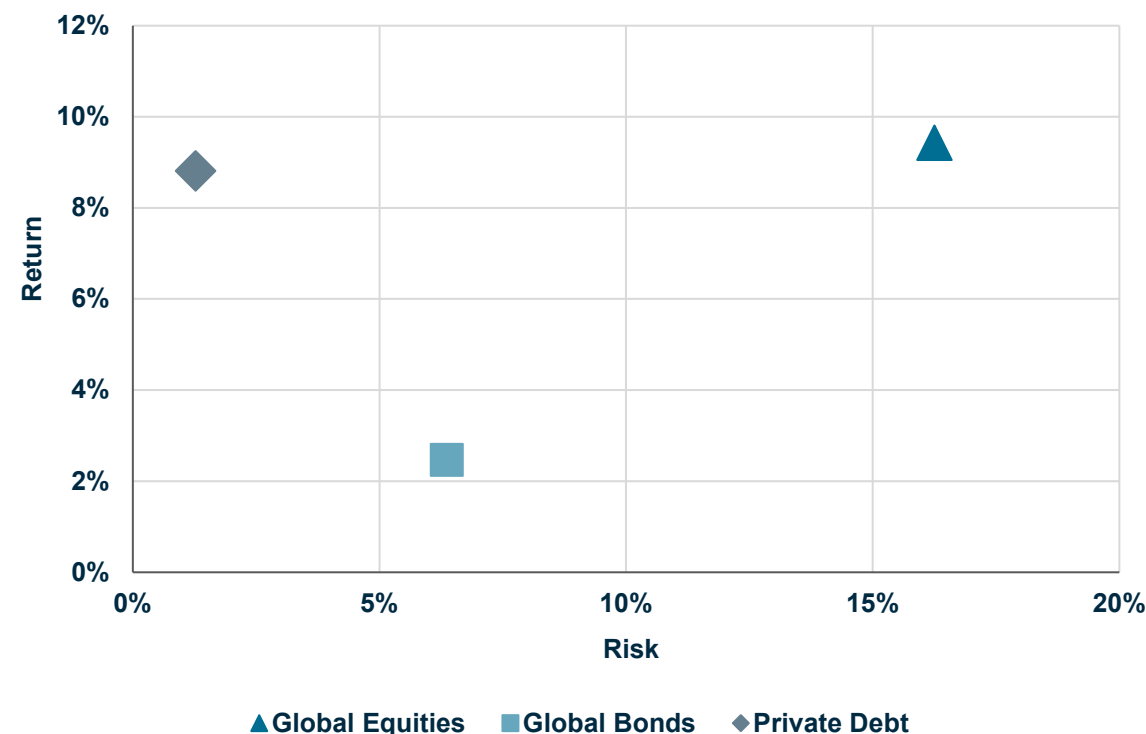
Returns in USD for the 10-year period ending 30 September 2024. Sources: S&P (S&P 500 Total Return Index), Bloomberg (Bloomberg US Corporate Total Return Value Unhedged USD), Burgiss (Burgiss - Private Debt (North America)), and Thomson Reuters Datastream (ICE BofAML US High Yield Master II, S&P Leveraged Loan). S&P, Bloomberg, Burgiss and Thomson Reuters have not provided consent to the inclusion of statements utilising their data. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**

Volatility refers to "Annualised Standard Deviation", a measure of how much the price of an asset or the return of a portfolio of assets has fluctuated (both up and down) over a certain period. If an asset or portfolio of assets has a high Annualised Standard Deviation, the price of the asset or return of the portfolio of assets has historically fluctuated vigorously. If an asset or portfolio of assets has a low Annualised Standard Deviation, the price of the asset or return of the portfolio of assets has historically moved at a steady pace over a period of time.

# MORE RETURN PER UNIT OF RISK

## Adding global private credit improves portfolio efficiency

- Global private credit has historically **enhanced the Sharpe ratio** of diversified portfolios
- It has held up well during equity drawdowns, offering **downside protection**
- Modest allocations to global private credit can lift returns without increasing volatility
- Helps income-focused investors build more resilient portfolios



### Drivers of global private credit outperformance



Attracts a yield premium  
for illiquidity

Typically floating rate, which  
allows yields to adjust with  
base rates

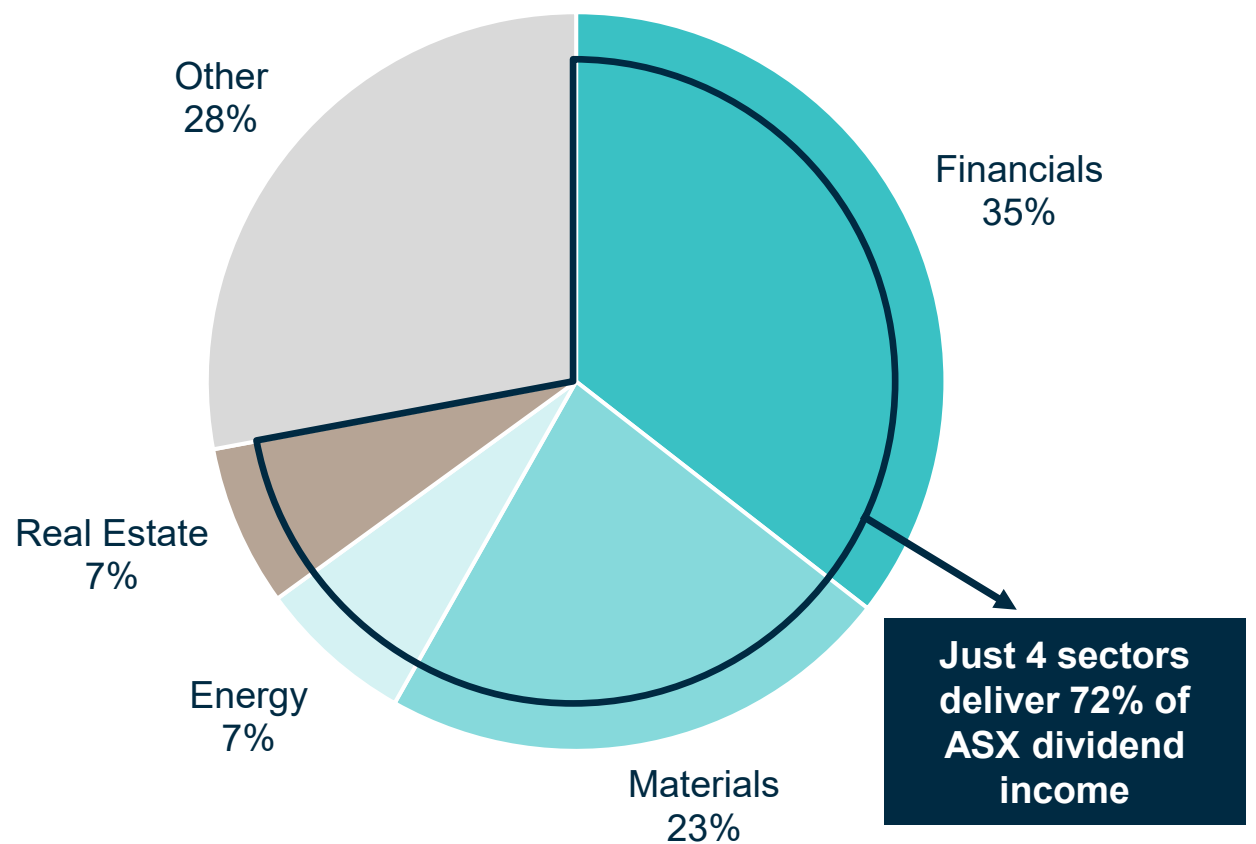
Risk adjusted returns highly  
attractive relative to public fixed  
income

# AN ALTERNATIVE SOURCE OF FRANKED DIVIDENDS

Offering Australian Investors Diversification Beyond a Narrow Dividend Market

- PIA is designed to help Australians **diversify away from the highly concentrated local dividend market.**
- **Most Australian dividend income comes from just a few sectors** – Financials, Materials, Energy, and Real Estate.
- These sectors make up **72% of ASX dividend income<sup>1</sup>**, creating concentrated economic exposure.
- Their **payouts are vulnerable** to interest rates, commodity cycles, and property downturns.

ASX Weighted Dividend Yield<sup>1</sup>



1. ASX weighted dividend yield as at 30 June 2025

# KEY RISKS CONSIDERATIONS

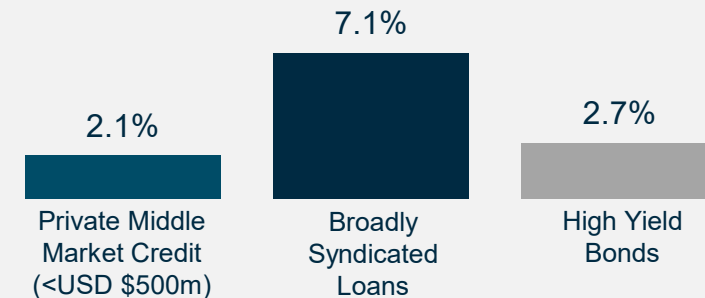
Structural safeguards are in place across multiple dimensions

1. **Leverage:** Debt facility sized at ~33% of total assets.
2. **Return Shortfall Risk:** If private credit returns fall below the loan cost, PCG covers the shortfall up to that level – aligning interests and shielding shareholders.
3. **Interest Rate Risk:** Both the loan and credit assets are floating rate –preserving the pre-tax earnings uplift (equating to ~2% p.a. of NAV) in different rate environments.
4. **Liquidity:** Private credit is illiquid by nature, but the LIC structure avoids daily redemptions – enabling efficient long-term holding through market cycles

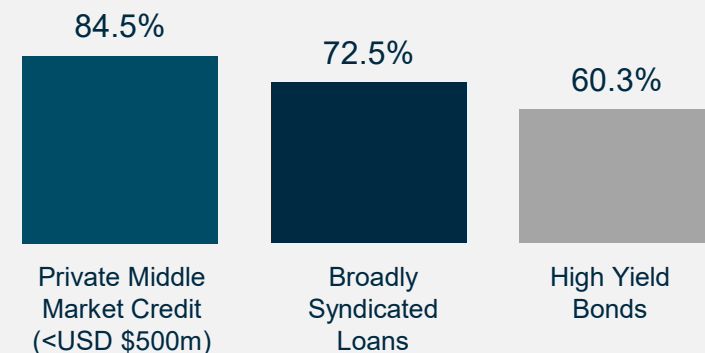
## Global Private Credit Asset Class

*Embedded Risk Controls and Recovery Advantages*

### USD\$ Cumulative Default Rate<sup>1</sup>



### USD\$ Average Annual Recovery Rate<sup>2</sup>



1) KBRA DLD, trailing 12-month period up until 17<sup>th</sup> December 2024.

2) KBRA DLD, implied recoveries average, 1 year prior to default for the trailing 12-month period up until 17<sup>th</sup> December 2024.



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# WHY PIA CAN DO THIS

Structure, scale, and alignment that other vehicles can't match

## Permanent Capital

Enables long-term allocations to illiquid, high-yielding credit without liquidity mismatch

## Profit & Franking Reserve

Smooths distributions and supports consistency through market cycles

## Favourable Corporate Structure

Distributes credit and equity portfolio income as fully franked dividends

## Institutional Access

Invests in high-quality global private credit funds typically unavailable to retail investors

# ENABLED BY THE LIC STRUCTURE

Uniquely positioned to deliver this dual-income strategy

- Managed funds and ETFs must maintain liquidity for redemptions – making it difficult to invest in illiquid assets like Global Private Credit
- PIA faces no such constraints – allowing the company to retain profits, reinvest, and deliver consistent income
- This structure provides investors with:
  - Reliable, tax-efficient, fully-franked distributions
  - Daily tradability via the ASX
  - Access to global private credit without compromising structure
  - Benefits of internal leverage

\* Refers to managed funds offering daily or quarterly liquidity

# GLOBAL PRIVATE CREDIT TEAM

## Pengana Credit



### Pengana Credit

#### Chief Executive Officer

**Nehemiah Richardson**

>30 years financial services experience

Credit Suisse, JPMorgan, Merrill Lynch (now BofA), National Australia Bank and Latitude Financial Services



### Pengana Capital Group

#### Chief Investment Officer

**Nick Griffiths, CFA**

>25 years actuarial and investment experience

Head of Investment Research at Aon Investment Consulting Practice. CIO at Pengana for over 16 years



### Pengana Credit

#### Portfolio Manager

**Adam Rapeport, CFA**

>25 years financial services experience

Head of Market Risk at Investec, Bank of Queensland, Sumitomo Mitsui Banking Corporation

## GUIDING PRINCIPLES

### Diversification is Key

Across geographies, strategies, and managers to enhance resilience and reduce risk



### Manager Quality Matters

Partnering with proven, institutional-grade managers with strong track records and alignment



### Active Management is Essential

Markets evolve, and we actively adjust allocations to manage risk and capture opportunity



### Capital Preservation Comes First

Focus on bilateral senior-secured lending, downside protection, and disciplined risk controls



### Long-term Resilience

Targeting durable income streams across market cycles through thoughtful portfolio construction



# GLOBAL PRIVATE CREDIT TEAM

Mercer



## Experience

Mercer's Private Debt team has extensive experience in all major markets & segments

### 20+ years

experience in Private Debt investment advisory, incl. 12 years of Private Debt portfolio management

### USD\$17.3 billion

Assets under Advisement<sup>1</sup>

### USD\$9.0 billion

Assets under Management<sup>1</sup>

## Access

Mercer uses its size and scale to access a wide range of Private Debt opportunities

### Extensive Database

over 1,300 strategies and 550 managers covered in Mercer's research database

### Experienced Management

Team manage 15 commingled vehicles and separately managed accounts<sup>2</sup>

### 5 Offices / 3 Continents

Global team with local footprint<sup>2</sup>

## Value Add

Investment, operational and commercial benefits

### Research, portfolio construction and governance

### Unique access to Mercer SMAs

Exclusive evergreen vehicles with flexible strategies and attractive terms

### Fee discounts

Leverage Mercer scale and buying power

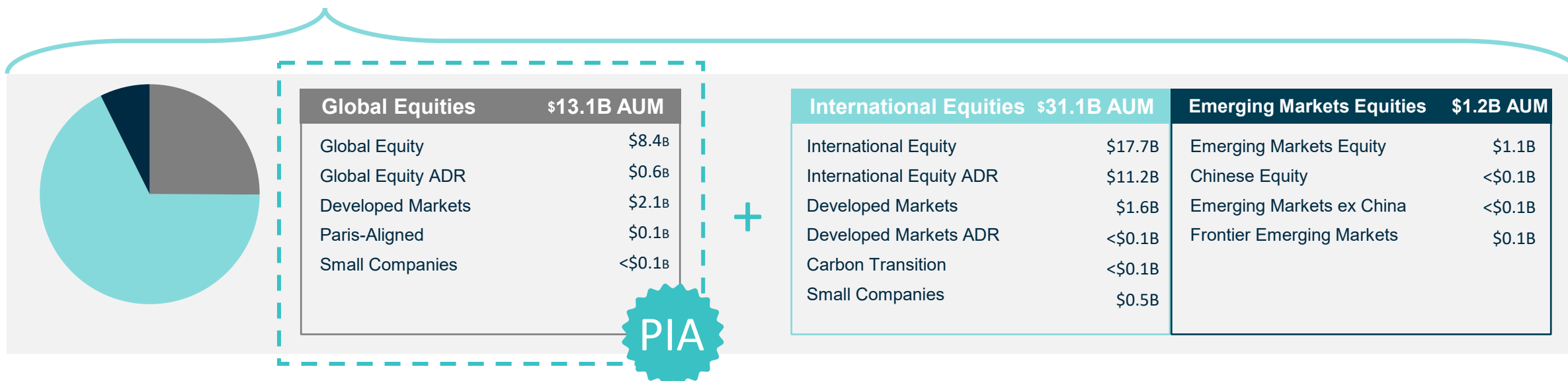
(1) Assets Under Management and Assets Under Advisement as of 30 June 2024. Private markets assets based on committed capital. (2) As of 30 June 2024

# GLOBAL LISTED EQUITIES TEAM

Harding Loevner

Investing in high quality, growing businesses at reasonable prices  
IDENTIFIED THROUGH FUNDAMENTAL RESEARCH WITH A LONG-TERM, GLOBAL PERSPECTIVE  
leads to long term superior risk adjusted returns

- Appointed May 2021
- **34 Year Track Record** – Strategy has been in place since 1989
- Total Assets of **US\$43 Bn<sup>1</sup>**
- Owner led firm with a single investment philosophy
- Full integration of ESG factors
- **Distinct decision-making process.** No investment committee – individual decision making and accountability



# GLOBAL LISTED EQUITIES TEAM

Harding Loevner

Portfolio Guidelines <sup>1</sup>	
Guideline	Limits
Number of Holdings	35-75
Minimum Number of Sectors	7
Maximum in One Sector	25%
Maximum in One Industry	15%
Minimum Number of Markets	15
Maximum in One Security	5%
Maximum Cash	10% (normally ~3%)



Portfolio Outcomes		
	HL Global Equity*	MSCI*
Alpha	0.77%	
Beta	0.90	
R-Squared	0.83	
Standard Deviation	12.51%	12.71%
Tracking error	5.33%	
Information Ratio	0.14	
Sharpe Ratio	0.34	0.27
Upside Capture	94.54%	
Downside Capture	87.88%	

\* Since November 30, 1989 (strategy inception) to March 31, 2025

1. Source: Harding Loevner as of December 31, 2024, subject to change.

2. Source: FactSet, MSCI Inc. Data as of December 31, 2024. Growth and volatility metrics are based on five-year historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians.

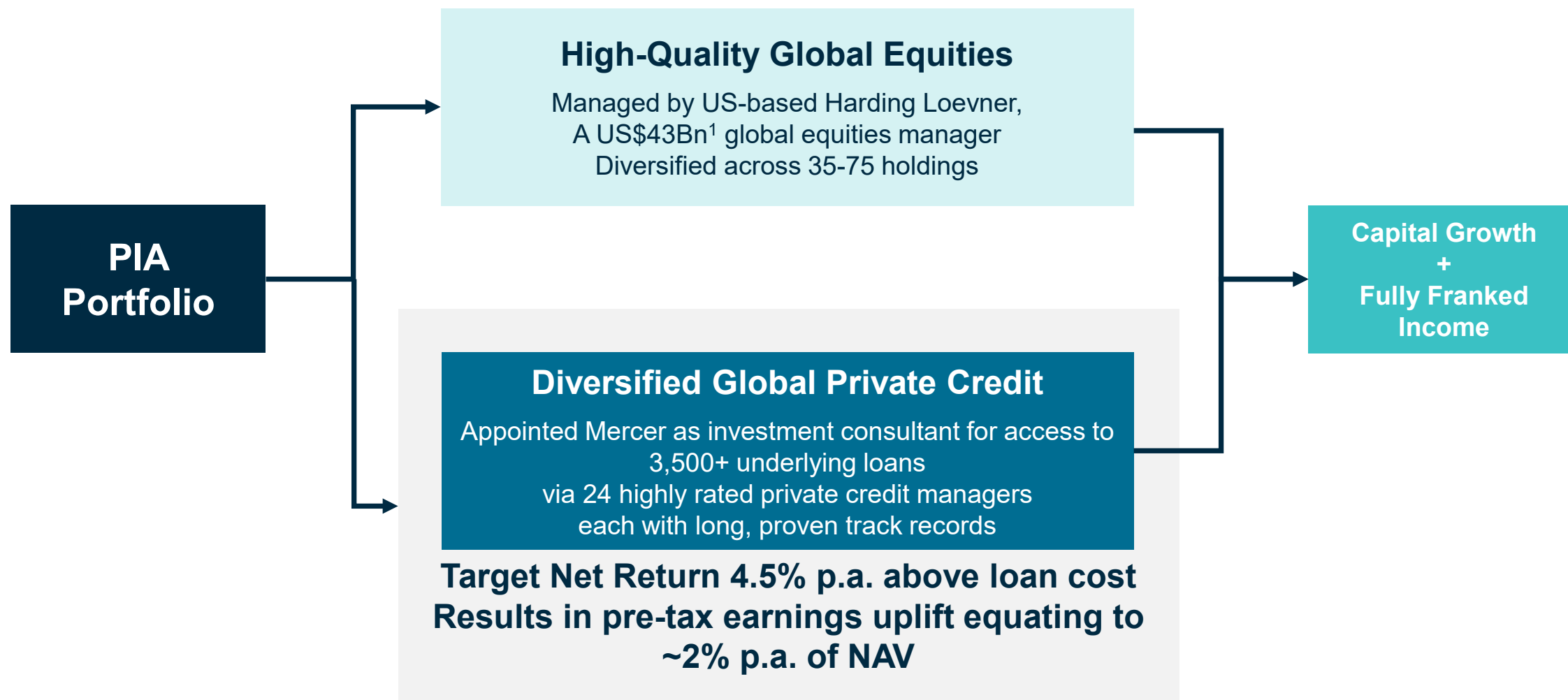


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# PIA PORTFOLIO

A dual-income portfolio blending capital growth and consistent yield



# STRONG ALIGNMENT AND STRUCTURAL DISCIPLINE

Designed to maximise shareholder value with high Target Returns

Feature	Detail
Maximising Shareholder Value	Target Return of 4.5% p.a. above cost of debt
Risk Sharing with PCG	PCG covers cost of debt, receives returns above Target Return
No Base Fees charged by PCG on Private Credit	Increases return efficiency – rare among comparable listed vehicles
Credit Return Net of Fees	Target return is after all costs and underlying manager fees
Strategic Use of Leverage	Structured conservatively and secured against high-quality equities

## Alignment

Zero base fees charged by PCG  
on credit sleeve

## Discipline

High hurdle

## Transparency

Only paid if genuine alpha is  
delivered

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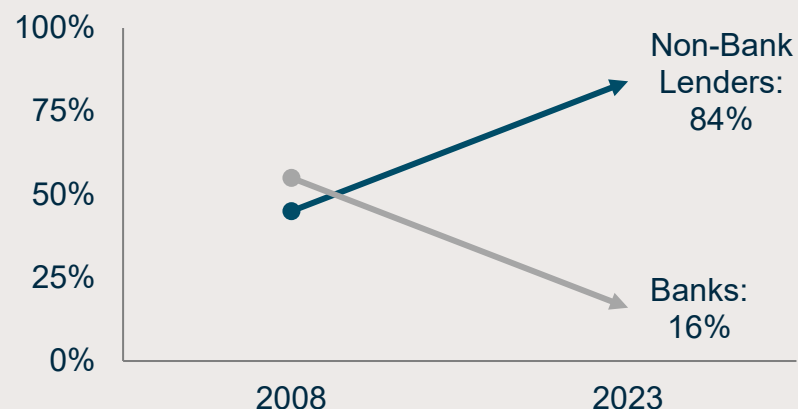
# PENGANA CREDIT

# THE CASE FOR BORROWERS

A growing demand

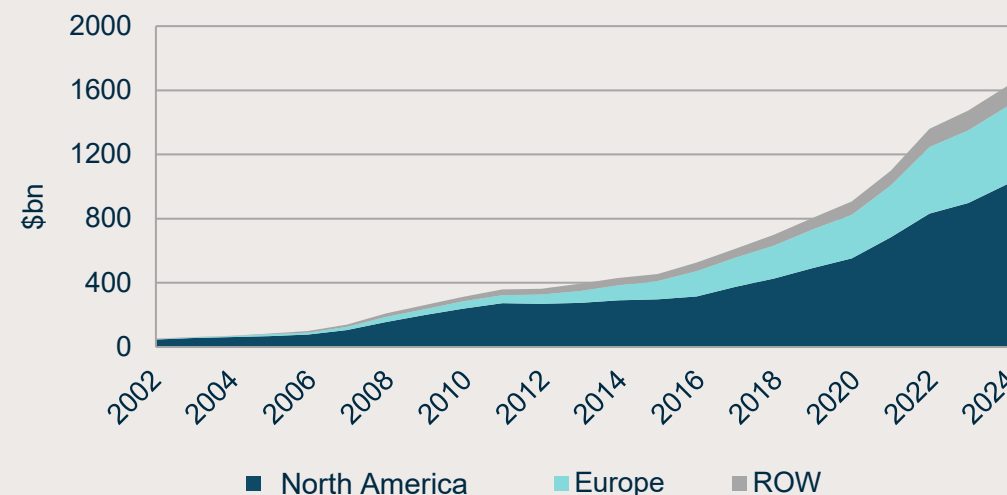
Banks are scaling back lending as regulation decreases their appetite for certain activities

Bank Share of US and European Middle Market Corporate Loans<sup>1</sup>



Private lenders now the first “port of call” for growing subset of borrowers

Global Private Credit – Growth in AUM<sup>2</sup>

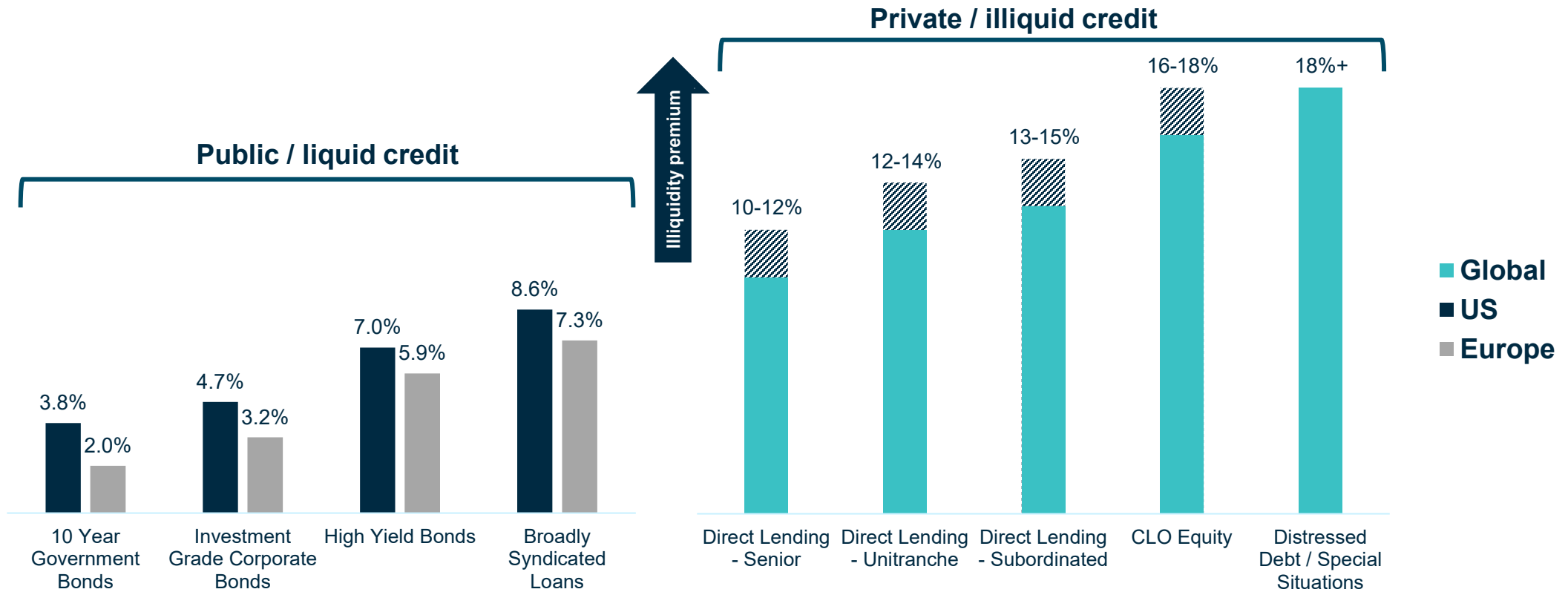


Borrowers increasingly demand flexible solutions that can be quickly and confidentially executed

1. Source: LCD Global Leveraged Lending Review Q3 2023 and Mercer analysis. Calculated as an average between US and European markets. LCD has not provided consent to the inclusion of statements utilising their data.  
2. Source: Preqin. X-axis covers the period between 1 January 2002 and 30 June 2024. Preqin has not provided consent to the inclusion of statements utilising their data.



# HISTORICAL RETURNS: ATTRACTIVE YIELD AND POTENTIAL RETURN ENHANCEMENT



## Drivers of global private credit outperformance



Attracts a yield premium for illiquidity

Typically floating rate, which allows yields to adjust with base rates

Risk adjusted returns highly attractive relative to public fixed income

For illustration purposes and educational purposes only. DataStream and S&P LCD, as at 31 December 2024. Public/liquid credit figures for 10 year government bonds: Bloomberg Barclays US Treasury Bellwether 10 year and Germany Government Stored Yield Curve 10 year; investment grade corporate bonds: Bloomberg Barclays US Corporate Investment Grade and Bloomberg Barclays Euro Aggregate Corporates; high yield bonds: Bloomberg Barclays US High Yield 2% Issuer Cap and Bloomberg Barclays Pan European High Yield; and, broadly syndicated loans: Morningstar LSTA Leveraged Loan 100 Index and Morningstar European Leveraged Loan Index. Private debt spreads are estimates based on the First Avenue Partners LLP Private Debt Overview Q2 2024. DataStream, S&P LCD, and First Avenue Partners LLP have not provided consent to the inclusion of statements utilising their data. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**

# A BROAD OPPORTUNITY SET

Defensive, Diversifying, and Income-Generating

## 1 Direct Lending

**Bilaterally negotiated loans, primarily to companies earning USD\$10-\$250 million EBITDA (“Middle Market”)**

- ❖ **Senior Secured** – these loans have first right to the cash flows and assets of a company for payment of interest and repayment of debts. They will also have additional documented protections (covenants) which help the lender spot problems early and arrange remedies.
- ❖ **Mezzanine** – unsecured loans which only receive payment after Senior Secured lenders have been paid. In return for the subordinated position, the lender is paid a higher rate of interest and often receives additional upside, normally through an equity-linked instrument.
- ❖ **Unitranche** – a single loan combining the characteristics of Senior Secured and Mezzanine loans.

## 2 Structured Credit / Specialty Finance

**A wide range of products that are typically backed by assets**

- ❖ **Structured Credit** – loans typically made to non-bank lenders that are backed by the cash flows from portfolios of financial assets (e.g. lending to companies that provide consumer loans, commercial loans, or trade receivables).
- ❖ **Specialty Finance** – loans typically made to owners of niche assets by lenders with specialised expertise to assess the value of these assets and their cash flows. Examples include:
  - Royalty lending against a pool of pharmaceutical patents or music catalogues; and
  - Loans against cash generative assets like aeroplanes or mining equipment

## 3 Credit Opportunities

**Investing in companies that are experiencing financial distress or are in a state of transition**

- ❖ Strategies involve taking advantage of market dislocations, pricing inefficiencies and or distressed situations
- ❖ The objective of such investments is to benefit from a turnaround in market conditions and/or a distressed company's profitability, either through improved financial performance, refinancing or restructuring
- ❖ Active strategies require a complex set of managerial, legal and operational skills

# THE CASE FOR INVESTORS

## Attractive characteristics of Global Private Credit

### Returns



1

- ❖ Attractive, stable returns with low volatility as illiquidity premium is captured. Returns driven predominantly by yield with capital appreciation available in some strategies
- ❖ Borrowers pay premium for flexibility, speed of execution, customisation, confidentiality, and strategic partnership.
- ❖ Yields are amplified by origination fees.

### Diversification



2

- ❖ Reduced correlation to more traditional liquid asset classes.
- ❖ Potential to create diversified private credit portfolio (lending to different sectors with different terms) further reducing volatility and correlations.
- ❖ Diverse range of investment strategies provide a range of risk/return (stable income to equity-like returns) and liquidity options (varying durations, redemption windows, lock-up periods)

### Resilience



3

- ❖ Loans are typically individually negotiated and structured, allowing the borrower to obtain legally enforceable protections. This leads to lower default rates and higher recovery rates than other fixed income alternatives.

# CONSTRUCTING MULTI-MANAGER PORTFOLIOS



## Construct diverse and resilient portfolios across the Private Credit universe

- **Contractual yield** – anchor portfolios with durable yield and a persistent spread premium
- **Investment strategies** – invest in complementary strategies across the private credit landscape for yield enhancement through economic cycles
- **Minimise concentration** – build highly diversified portfolios to reduce idiosyncratic risk



## Build flexibility to manage through the cycle

- **Dynamic credit allocation** – select strategies that can move with market cycles – “all-weather”
- **Macro aware** – target areas where there is a structural capital supply/demand imbalance
- **Robust toolkit** – seek access to managers with multiple capabilities across their platform to enhance optionality



## Incorporate best in class managers

- **Manager selection** – seek managers with competitive advantages across sourcing, alignment and track record
- **Fees** – leverage Mercer’s scale for the benefit of clients
- **Structure** – emphasise funds that are capital efficient i.e. leverage / capital allocation



## Five pillars of Private Debt

- **Direct lending** – private loans made to performing companies
- **Structured Credit** – backed by a pool of underlying collateral
- **Specialty Finance** – niche lending that requires specialized knowledge
- **Real Asset Lending** – lending to companies that own and operate real assets (e.g., real estate, infrastructure)
- **Credit Opportunities** – loans made during market dislocation

# GLOBAL PRIVATE CREDIT PORTFOLIO COMPOSITION

Constructed to support risk/return and liquidity objectives

<p>GPC Target allocations:</p> <ul style="list-style-type: none"> <li><b>Total Return: 25 – 45%</b></li> <li><b>Balanced: 10 - 30%</b></li> <li><b>Income: 30 - 50%</b></li> <li><b>Enhanced Cash and Cash: 0 – 10%</b></li> </ul> <p>Allocation to 24 US and European funds <b>diversified</b> across <b>geography, strategy and seniority</b></p> <p>Exposure to <b>more than 3,500</b> underlying loans</p>	<p>Master Class</p> <p>Characteristics</p> <p>Fund Structure</p> <p>Investment Objectives</p>	Income	Balanced	Total Return
		Income focus, through cash coupons	Exploit the broader private credit opportunity set	Equity-like returns through debt investments
		Capital preservation/seniority in capital structure	Higher contractual returns	Capitalise on dislocations – market volatility, liquidity mismatch or episodes of stress/distress
		Line-item diversification paramount to low correlation and concentration	Seek further diversification to reduce credit market correlation	Opportunities more abundant during broader periods of market stress
		Appropriate use of leverage enhances returns	Evolve portfolio actively in line with environment	
		Generally open-ended or evergreen funds with regular liquidity windows	Generally evergreen funds	Generally closed-ended funds
		Contractual income	Mainly contractual income	Contractual income and equity

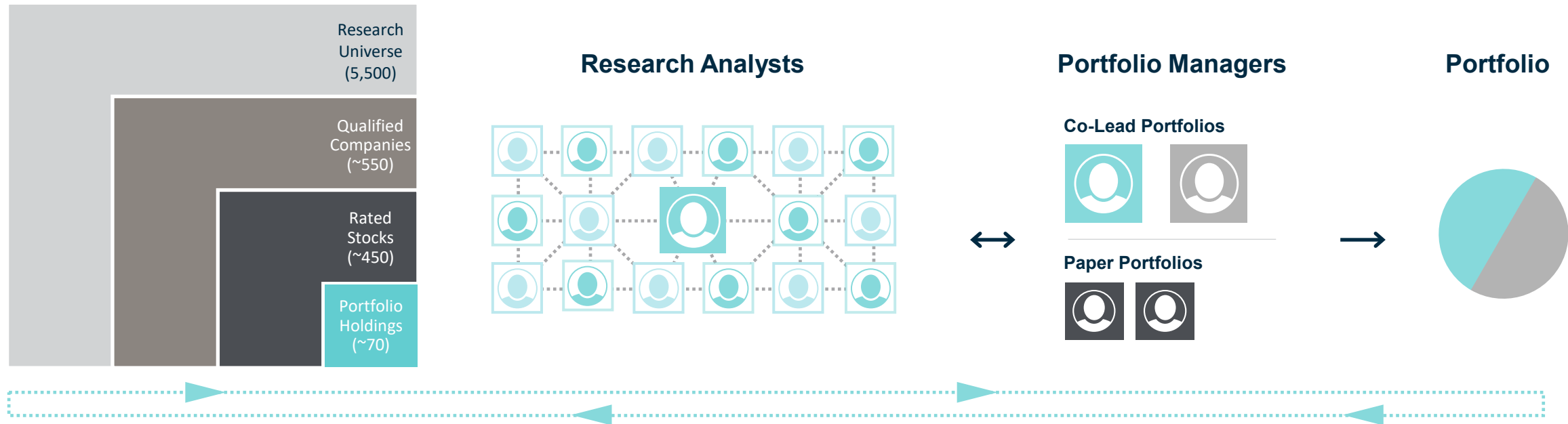


**HARDING LOEVNER**



# OUR SECRET SAUCE: COLLABORATION WITHOUT CONSENSUS

Structure, transparency, debate, and individual accountability lead to better decisions.

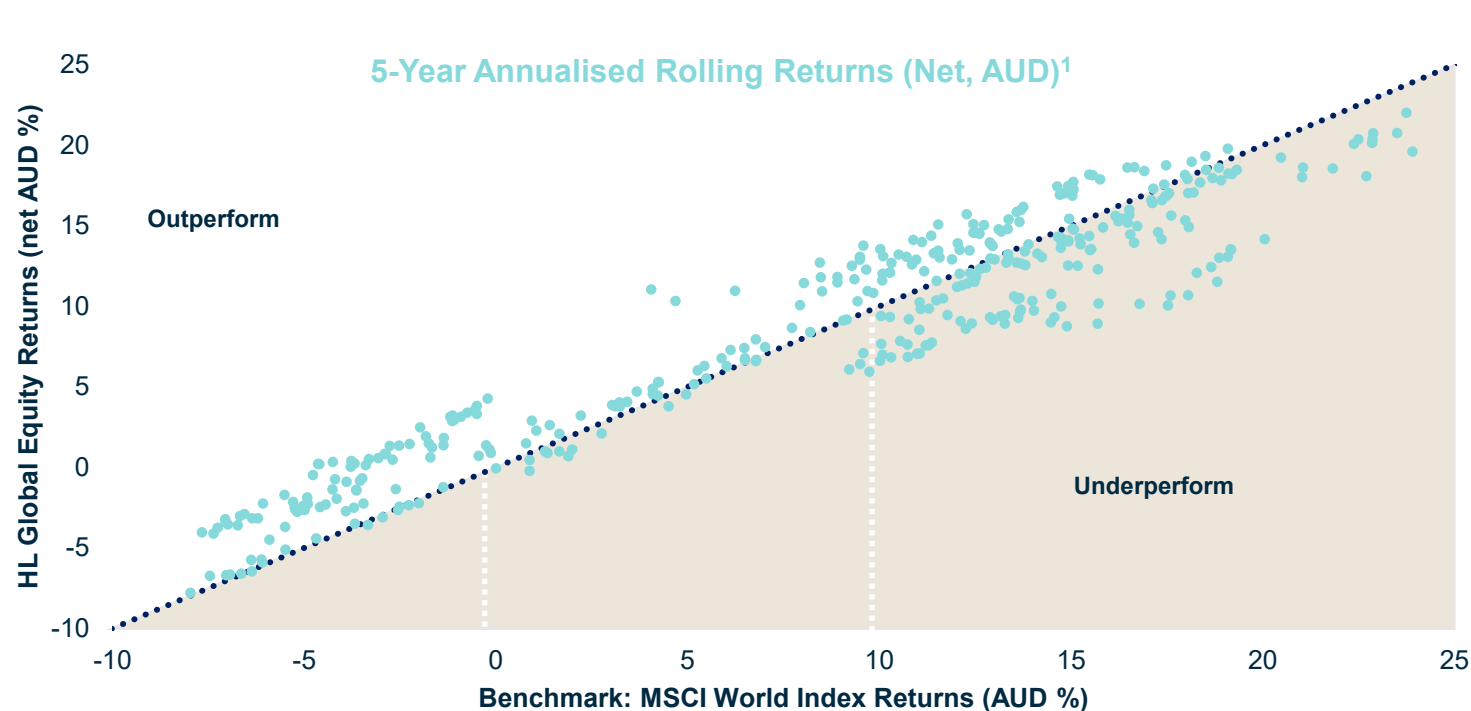


- Structure
- Debate
- Transparency
- Individual Accountability

- Mitigate Human Bias
- Better Decisions
- Align Our Objectives with Clients

# HARDING LOEVNER'S CONSISTENT RESULTS

Our decision-making has produced a distinctive pattern of performance



## HL Outperformance Frequency<sup>2</sup> (All Periods: 56%)

**Falling Markets**  
MSCI < 0  
94%

**Moderate Markets**  
0 < MSCI < 10  
54%

**Strong Markets**  
MSCI > 10  
32%

	HL Global Equity*	MSCI*
Alpha	0.74%	
Beta	0.90	
R-Squared	0.83	
Standard Deviation	12.50%	12.71%
Tracking error	5.32%	
Information Ratio	0.14	
Sharpe Ratio	0.35	0.28
Upside Capture	94.28%	
Downside Capture	87.67%	

\*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 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions. MSCI refers to the MSCI 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 June 30, 2025
2. 5-Year Annualised Rolling Returns

# TOP 10 POSITIONS BY ACTIVE WEIGHT %

As at June 30, 2025

		ASX:PIA	MSCI WORLD	ACTIVE WEIGHT
<b>NETFLIX</b>	Netflix, Inc.	4.0	0.8	3.2
<b>Schneider Electric</b>	Schneider Electric SE	3.3	0.2	3.1
<b>VERTEX</b>	Vertex Pharmaceuticals Incorporated	3.1	0.2	2.9
<b>Alphabet</b>	Alphabet Inc.	4.0	1.4	2.6
<b>Tradeweb</b>	Tradeweb Markets	2.5	0.0	2.5
<b>JOHN DEERE</b>	Deere & Company	2.7	0.2	2.5
<b>Tencent</b>	Tencent Holdings Ltd.	2.4	0.0	2.4
<b>CME Group</b>	CME Group Inc.	2.5	0.1	2.3
<b>HEICO</b>	HEICO Corporation	2.2	0.0	2.2
<b>SONY</b>	Sony Group Corporation	2.4	0.2	2.2

# PORTFOLIO EXPOSURES

As at June 30, 2025

Sector	(ASX:PIA) %	MSCI World %	Under/Over %
Communication Services	15.1	8.5	6.6
Industrials	17.1	11.4	5.7
Health Care	14.9	9.5	5.4
Consumer Discretionary	9.6	10.1	-0.6
Real Estate	1.1	2.0	-0.9
Information Technology	24.3	26.2	-1.9
Materials	0.9	3.2	-2.3
Utilities	-	2.6	-2.6
Energy	-	3.5	-3.5
Consumer Staples	1.8	6.0	-4.2
Financials	11.7	17.1	-5.3
Cash	3.5	-	3.5

Region	(ASX:PIA) %	MSCI World %	Under/Over %
Asia	13.7	6.3	7.4
Mid East	-	0.1	-0.1
West Europe	16.2	16.3	-0.2
Pacific	-	1.8	-1.8
North America	66.7	75.5	-8.8
Cash	3.5	-	3.5

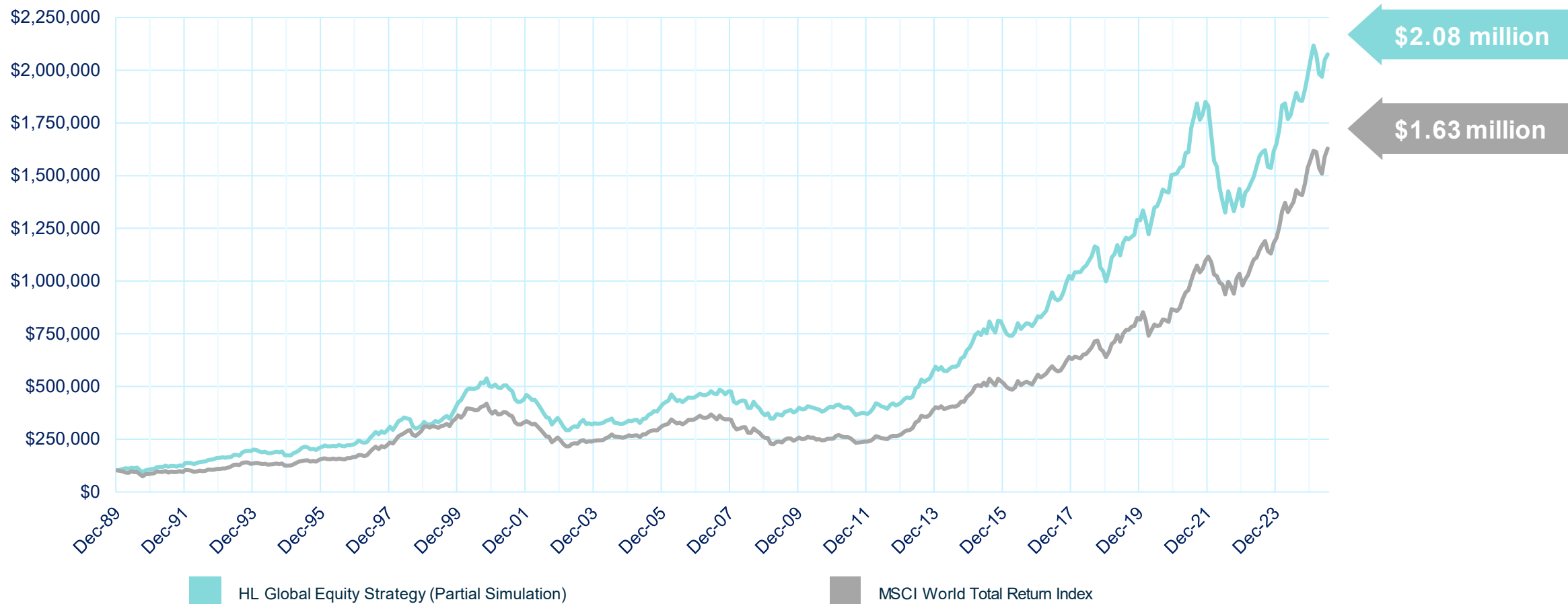
\*MSCI World refers to the MSCI World Total Return Index (Net, AUD).

\*\*Region as per country of risk

Source: Pengana, FactSet

# HARDING LOEVNER GLOBAL EQUITY PERFORMANCE

Growth of \$100,000 invested since inception<sup>1</sup> (net, AUD) to June 30, 2025



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 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions. 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 June 30, 2025

# HARDING LOEVNER GLOBAL EQUITY PERFORMANCE

Performance (net %, AUD) as at June 30, 2025

	1M	3M	6M	1Y	2Y (pa)	3Y (pa)	4Y (pa)	5Y (pa)	7Y (pa)	10Y (pa)	SI <sup>1</sup> (pa)
<b>HL Global Equity Strategy (Partial Simulation)<sup>2</sup></b>	1.2	4.7	1.3	12.6	14.2	16.1	4.7	8.9	9.5	10.7	8.9
<b>MSCI World Total Return Index</b>	2.4	6.0	3.4	18.5	19.1	20.2	12.9	15.7	13.5	12.4	8.2
<b>Excess</b>	-1.2	-1.3	-2.1	-5.9	-4.9	-4.1	-8.2	-6.8	-4.0	-1.8	0.7

1. November 30, 1989 (strategy inception)

2. 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 1.23% p.a. and performance fee of 15.38% of any return greater than the Benchmark. The simulation does not include the Pengana ethical screen. Net performance figures are after all fees and expenses and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance, the value of investments can go up and down



# COMPLETED PORTFOLIO TRANSACTIONS

Trailing 12 Months as of 30 June 2025

	Q3-24	Q4-24	Q1-25	Q2-25
Positions Established	<div>Compass Group PLC</div> <div>Alfa Laval AB</div>	<div>Alimentation Couche-Tard Inc.</div> <div>DBS Gracoup Holdings Ltd</div> <div>NVIDIA Corporation</div> <div>Royal Dutch Shell Plc</div>	<div>AMETEK Inc</div> <div>HEICO Corporation</div> <div>Amphenol Corporation Class A</div> <div>ASML Holding NV</div> <div>Shenzhen Mindray Bio-Medical Electronics Co</div> <div>Trade Desk Inc. Class A</div>	<div>Johnson &amp; Johnson</div> <div>Progressive Corporation</div> <div>Visa Inc. Class A</div> <div>Disco Corporation</div>
Positions Sold	<div>ASML Holding NV ADR</div> <div>Costco Wholesale Corporation</div> <div>L'Oreal S.A.</div> <div>Spirax Group plc</div>	<div>B3 SA – Brazil, Bolsa, Balcao</div> <div>Intuitive Surgical, Inc.</div> <div>Kering S.A.</div> <div>Pinterest, Inc. Class A</div>	<div>Adyen NV</div> <div>Apple Inc.</div> <div>MISUMI Group Inc</div> <div>Repligen Corporation</div> <div>Rockwell Automation Inc.</div> <div>Scout24 SE</div>	<div>UnitedHealth Group Incorporated</div>

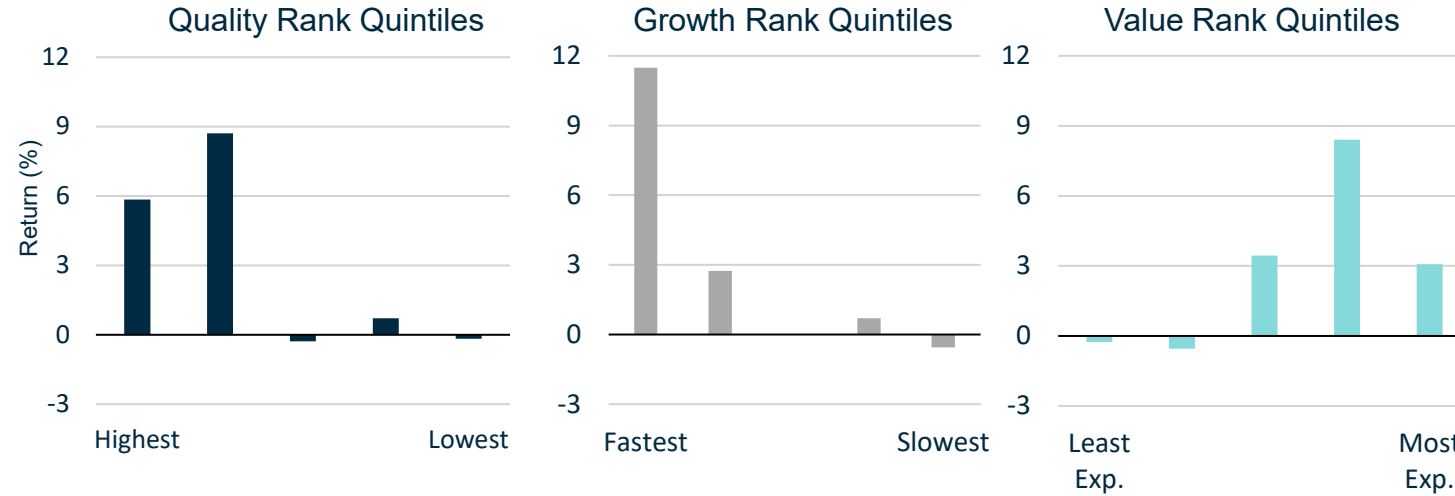
- Portfolio Turnover (5-year annualized average): 31.3%

The portfolio is actively managed therefore holdings shown may not be current. The portfolio holdings identified above do not represent all of the securities held in the portfolio. It should not be assumed that investment in the securities identified has been or will be profitable. To request a complete list of portfolio holdings for the past year, contact Harding Loevner. Holdings are shown as supplemental information only and complement the fully compliant Global Equity Composite GIPS Presentation. Please read the disclosures, which are an integral part of this presentation.

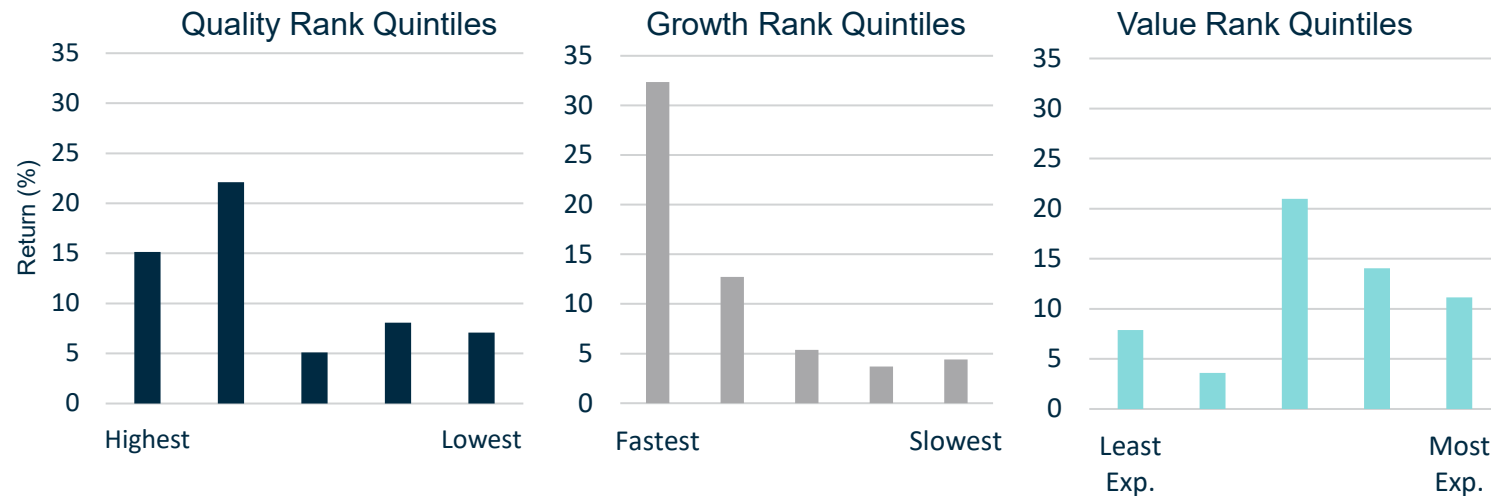
# STYLE RETURNS

## MSCI ACWI Index Total Returns by Quality, Growth, and Value Rank

2Q24



Year to Date



# IN-DEPTH RESEARCH

Analysts assess business quality using our standardized framework.

**ThermoFisher**  
SCIENTIFIC

## Company Example: Thermo Fisher Scientific (Life sciences tools and services)

### Quality Assessment Framework

#### Competitive Advantage

- Threat of new entrants
- Threat of substitution
- Bargaining power of buyers
- Bargaining power of suppliers
- Intensity of rivalry

#### Sustainable Growth

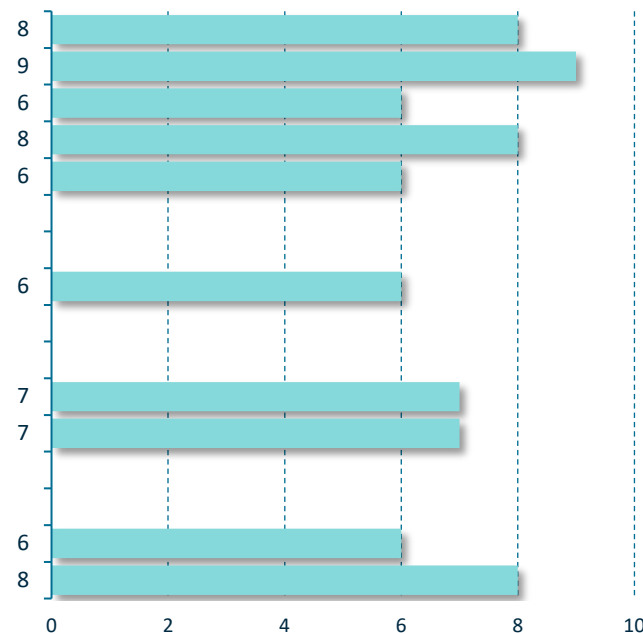
- Growth persistence & variability

#### Financial Strength

- Free cash flow strength
- Balance sheet strength

#### Quality Management

- Foresight & change management
- ESG risk factors



Total Score: 71

### Analyze Porter forces and relative advantages (Industry, strategic group, and company)

- Economies of scale and access to distribution allows the company to meet a diverse set of customer needs

### Examine the long-term trends and variability of growth.

- Funding for life science research and biopharma manufacturing supports long-term growth outlook

### Assess its ability to fund sustainable growth.

- Strong balance sheet and cash flow generation

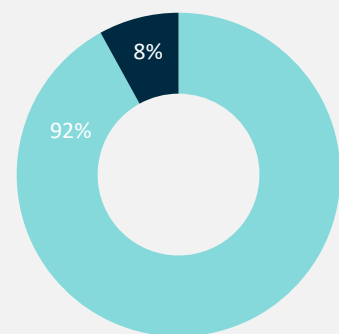
### Evaluate management's track record and stated goals.

- Long-tenured team exhibits foresight in acquisitions which have expanded addressable market opportunity
- Limited ESG-related concerns, though company could improve reporting around its environmental footprint



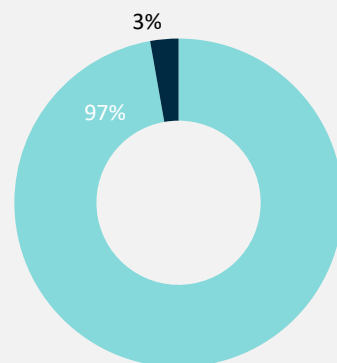
# HL GLOBAL EXPOSURE TO CHINA

HL Global by Revenues



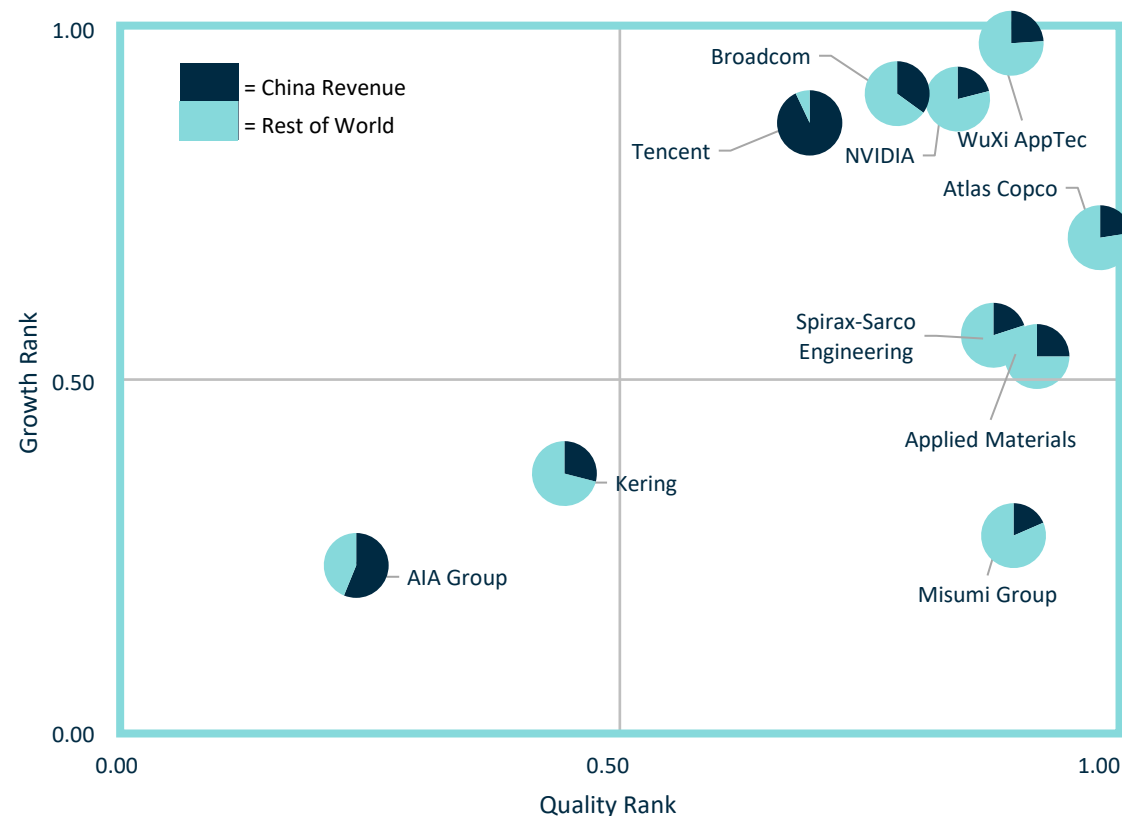
Rest of World China

HL Global by Weight



HL Global Model: 10 Holdings with Highest China Revenue Exposure

(Pie = Revenue Mix, Plot = Quality & Growth Rank)



# INDUSTRIALS: STRENGTHENING SECULAR GROWTH



**New geopolitical realities**



**Industrial policy**



**Advances in industrial digital technologies**



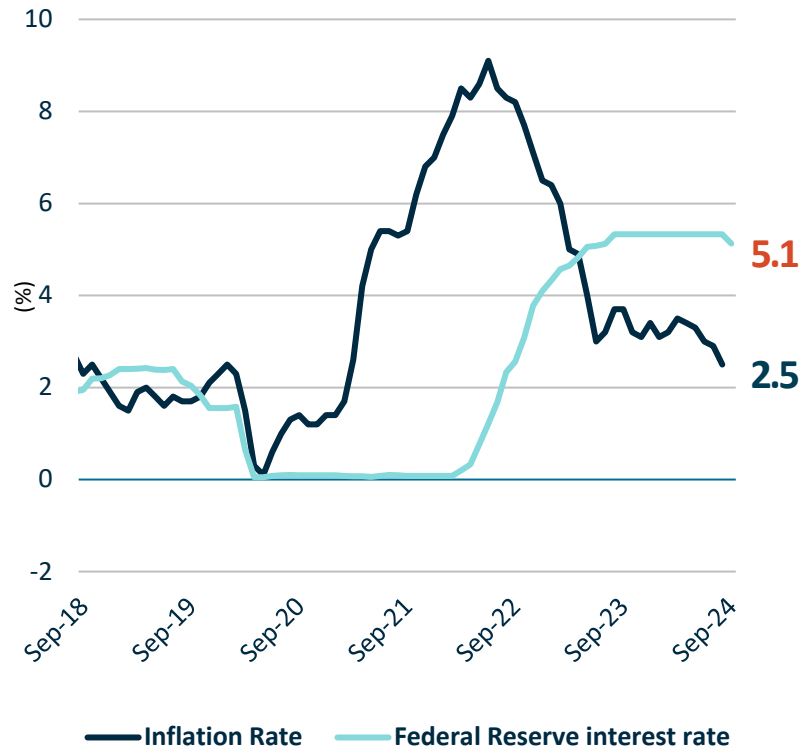
**Energy transition**



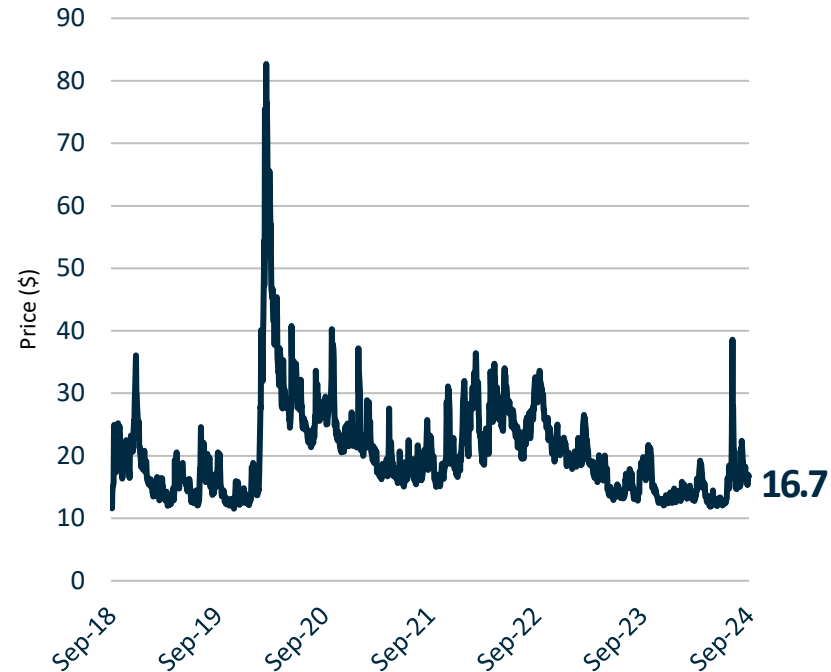
# CURRENT MARKET ENVIRONMENT

Inflation and interest rate declines support market rise, but valuations are discounting little risk.

## US Inflation and Federal Reserve Rate



## VIX Index



## What's On Our Minds

- Inflation Abating
- US Fed and ECB Cut Rates
- Implied Volatility Back to Lows
- US-China Tensions
- Conflicts in Ukraine and Middle East
- Stock Markets at All-Time Highs

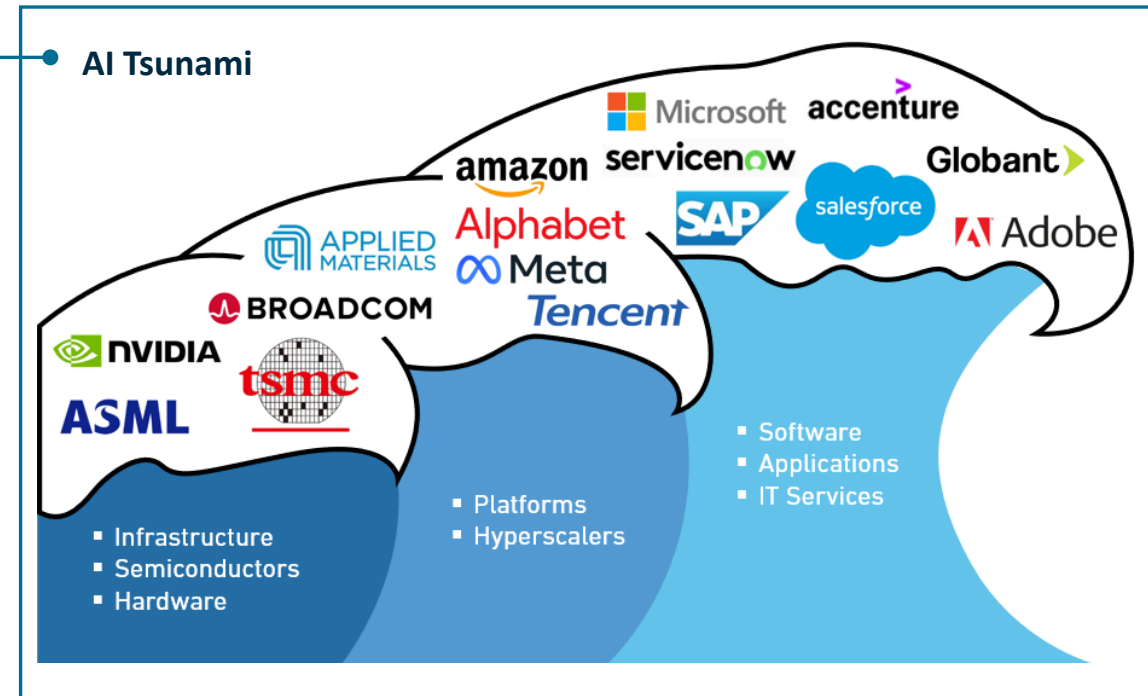
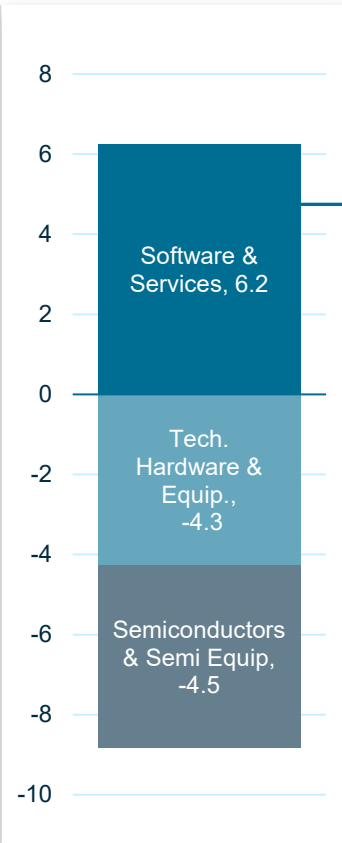


# INFO TECH: BEYOND CHIPS & EQUIPMENT

AI Tsunami moving from chips to platforms to software & services

PIA Global Active Weights

Sector	PIA %	Under / Over
Communication Services	15.1	■
Industrials	17.1	■
Health Care	14.9	■
Consumer Discretionary	9.6	■
Real Estate	1.1	■
Information Technology	24.3	■
Materials	0.9	■
Utilities	-	■
Energy	-	■
Consumer Staples	1.8	■
Financials	11.7	■
Cash	3.5	■

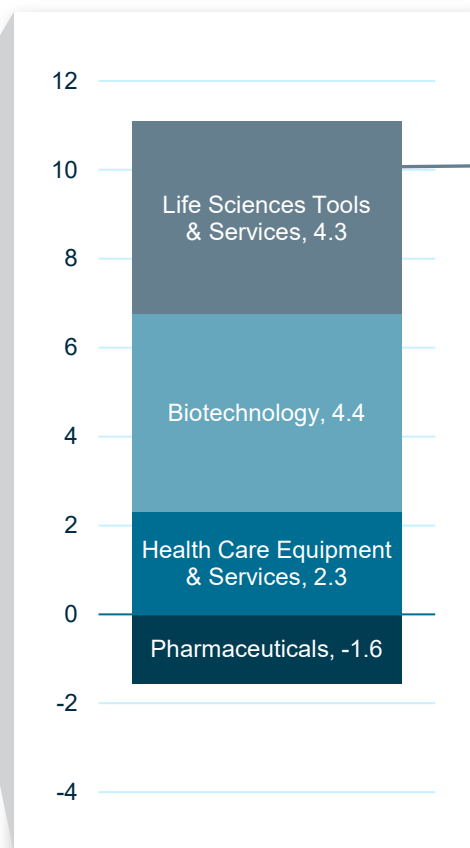


# HEALTH CARE: BEYOND BIG PHARMA

## Bioprocessing and Diagnostics: A Return to Robust Growth

### PIA Global Active Weights

Sector	PIA %	Under / Over
Communication Services	15.1	■
Industrials	17.1	■
Health Care	14.9	■
Consumer Discretionary	9.6	■
Real Estate	1.1	■
Information Technology	24.3	■
Materials	0.9	■
Utilities	-	■
Energy	-	■
Consumer Staples	1.8	■
Financials	11.7	■
Cash	3.5	■



### Bioprocessing & Diagnostics Holdings

**ThermoFisher**  
SCIENTIFIC

 **danaher**

 **REPLIGEN**

Increased Exposure in the Last Year

# DISTINCT PORTFOLIO

Significant active weights in high-quality, durable growth businesses

## Quality Assessment Framework

### Competitive Advantage

- Threat of new entrants
- Threat of substitution
- Bargaining power of buyers
- Bargaining power of suppliers
- Intensity of rivalry

### Sustainable Growth

- Growth persistence & variability

### Financial Strength

- Free cash flow strength
- Balance sheet strength

### Quality Management

- Foresight & change management
- ESG risk factors



### Company Description

- Global leader in energy management equipment and services and industrial automation.

### Industry Structure

- Consolidated industry: top 5 companies command 70%+ share of the low and medium voltage market.

### Competitive Advantage

- Powerful distribution network selling to over 100,000 electricians who are focused on reliability over price.

### Sustainable Growth

- Increased customer focus on energy efficiency is driving demand for Schneider's equipment, services and solutions.
- Slowdown in globalization is accelerating long-term transition to increased automation of manufacturing.
- Data center and software solutions are now 25% of sales, fueling accelerating growth and margin expansion.



### Company Description

- The dominant platform for social interaction with over 3 billion engaged daily users.

### Industry Structure

- Meta has overcome both regulatory and competitive pressure (Apple/IDFA) to maintain lead in the growing digital ad market.
- TikTok threat seems to be diminishing given Reels has grown scale and engagement recently.

### Competitive Advantage

- Leveraging its leading platforms to monetize its unparalleled and expanding audience through ads, e-commerce, payments, gaming and more.

### Sustainable Growth

- Meta's aggressive push into AI with its open-source world class LLMs is enhancing current business and will likely lead to new monetization opportunities with its individual and business customers.

# DISTINCT PORTFOLIO

Significant active weights in high-quality, durable growth businesses

## Quality Assessment Framework

### Competitive Advantage

- Threat of new entrants
- Threat of substitution
- Bargaining power of buyers
- Bargaining power of suppliers
- Intensity of rivalry

### Sustainable Growth

- Growth persistence & variability

### Financial Strength

- Free cash flow strength
- Balance sheet strength

### Quality Management

- Foresight & change management
- ESG risk factors



### Company Description

- Biopharmaceutical company with dominant share in the treatment of cystic fibrosis.

### Industry Structure

- Over 90% market share in the treatment of cystic fibrosis.

### Competitive Advantage

- Deep understanding of the causal biology to develop drugs with transformative benefit, regardless of modality.
- Continuous innovation to rapidly bring improved candidates into the clinic to protect CF moat.

### Sustainable Growth

- Promising pipeline novel treatments, including a gene editing therapy for sickle cell disease and Suzetragine for pain.
- With \$10.2 billion net cash, Vertex can make value-added acquisitions, such as recent purchase of Alpine Immune Sciences.

# NETFLIX

### Company Description

- Leading subscription video on demand platform in every market in which it operates, with over 270 million subscribers.

### Industry Structure

- Structural growth industry gaining share from traditional TV.
- Recently the largest platforms – Netflix, Disney+, Hulu, and AppleTV – have improved capital discipline and raised prices.

### Competitive Advantage

- Netflix's global scale and vast content library enable it to build on its content lead at the lowest cost base per user vs peers.

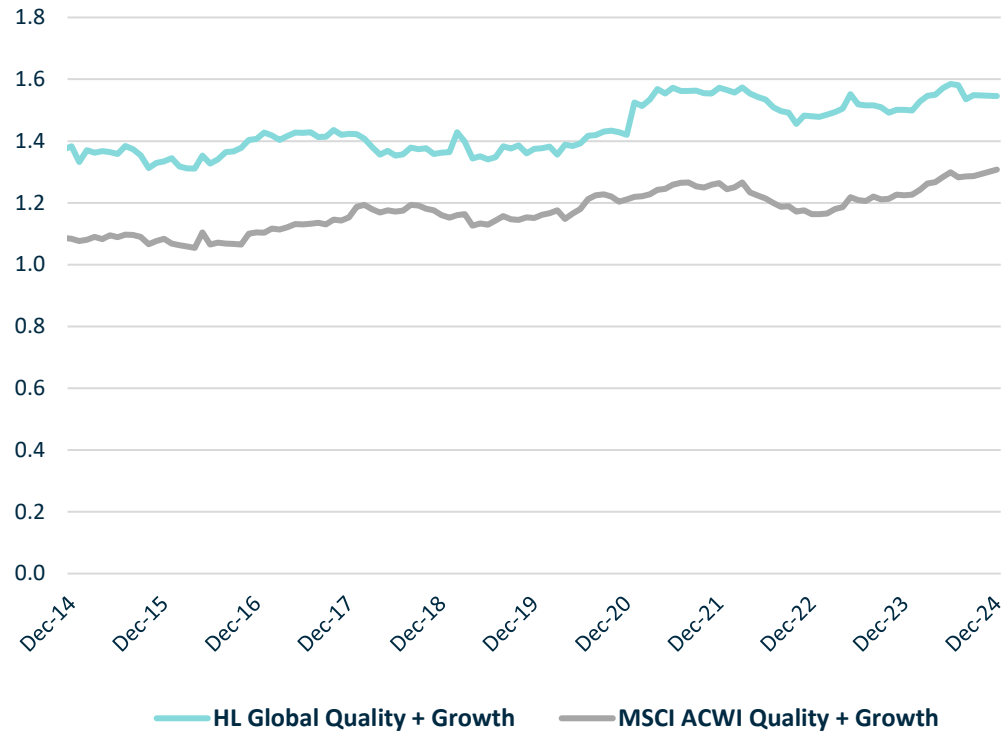
### Sustainable Growth

- Secular trend from traditional TV to streaming video and international expansion continue to fuel long-term growth.
- Crack down on account sharing, increased pricing, and lower fee ad-supported subscriptions provide incremental growth.

# RISING QUALITY STANCE AT LOWER VALUATIONS

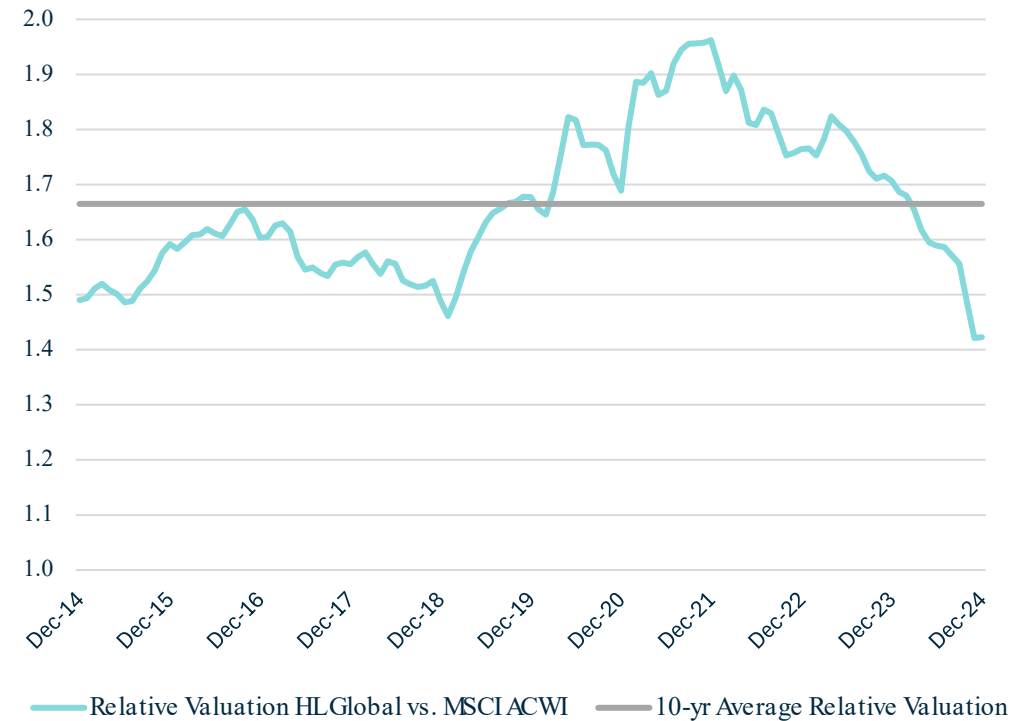
We have maintained our quality and growth premium while lowering relative valuation

Quality + Growth Rank Profile



Relative Valuation
































Equal-weighted Composite of Relative P/E, P/B, and P/CF



# THE HARDING LOEVNER INVESTMENT TEAM

Diverse perspectives, deep industry knowledge, and broad global coverage.

## Global Sector and Regional Analysts

31 Analysts							
23 Avg. years experience							
11 Avg. years at HL							
22 Advanced degrees							
23 CFA® charter holders							

## Investment Team Management

Ferrill Roll, CFA  
Chief Investment Officer

Yoko Sakai, CFA  
Director of Research

David Glickman, CFA  
Co-Deputy Director of Research

Scott Crawshaw  
Chief of Staff, Investments

Tim Kubarych, CFA  
Co-Deputy Director of Research

## Portfolio Team



Jingyi Li

Richard  
Schmidt,  
CFA

Sean  
Contant, CFA

Moon  
Surana, CFA

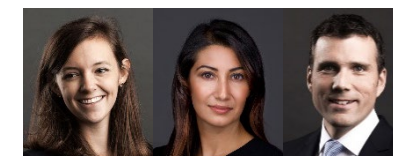
Co-Lead

Co-Lead

Global Paper

Global Paper

## Portfolio Specialists



Hannah  
Hastings, CFA

Apurva  
Schwartz

Raymond Vars,  
CFA



# **PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)**

## **FOR MORE INFORMATION**

[pengana.com/pia](http://pengana.com/pia)

### **PENGANA INVESTMENT MANAGEMENT LIMITED**

**ABN 69 063 081 612  
AFSL 219462**

Suite 1, Level 27,  
Governor Phillip Tower, 1 Farrer Place,  
Sydney, NSW, 2000

T: +61 2 8524 9900

F: +61 2 8524 9901

**PENGANA.COM**

### **CLIENT SERVICE**

T: +61 2 8524 9900

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