

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, that exists 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 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.

STATISTICAL DATA

VOLATILITY³ 10.5%

NUMBER OF STOCKS 67

BETA⁴ 0.79

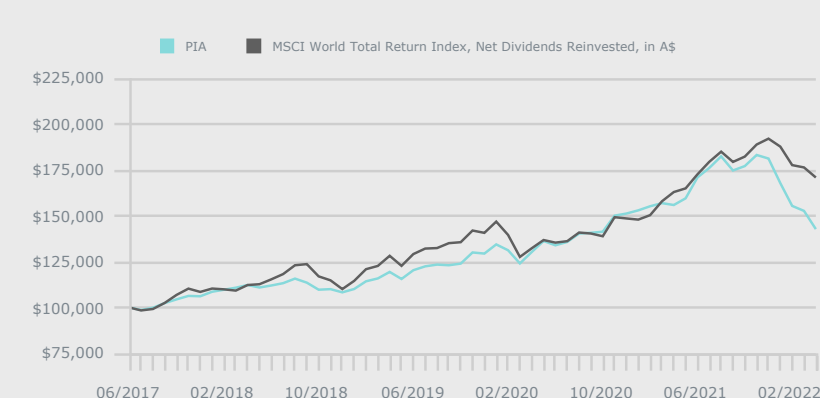
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2022¹

	1M	1Y	3Y	Pengana SI July 2017 ¹
(ASX: PIA)	-6.5%	-8.4%	6.1%	7.6%
Index ²	-3.1%	4.9%	10.1%	11.7%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
Amazon	Consumer Discretionary
AMETEK Inc	Industrials
Deere & Co	Industrials
First Republic Bank	Financials
Microsoft	Information Technology
Schneider Electric SE	Industrials
SVB Financial Group	Financials
UnitedHealth Group Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	7.3%
Consumer Staples	1.7%
Financials	13.8%
Health Care	23.5%
Industrials	15.7%
Information Technology	23.4%
Real Estate	1.3%
Communication Services	8.9%
Cash	4.3%

CAPITALISATION BREAKDOWN

Under 5bn USD	1.9%
In between 5bn - 10bn USD	2.4%
In between 10bn - 50bn USD	36.5%
In between 50bn - 150bn USD	22.3%
In between 150bn - 500bn USD	20.3%
Above 500bn USD	12.3%
Cash	4.3%

REGION BREAKDOWN

Australia/New Zealand	0.8%
North America	61.3%
Europe ex-UK	14.8%
Emerging Markets	12.1%
Japan	2.8%
UK	1.7%
Asia Pacific ex-Japan	2.1%
Cash	4.3%

MONTHLY REPORT - APRIL

COMMENTARY

1. Continued geopolitical and economic headwinds, particularly for the quality growth holdings targeted by the strategy.
2. New positions added to benefit from de-globalisation and industrial onshoring.
3. Notwithstanding compelling company fundamentals, Chinese exposure was reduced due to increased country risk concerns.

Markets have been buffeted by stubbornly high inflation, aggressive interest rate hikes, the ongoing war between Russia and Ukraine, and COVID-19 lockdowns in China. The MSCI ACWI Index declined by 8%, the worst monthly performance since the onset of the COVID-19 pandemic in March 2020. Growth stocks led the way down, continuing their year-to-date underperformance — the MSCI ACWI Growth Index has declined nearly 20% in 2022. Declines were broad across sectors and regions. The US performed the worst due to the sharp decline in technology stocks; the NASDAQ Index had its worst month since October 2008.

The Portfolio fell -6.5% in April, compared to the Index (MSCI World Total Return Index, Net Dividend Reinvested, in A\$) which fell -3.1% for the same period.

We are mindful of evolving array of investment risks, including rising geopolitical uncertainty.

In recent months, we've added to our portfolio three companies that are well-positioned to benefit from these rising tensions: **Keyence**, **Rockwell Automation**, and **Hexagon**.

The war in Ukraine has given new urgency to the question of whether globalization has reached a tipping point and if the familiar web of decentralized, just-in-time, global supply chains will be a casualty of the inward turn dividing countries into competing trading blocs. It is probably too soon to know. It is likely, however, that companies everywhere will be reassessing presuppositions about access to low-cost transportation, cheap foreign labour, and business-friendly social and tax policies, and taking steps to minimize future supply disruptions or unanticipated regulatory shifts. At a minimum, we'd expect to see manufacturers begin to re-shore, or at least duplicate, production processes for critical operations, whether it's setting up plants closer to their end customers or encouraging their suppliers to do the same. We'd also expect future capital expenditures and supply chain reorganizations to take full advantage of the many advances occurring across the industrial automation landscape, which are propelling leading providers of so-called "Industry 4.0" solutions which focus on interconnectivity, automation, machine learning, and real-time data like onto favourable growth paths. Keyence, Rockwell, and Hexagon are all leading enablers of different aspects of industrial automation.

We have also taken steps over the course of the past quarter to reduce our exposure to China. We have grown more concerned about the country risk associated with our Chinese shares, especially shares heavily owned by US investors, given the simmering tensions between the two nations. Our bottom-up fundamental research process continues to identify many high-quality-growth businesses in China that compare favourably with global peers, but we have decided to trim our overweight as we reassess the implications of our holdings there for overall, portfolio-level risk.

Year-to-Date Attribution Summary

- The Global Equity strategy extended its poor first-quarter performance into April, unable to escape the strong headwinds for fast-growing stocks which have continued to underperform the so called value stocks (companies trading at very low prices) by an increasing margin, with the most expensive quintile underperforming the least expensive by over 2,000 bps. The severity of these style headwinds has contributed to portfolio underperformance across all sectors and regions.
- In the face of this underperformance, we have maintained our steadfast focus on quality-growth companies which we believe offer the greatest prospects for long term outperformance.
- In certain circumstances, the elevated levels of market volatility and the severe reactions to news flow have allowed us to take of price dislocations and make portfolio adjustments at relatively favourable prices. We believe this will stand the portfolio in good stead over the longer term .

FEATURES

ASX CODE	PIA
FEES	Management Fee: 1.23% p.a. Performance Fee: 15.38% of any return greater than the MSCI World***
INCEPTION DATE	19 March 2004
MANDATED	1 July 2017
BENCHMARK	MSCI World Total Return Index, Net Dividend Reinvested, in A\$
NTA POST TAX **	A\$ 1.209
NTA PRE TAX **	A\$ 1.188
PRICE CLOSE **	A\$ 1.090
SHARES ON ISSUE **	255.73m
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. 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. The index is the MSCI World Total Return Index, Net Dividends Reinvested, in A\$3. Annualised Standard Deviation since mandated
4. Relative to MSCI World
- ** As at the last day of last month prior to publishing of this report. The figures are unaudited.
- *** MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

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Authorised by: Paula Ferrao, Company Secretary.