



**PENGANA**  
INTERNATIONAL  
EQUITIES LIMITED

# PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

## 30 June 2024 Investor Presentation



Zenith  
Recommended



Independent Investment Research  
Recommended



Lonsec  
Investment Grade



CERTIFIED BY RIAA



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

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The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned November 2023) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>

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.responsiblereturns.com.au](http://www.responsiblereturns.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.responsiblereturns.com.au](http://www.responsiblereturns.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 year ending 30 June 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 has a "Recommended" rating from Zenith and Independent Investment Research, "Investment Grade" from Lonsec and 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 involvement<sup>1</sup> 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 YEAR ENDING 30 JUNE 2024

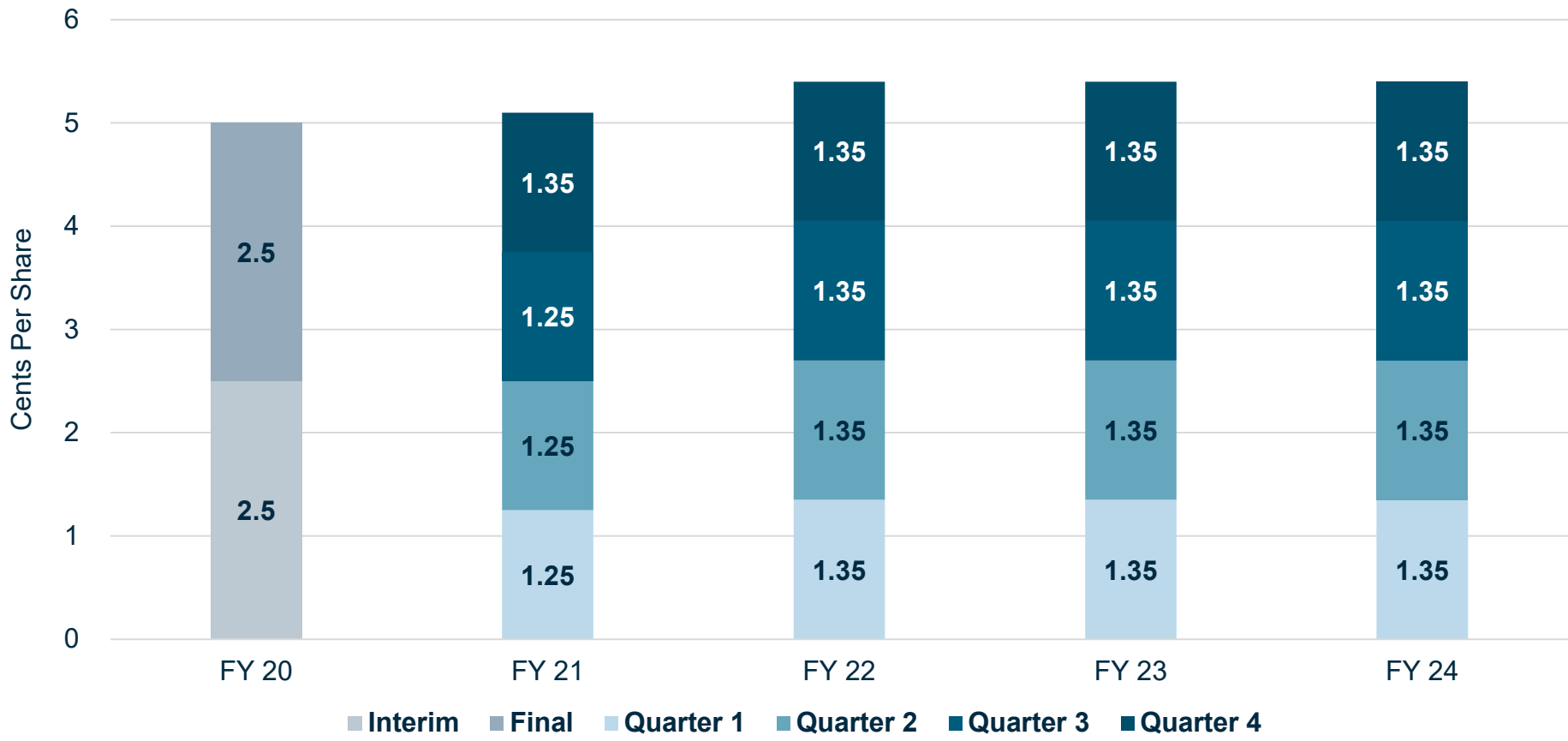
<b>Final quarter dividend</b>	1.35 cps to be paid on 16 September 2024, fully franked at 30% tax rate	<b>Annual dividend<sup>1</sup></b>	5.4 cps paid quarterly, yield of 5.0% or 7.1% grossed up for franking
<b>Net Assets 30 June 2024</b>	\$333 million or \$1.29 per share (post-tax)	<b>Net Assets 9 August 2024</b>	\$329 million or \$1.28 per share (post-tax)
<b>Net profit after tax</b>	\$33.7 million	<b>Earnings per share</b>	13 cents per share
<b>Total Shareholder<sup>2</sup> Return 1 year to 30 June 2024</b>	15.5%	<b>Portfolio return<sup>3</sup> 20 years to 30 June 2024</b>	8.1%
<b>Profit reserves</b>	\$208 million equivalent to a dividend of 80.9 cps	<b>Franking reserves<sup>4</sup></b>	\$17.6 million, equivalent to a fully franked dividend of 16.0 cps, franked at 30%
<b>Buy back</b>	716,586 shares were acquired at an average discount of 17% Buyback continued in FY2025	<b>Annual General Meeting</b>	7 November 2024

1. Based on \$1.09 share price at 16 August 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 \$17.6 million or 15.96 cents per share, post payment of final dividend.

# 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:**  
 30 August 2024

**Record date:**  
 2 September 2024

**Payment date:**  
 16 September 2024

**AGM:**  
 7 November 2024




# DIVIDEND YIELD

Quarterly Fully Franked Dividends

quarterly dividend

$$\frac{1.35c}{\$1.09} = \sim 5.0\% \text{ p.a. yield (cash basis)}$$

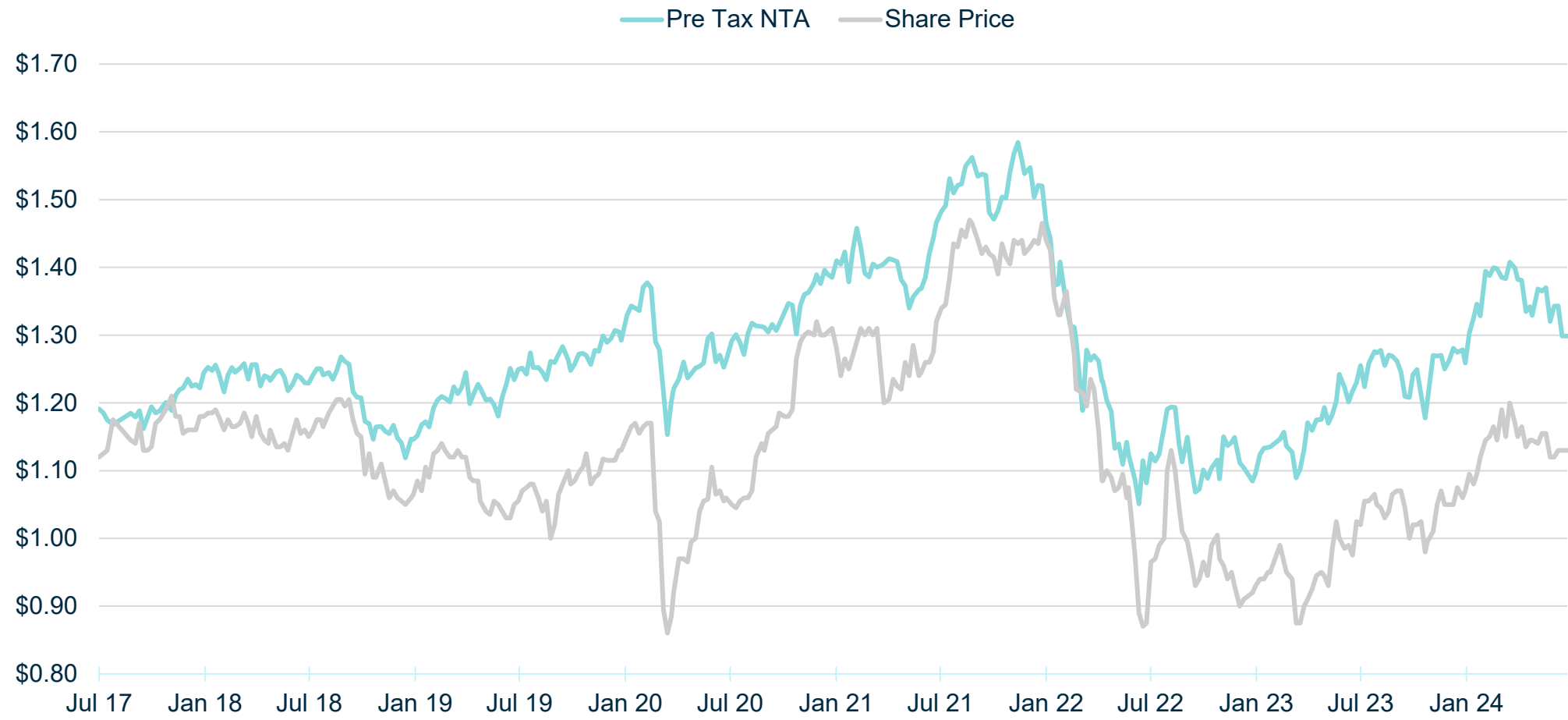
share price

7.1% 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 30 JUNE 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 30 JUNE 2024

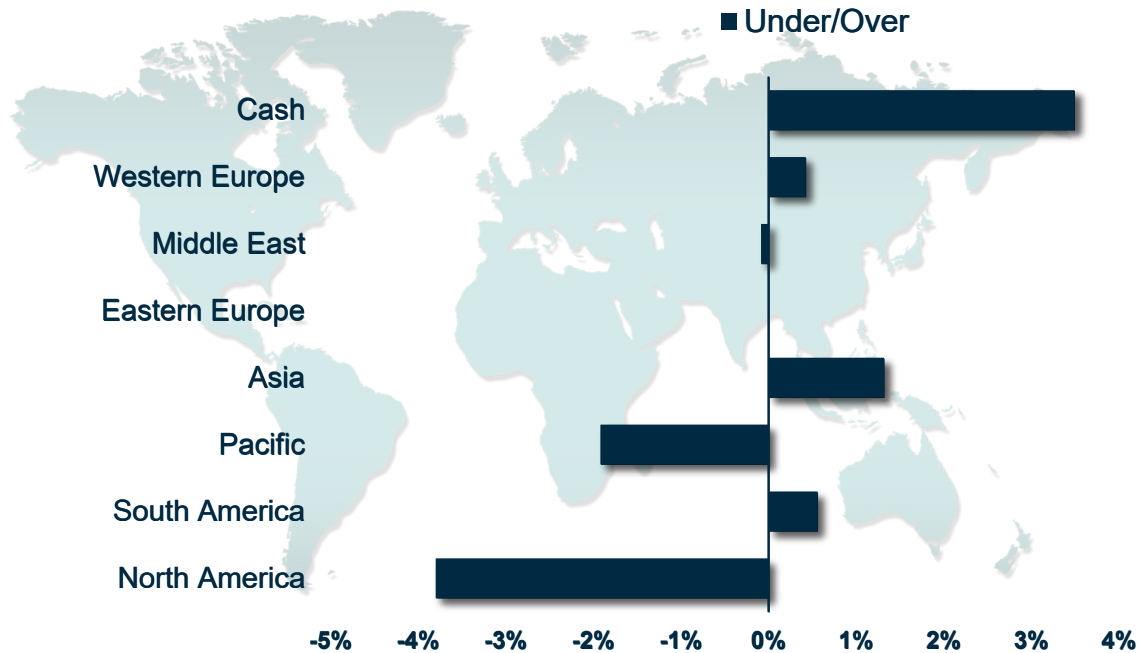
	Alcon Inc	Switzerland	Health Care
	Alphabet Inc	United States	Communication Services
	Amazon	United States	Consumer Discretionary
	Meta	United States	Communication Services
	Microsoft	United States	Information Technology
	Netflix Inc	United States	Communication Services
	Rockwell Automation	United States	Industrials
	Schneider Electric	France	Industrials
	Thermo Fisher Scientific	United States	Health Care
	Vertex Pharmaceuticals Inc	United States	Health Care

**Total number of portfolio holdings: 58**

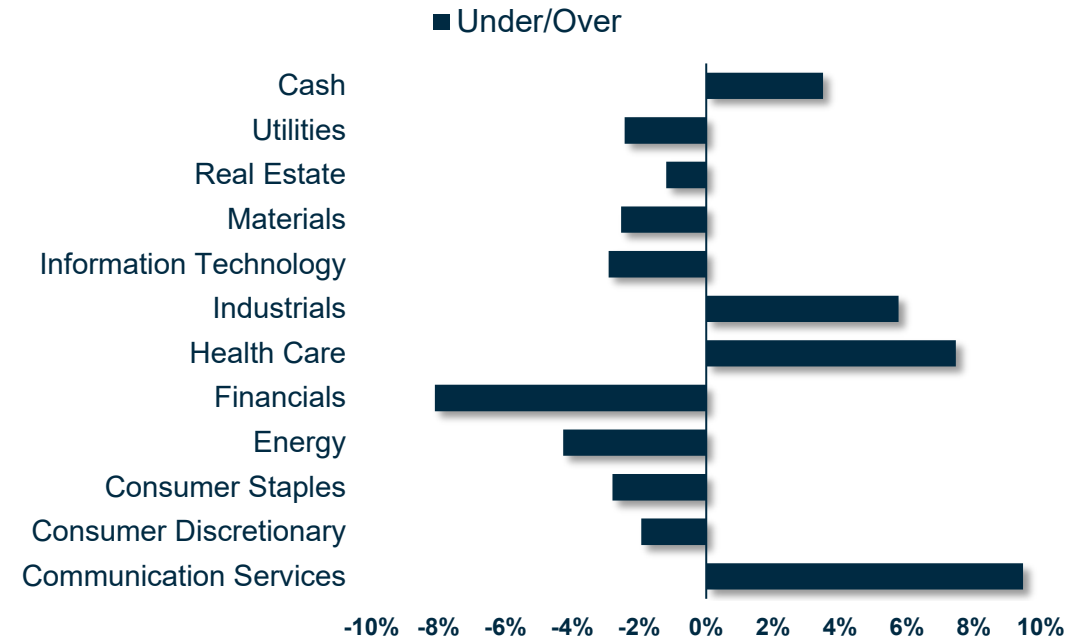
# PORTFOLIO POSITIONING

EXPOSURES AS AT 30 JUNE 2024

## GEOGRAPHIC EXPOSURE

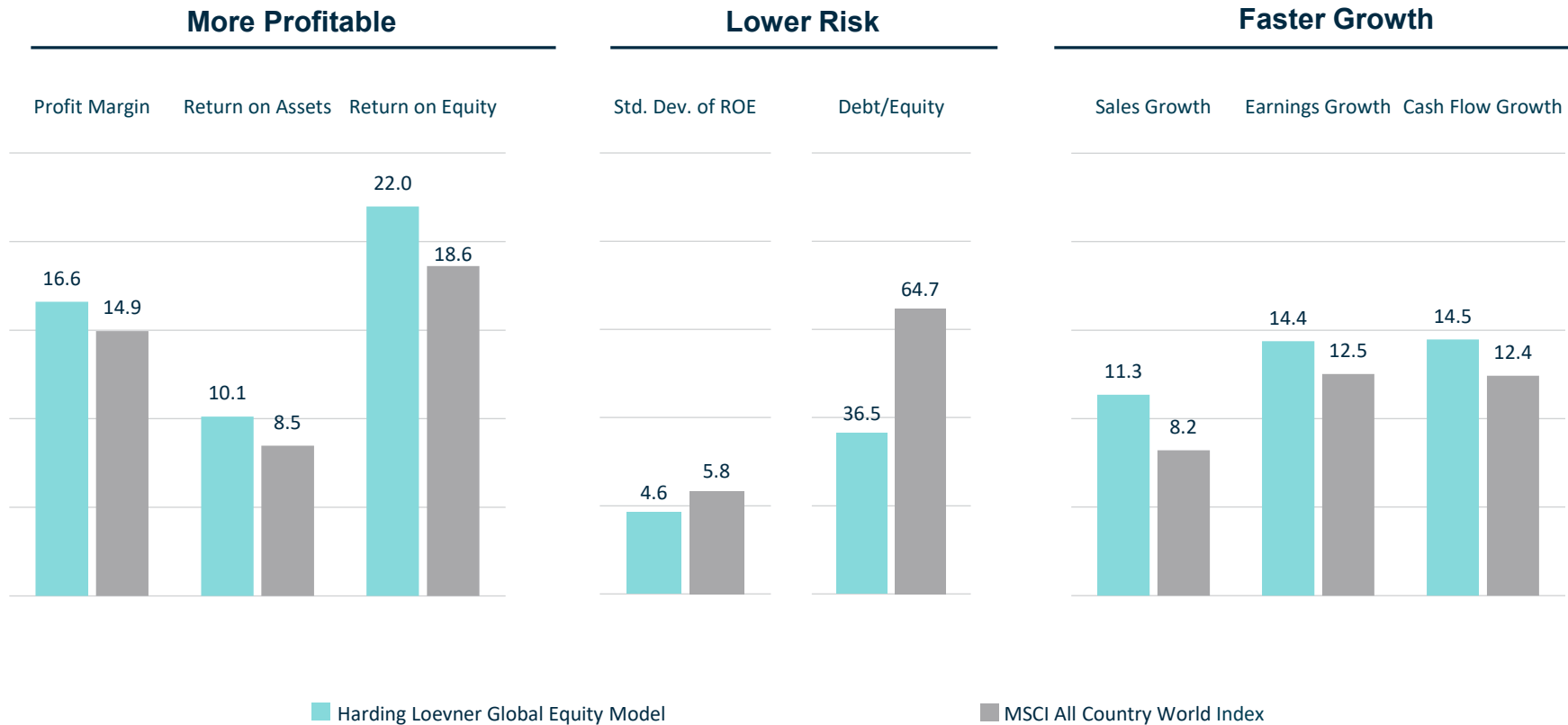


## SECTOR EXPOSURE



# QUALITY & GROWTH INVESTMENT PHILOSOPHY

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



Source: FactSet, MSCI Inc. Data as of 31 March 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.

# WHAT'S ON OUR MIND?

Four years after the COVID-19 outbreak, the global macroeconomy is nearly healed, but risks remain

## 1 The current backdrop

Economic activity and inflation continue to slow, as unemployment levels remain low  
Interest rates will fall (further) but are unlikely to revisit pre-pandemic levels  
Underlying conditions of global instability persist

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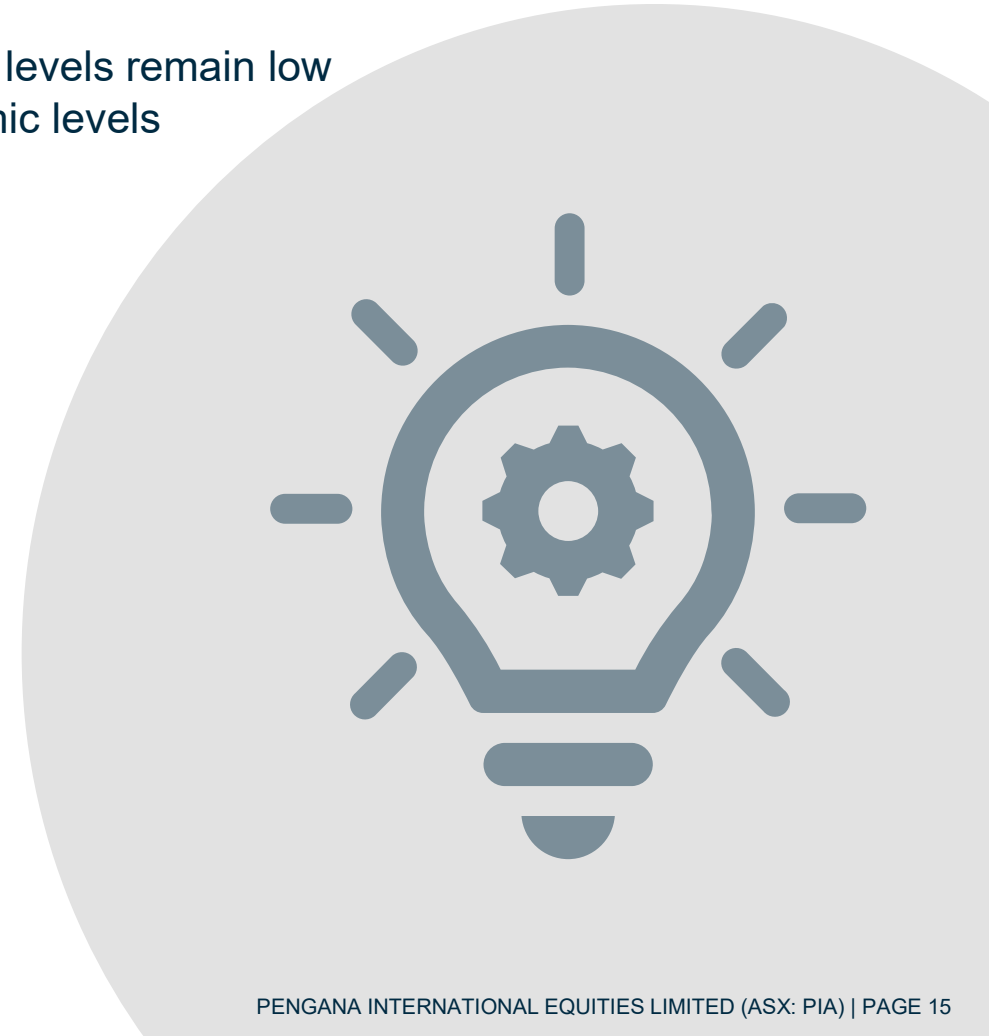
## 2 The stock market

Rotation into broader investment set as investors hunt for value  
Geo-political risks remain elevated

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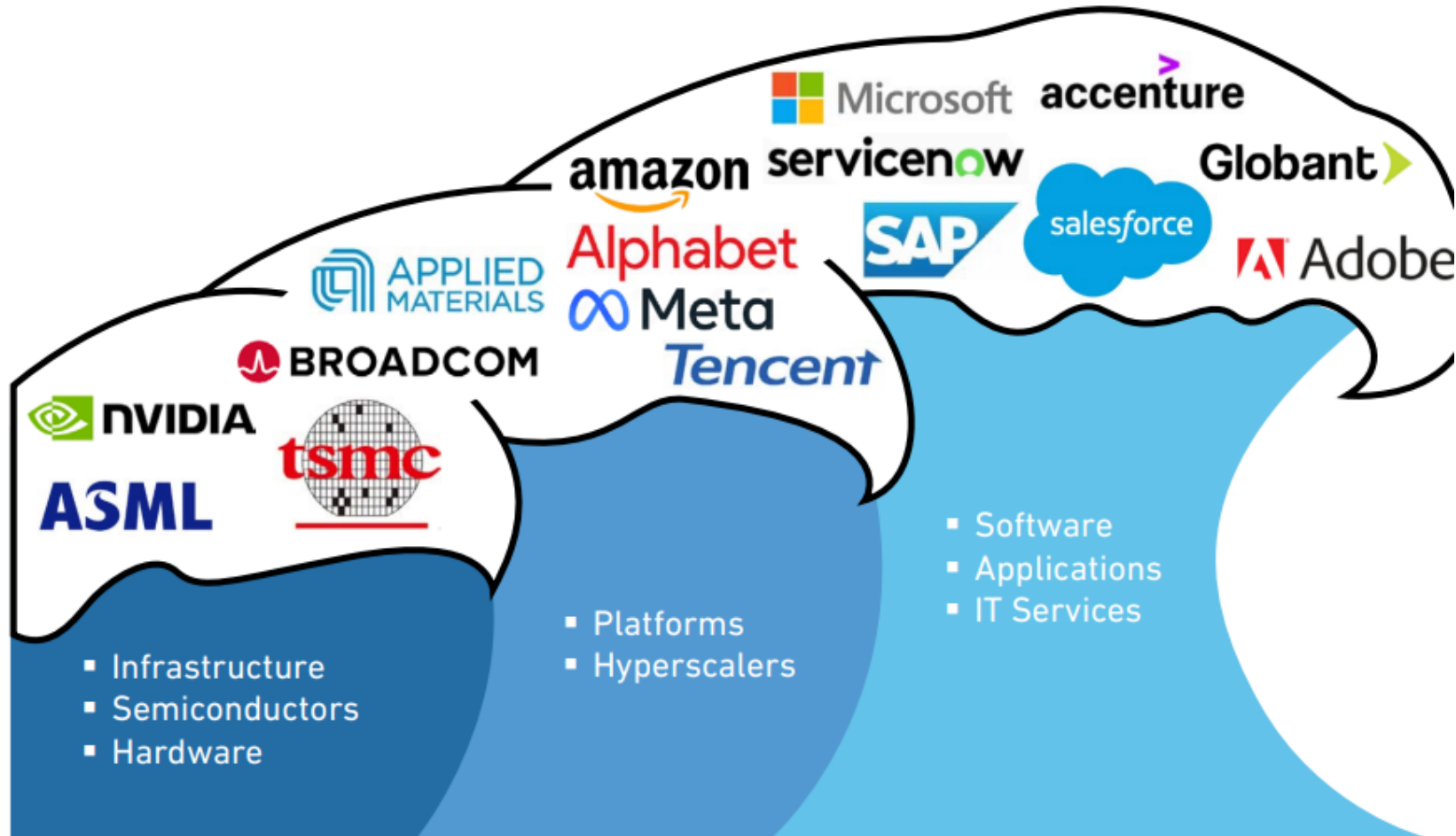
## 3 What are we doing

Focusing 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



# INVESTING IN WAVES OF AI INNOVATION

The AI tsunami moves from semiconductors to platforms to software and services



The portfolio is actively managed, therefore holdings shown may not be current. The portfolio holdings identified above do not represent all the securities held in the portfolio.



# RISING QUALITY STANCE AT LOWER VALUATIONS

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

HL Global vs. MSCI ACWI: Relative Quality, Growth, and Value Rank



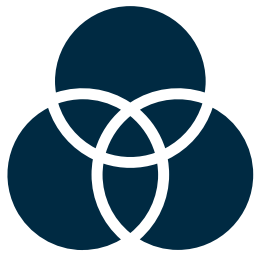
Source: Harding Loevner Global Equity model, FactSet, MSCI Inc. Data as of 30 June 2024.

# PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)

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- IV **Harding Loevner overview**

# 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.

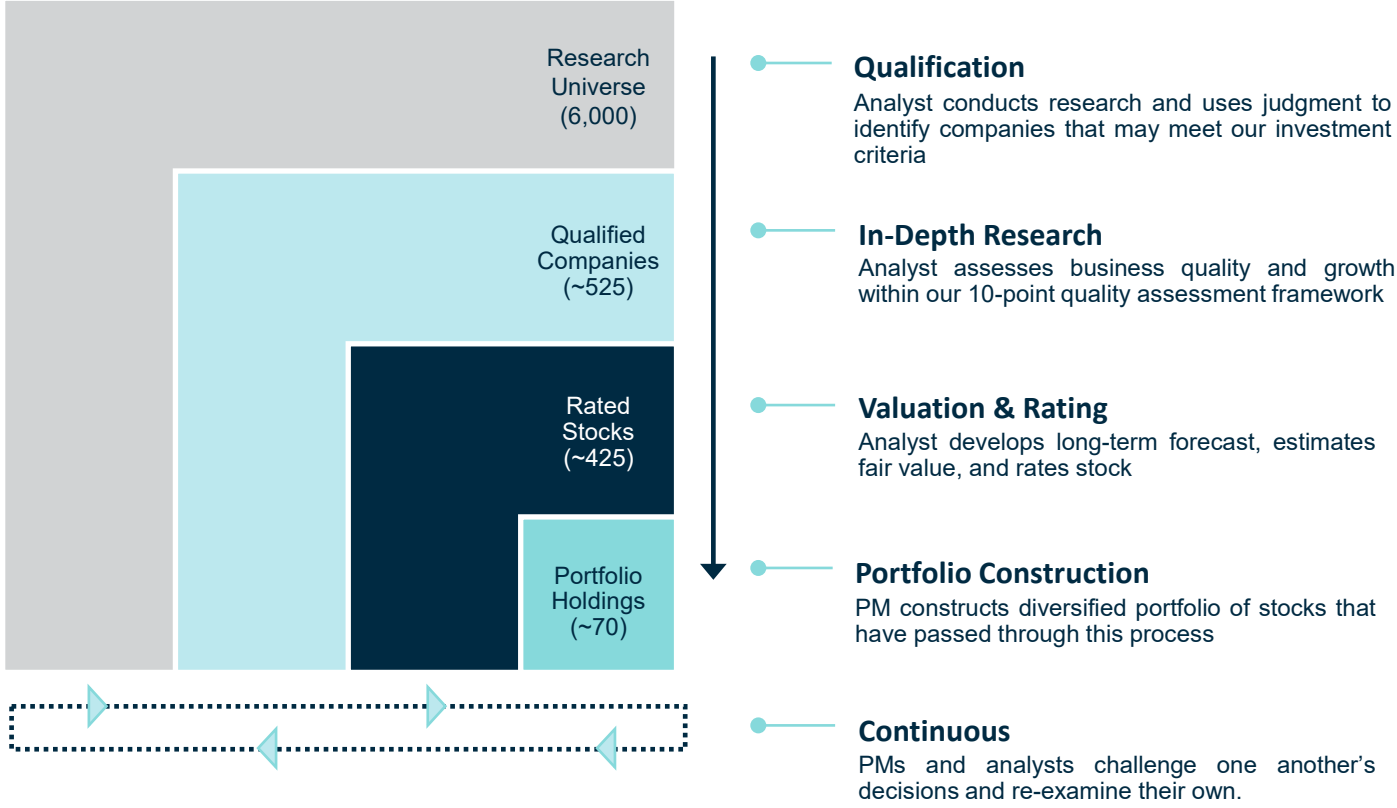


# INVESTMENT PROCESS

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

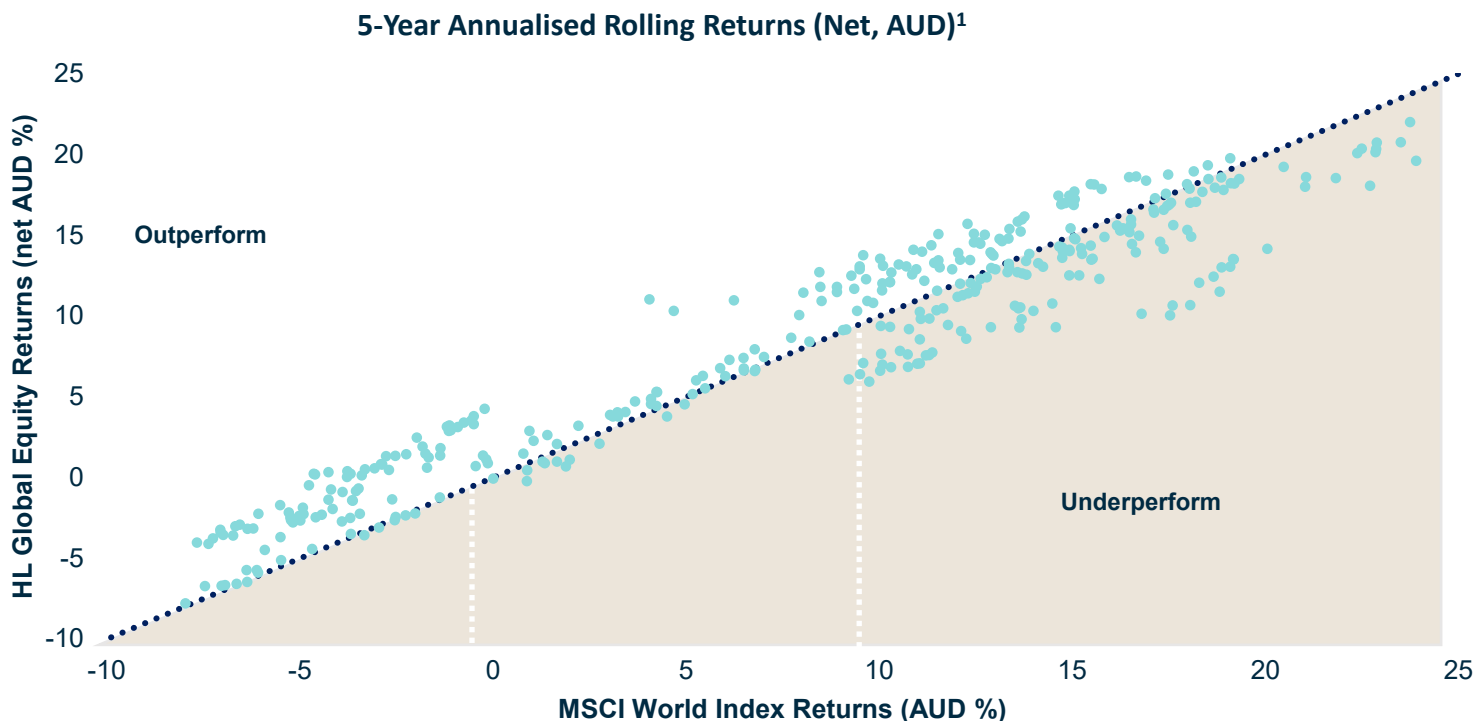
Circa US\$55 billion under management  
33-year track record

## Investment Philosophy

Quality growth  
Distinct decision making  
Behavioral finance  
Patient & Disciplined

# INVESTMENT STRATEGY

## DECISION MAKING PRODUCING A DISTINCTIVE PATTERN OF PERFORMANCE



The Harding Loevner Global Equity strategy invests worldwide in high-quality, growing companies.

The Global Equity strategy has been consistently applied by Harding Loevner since 1989.

Track record indicates the strategy has provided superior risk adjusted medium to long term returns.

### HL Outperformance Frequency (All Periods: 57%)

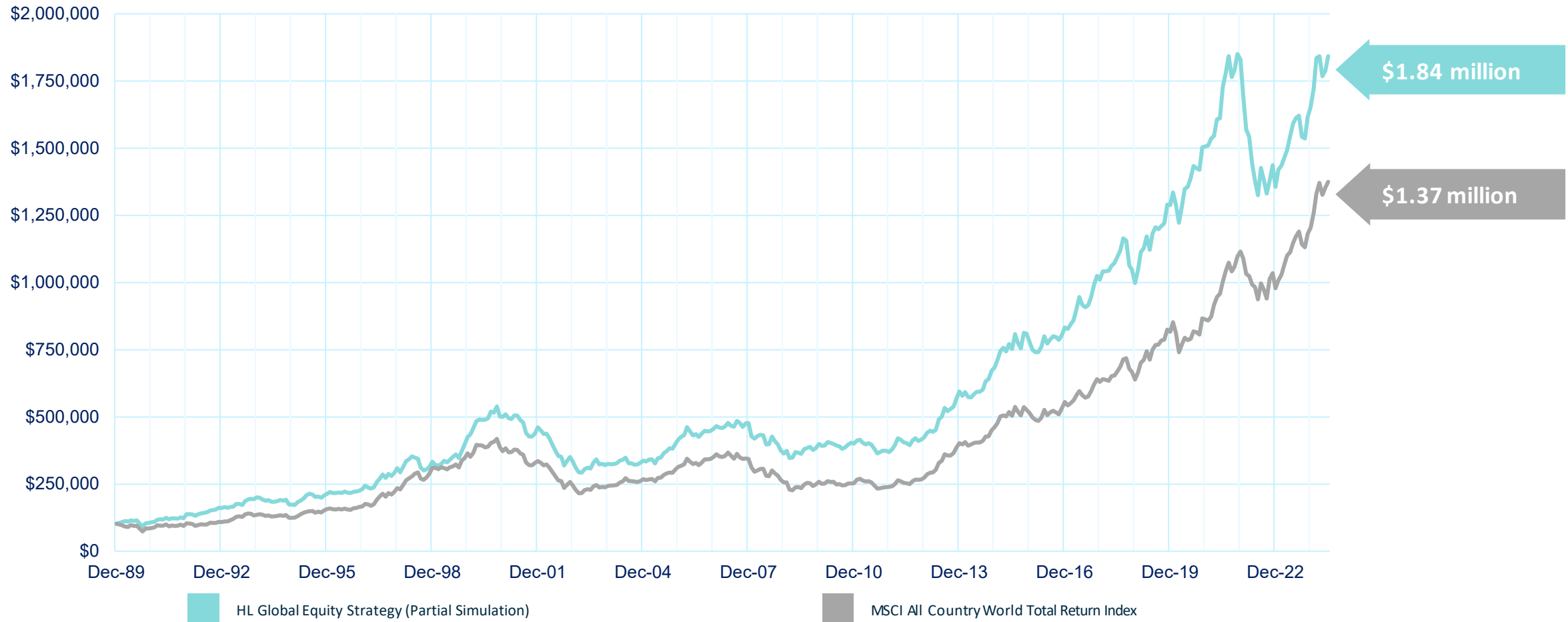
Falling Markets MSCI < 0%	Moderate Markets 0% < MSCI < 10%	Strong Markets MSCI > 10%
94%	54%	34%

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 June 30, 2024

# HARDING LOEVNER GLOBAL EQUITY PERFORMANCE

Growth of \$100,000 invested since inception<sup>1</sup> (net, AUD) to June 30, 2024



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, 2024

# HARDING LOEVNER GLOBAL EQUITY PERFORMANCE

Performance (net, AUD) as at June 30, 2024

	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>	3.0	0.0	11.5	15.7	17.9	2.2	8.0	9.3	10.5	12.0	8.8
<b>MSCI World Total Return Index</b>	1.6	0.3	14.2	19.8	21.1	11.1	15.0	12.9	13.1	13.0	7.9
<b>Excess</b>	1.4	-0.3	-2.7	-4.0	-3.2	-8.9	-7.0	-3.6	-2.6	-1.0	0.9

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



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## **FOR MORE INFORMATION**

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

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