ASX: PIA

PENGANA INTERNATIONAL EQUITIES LIMITED

The largest International Ethical LIC on the ASX

Targeting fully franked dividends, paid quarterly

Appendix 4D - Half-year Report

for the half-year ended 31 December 2022
Results announcement to the market:

	31 December 2022 $'000	31 December 2021 $'000	Change from the corresponding period %
Income from ordinary activities	8,441	25,583	(67)%
Profit from ordinary activities after tax attributable to members	4,742	19,135	(75)%
Basic and diluted earnings per share (cents per share)	1.85	7.50	(34)%

Dividend Information	**Cents per share**	**Cents per share**	**Tax rate for franking**
2023 First interim dividend (paid 15 December 2022)	1.35 Cents	1.35 Cents	25.0%
2023 Second interim dividend (to be paid 15 March 2023)	1.35 Cents	1.35 Cents	25.0%

Second Interim Dividend Dates	
Ex-dividend Date	28 February 2023
Record Date	1 March 2023
Last date for DRP	2 March 2023
Payment Date	15 March 2023

Dividend Reinvestment Plan

The Dividend Reinvestment Plan (DRP) is active and available to shareholders for the second interim dividend of 1.35 cents per share, which is franked at 25.0% (2022: 30.0%). Participating shareholders will be entitled to be allotted the number of shares which the cash dividend would purchase at the relevant price. The relevant price will be the weighted average sale price of all shares in the Company sold on the Australian Securities Exchange during the five trading days commencing on and including the Record Date, with no discount applied.

Net Tangible Assets Per Share	**31 December 2022**	**31 December 2021**
Net Tangible Assets (before tax on unrealised gains/losses) per share	**$1.08**	$1.52
Net Tangible Assets (after tax on unrealised gains/losses) per share	**$1.11**	$1.47

This report is based on the Half-year Financial Report which has been subject to independent review by the Auditor, Ernst &Young.
All the documents comprise the information required by the Listing Rule 4. 2A
The Interim Report of Pengana International Equities Limited for the half-year ended 31 December 2022 is attached. This information should be read in conjunction with the 30 June 2022 Annual Report.

PENGANA
INTERNATIONAL
EQUITIES LIMITED

ASX: PIA

PENGANA INTERNATIONAL EQUITIES LIMITED

31 DECEMBER
2022

INTERIM FINANCIAL REPORT

PENGANA INTERNATIONAL EQUITIES LIMITED
ACN 107 462 966

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PENGANA.COM/PIA

COMPANY PROFILE

Pengana International Equities Limited is an Australian Listed Investment Company whose operating activity involves investing its Australian capital into businesses that are listed on global security exchanges.

The Company is listed on the Australian Securities Exchange ("ASX") under the code PIA.

PIA's investment manager is Pengana Investment Management Limited ("PIML"), a wholly owned subsidiary of Pengana Capital Group (PCG). PCG also provides financial management and marketing support.

Harding Loevner LP ("Harding Loevner") is PCG's investment team for PIA. Harding Loevner is a New Jersey-based global equity fund manager formed in 1989. PCG's partnership with Harding Loevner provides Australian retail investors exclusive access to Harding Loevner's extensive global expertise, usually only accessible to institutional investors.

Corporate objective

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.

Investment strategy

The strategy to invest globally in high-quality, growing businesses based on disciplined industry research has been implemented by Harding Loevner since 1989.

The strategy seeks superior risk-adjusted returns, generated through investing in companies that meet the investment team's high quality and durable growth criteria at reasonable prices.

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.

Responsible Investment

The Company is committed to responsible investing and seeks to avoid investing in businesses that are, in its opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

The Company invests in businesses selected through Harding Loevner's Responsible Investment process that pass PCG's ethical screens.

Ethical Screens

PCG utilises a screening process which seeks to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors:

Adult content	Gambling	Mining
Alcohol	Genetically modified organisms	Nuclear
Animal cruelty (production of cosmetics tested on animals)	Human rights abuses and exploitation	Securities from issuers on UN sanctions list
Fossil fuels (coal, coal seam gas, oil)	Old growth forest logging	Tobacco Weapons

Responsible Investment Process - Incorporation of Environmental, Social and Governance (ESG) Factors

Harding Loevner's investment selection approach, by its design, eschews companies engaging in unsustainable business practices or pursuing short-term profits at the expense of long-term growth and stability. Harding Loevner believes only companies that can create substantial long-term value are capable of producing meaningful "shared value" for the benefit of larger society as well as for shareholders and other direct stakeholders.

Harding Loevner includes an explicit consideration of ESG risk factors into equity security evaluation. Competitive advantage, sustainable growth, financial strength, and quality management are the criteria by which Harding Loevner judges whether a company can sustain high returns on capital. ESG factors are among those that may pose risks to a company's ability to continue to meet one or more of these criteria. Such risks are therefore considered at each stage of Harding Loevner's investment process.

Responsible Ownership

Harding Loevner is an active owner and has clear engagement policies in place with the aim of protecting and furthering the financial interests of its clients, the asset owners.

Harding Loevner votes all proxies with its clients' best interest in mind. As active owners, Harding Loevner seek to use its voting power to promote high standards of corporate governance, including provision of adequate disclosure of company policies, activities, and returns, as well as fair and equitable treatment of shareholders.

Benefits of investing in PIA

Skilled investment team	Focus on risk and return
A truly active strategy	Responsible investment process
Investment in high quality businesses at compelling valuations	Investment approach that is suitable across differing market environments

Benefits of investing in PIA's LIC structure

Quarterly fully franked dividends

Shares can be bought and sold on the ASX

Investment activities are not affected by redemptions or unexpected cash inflows or outflows

Regular reporting to shareholders e.g. semi-annual financial reports, monthly performance reports and weekly NTA

Shareholders can interact with directors and management

The company is subject to ASX and ASIC supervision

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The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Pengana International Equities Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

CHAIRMAN'S LETTER

Dear shareholders,

On behalf of the Board, it is my pleasure to present the Interim Financial Report of Pengana International Equities Limited (ASX: PIA) for the half-year ended 31 December 2022.

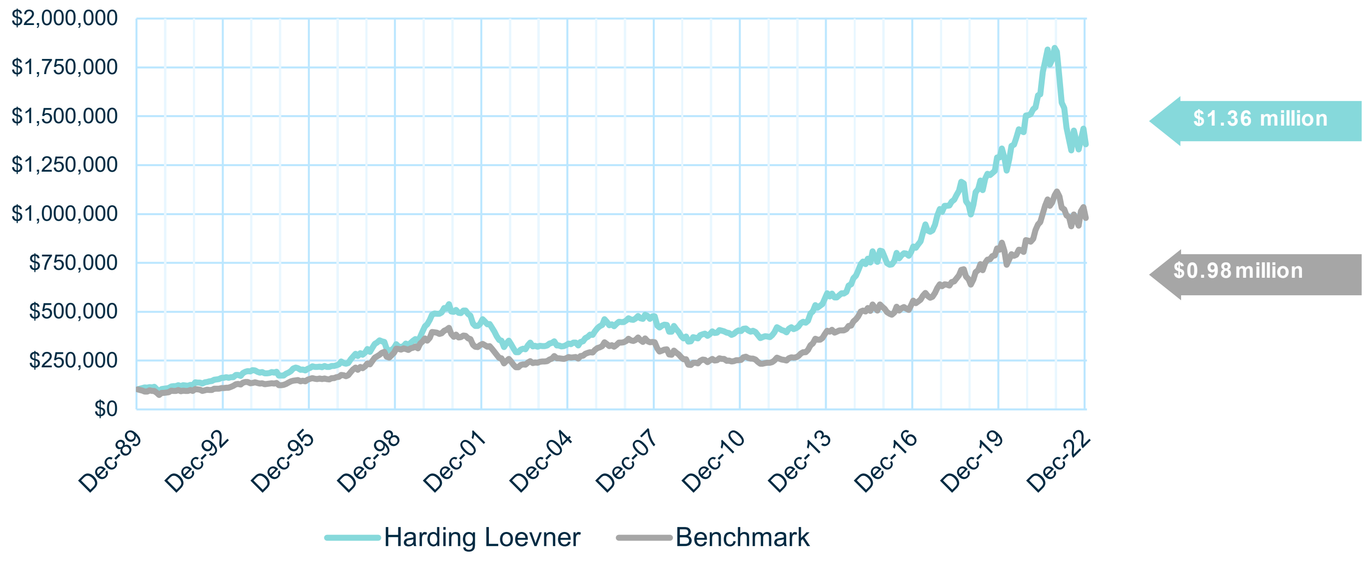
Global equity markets remained volatile in the first six months of the 2023 financial year but still delivered positive returns to investors following significant market devaluations in the previous six months when rising global inflation brought expectations of higher interest rates. PIA's portfolio delivered a 2.35% return after company expenses for the six months ending 31 December 2022[1].

The positive portfolio return contributed to the Company's after-tax profit of $4.7 million and supported the payment of two 1.35 cents per share quarterly dividends in the period, both fully franked at a 25% tax rate.

Whilst the result was below the global benchmark this was still a sound return. The application of PIA's ethical screens and Harding Loevner's quality-growth strategy resulted in the portfolio having no exposure to the energy sector, which was the strongest performing sector in the index in the period. In addition, the portfolio's positions in the Financials, Healthcare and Real Estate sectors detracted from relative performance.

The investment strategy adopted by Harding Loevner is to actively invest in an ethically screened portfolio of global companies that meet Harding Loevner's high quality and durable growth criteria at reasonable prices. The consistent application of this strategy since November 1989 has provided superior risk adjusted medium to long term returns to investors.

Growth of $100,000 invested since inception (net, AUD) to December 31, 2022[2]



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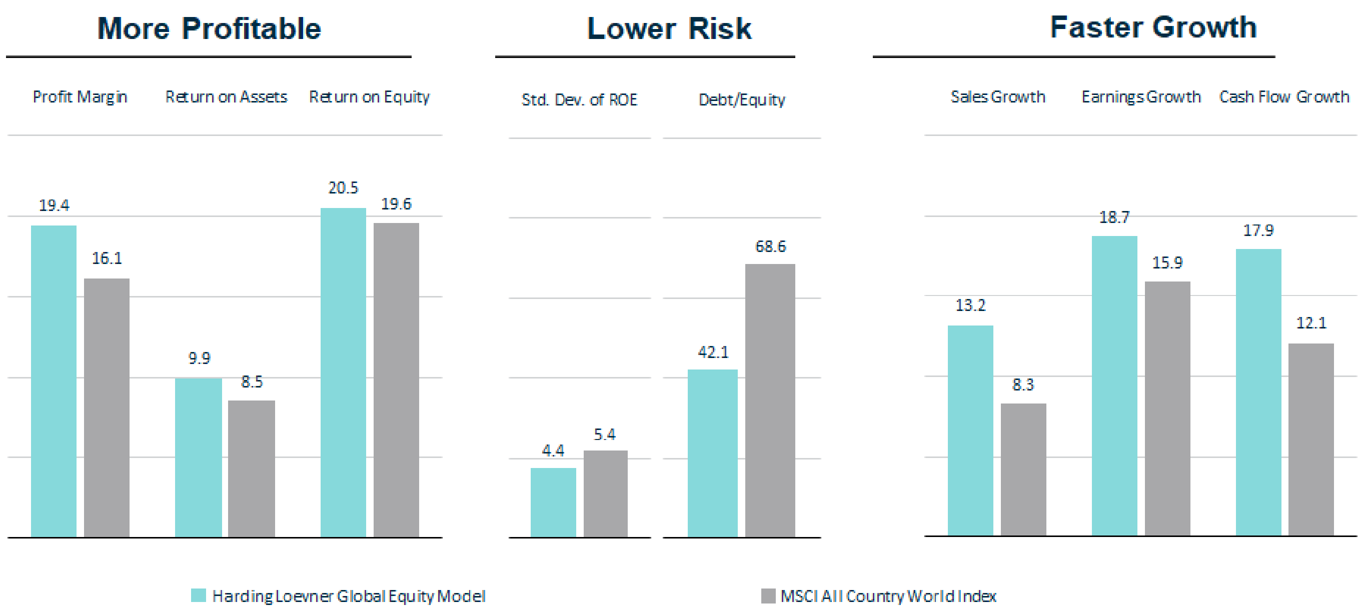
1 Performance figures refer to the movement in net assets per share, reversing out the impact of movements in capital and payments of dividends, before tax paid or accrued on realised and unrealised gains. Past performance is not a reliable indicator of future performance, the value of investments can go up and down

2 November 30, 1989 (strategy inception) to December 31, 2022. 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. Benchmark: MSCI All Country World Total Return Index.

Harding Loevner has successfully managed investments through varying market conditions. The Harding Loevner team remains confident that the portfolio is made up of robust businesses with above average profit margins, strong balance sheets, appropriate levels of debt, the ability to finance their own growth plans under varied credit conditions, sustainable business models, attractive growth prospects and which are well positioned to adapt to the global economic slowdown.

Quality & Growth Investment Philosophy[3]



In the Investment Manager's report that follows, Harding Loevner discusses the performance of the last six months and their outlook for the remainder of the financial year in more detail.

Financial Position

At 31 December 2022, total assets were valued at $285.8 million and included $265.3 million of investments in businesses listed on global securities exchanges and $9.4 million in cash.

	December 2022 $ million	June 2022 $ million
Cash & liquids	10	11
Investments	265	265
Tax assets	11	13
Total assets	**286**	**289**
Payables	-	(1)
Tax on unrealised gains	-	-
Net assets	**286**	**288**
	$ per share	
NTA before tax on unrealised gains/losses	$1.08	$1.08
NTA after for tax on unrealised gains/losses	$1.11	$1.12

[3] Source: MSCI Inc., FactSet. Data as at December 31, 2022. Growth and volatility metrics are based on f iv e-y ear historical data; the other ratios are based on the most recent annual data. All metrics and ratios are percentages presented as weighted medians. Past performance is not a reliable indicator of future performance, the value of investments can go up and down

With the dividend payments exceeding the earnings for the half year, the Company's net assets decreased from $287.5 million to $285.8 million at 31 December 2022.

Additional shares issued under the Dividend Reinvestment Plan were partly offset by the buy-back activity conducted in the period.

Consistent Fully Franked Dividends

PIA aims to deliver a consistent stream of fully franked dividends, with a current annual dividend target of 5.4 cents per share, paid in quarterly instalments of 1.35 cents per share.

The interim dividend for the quarter ending 31 December 2022 of 1.35 cents per share, fully franked at the 25% tax rate was declared on 19 January 2023 and will be paid on 15 March 2023 to shareholders on the register on 1 March 2023. This brings the total fully franked dividends declared out of the 2023 financial year profit to date to 2.7 cents per share.

Your directors consider PIA is well positioned to continue paying fully franked dividends as the company has a strong debt free balance sheet, profit reserves and franking credits. PIA has a franking account balance and sufficient profit reserves to sustain an annual fully franked dividend of 5.4 cents per share into to the 2025 financial year, assuming the tax rate remains at 25% and that we pay no more tax

An annual dividend of 5.4 cents per share provides a yield of 5,5%[4] based on the 15 February 2023 share price of $0.98 per share. With the benefit of full franking at the 25% tax rate, the yield increases to 7.3%.

PIA qualified for the lower tax rate of 25% in the 2022 financial year and consequently dividends paid in the 2023 financial year will continue to be franked at the 25% tax rate.

The Company's Dividend Reinvestment Plan ("DRP") continues in operation for the quarterly interim dividend. Shareholders who have not already opted in and wish to participate in the DRP can do so by visiting **www.computershare.com.au/easyupdate/PIA.**

Capital Management

The Company has a sound capital structure with total equity of $285.8 million and no debt. There are circa 6,400 shareholders, who together own 256 million shares.

In the period, there were 614,000 shares issued through the Dividend Reinvestment Plan at the weighted average sale price of all shares in the Company sold on the Australian Securities Exchange during the five trading days commencing on and including the relevant Record Date, with no discount applied.

The Company put in place the mechanism for an on-market buyback of up to 10% of its shares over the year to 22 August 2023. In the period to 31 December, 185,790 shares were purchased at an average discount of 19.8%.

The buyback may be actioned when it is considered that it provides a better long-term benefit to continuing shareholders than an alternative investment of funds.

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4 Assuming a 25% tax rate

Share Price

PIA's share price at the end of the period was $0.92, up from the $0.875 at 30 June 2022.

The Total Shareholder Return (TSR) for the half was 8.2%, which comprised an increase in the share price and the payment of fully franked dividends of 2.7 cents per share. The TSR increases to 9.3% if the value of franking credits is taken into account.

The Company's share price increased to $0.98[5] since 31 December following an improved outlook for equity markets and better relative performance from the investment portfolio.

Reliable fully franked dividends, improved investment performance and ongoing promotion of the benefits of an investment in PIA to retail investors and financial advisers are the keys to narrowing the discount at which the shares trade.

Communication

It is the Board's aim to ensure shareholders are provided with regular, concise and timely updates on Company matters.

The Company continues to engage with investors through digital platforms, including webinars, newsletters and online content. The Company produces Monthly Performance Reports and each week it announces its NTA to the ASX. All these reports and webinars are available on the Company's website www.pengana.com/pia.

An expanded Pengana sales team continues to promote the benefits of an investment in PIA to financial advisers and investors, aided by favourable ratings from key research houses.

In October 2022, a Harding Loevner representative travelled to Australia to meet with shareholders at the Company's Annual General Meeting (AGM) and to conduct an extensive east coast roadshow, meeting with financial planners and asset consultants across Sydney, Melbourne and Brisbane. A similar roadshow is scheduled in the coming months.

Shareholders who wish to receive all updates and invitations are encouraged to elect to receive all investor communications via email. This can be done by visiting **www.computershare.com.au/easyupdate/PIA**

Please contact Paula Ferrao, our Company Secretary, on +61 02 8524 9900 if you require any assistance in this regard or if you have any questions or comments regarding the Company.

F Gooch

Frank Gooch
Chairman
Pengana International Equities Limited
16 February 2023

[5] At 15 February 2023

INVESTMENT MANAGER'S REPORT

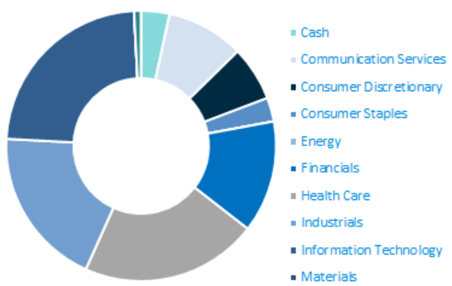
Introduction

PIA's portfolio is invested in high quality growing businesses at reasonable prices that are expected to outperform the market over the long term.

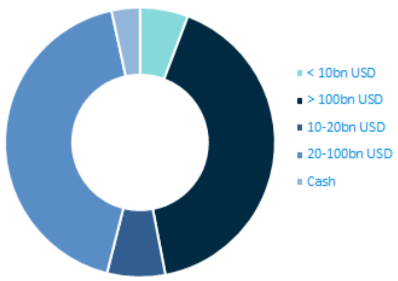
In the six months to 31 December 2022, ("the review period") most of the companies in the portfolio continued to report reasonable earnings results. However, rising interest rates and fears that the global economy will slow significantly in 2023 impacted portfolio returns in the review period.

Diversification

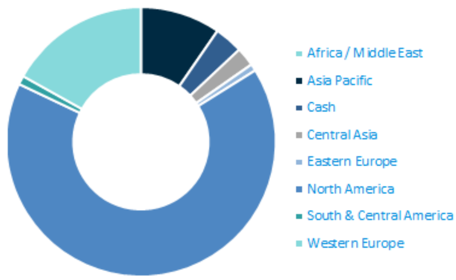
Sector Breakdown



Capitalisation Breakdown



Region Breakdown



Market Review for the Half Year to 31 December 2022

Following steep falls in global share markets throughout the first half of 2022, they somewhat stabilised in the six months to December 2022. Global share markets finished the review period moderately higher, although they saw high levels of volatility as investor sentiment gyrated with economic data flows.

Markets currently expect inflation to remain on a broadly downward path within the current economic cycle. After reaching 9.1% in the US in June 2022 and 10.6% in the Eurozone in October 2022, inflation has since fallen in each subsequent month in both regions. The recent falls followed large rises in interest rates globally, which increased borrowing costs and constrained households' discretionary spending. The recent fall in inflation also reflects the easing of supply chains disruptions, the pivot from spending on goods to services, falls in shipping costs and lower energy prices.

The US Federal Reserve ("the Fed") increased interest rates by 0.75% at each of its first three meetings during the review period. It then slowed to a 0.50% hike in December at which point rates had reached 4.50%. The Fed indicated that it expected interest rates to remain elevated throughout 2023, peaking above 5.0%.

Most other central banks also increased interest rates during the review period to bring down inflation, slowing global economic activity. There are signs that this is now impacting company earnings growth, especially in businesses which are more sensitive to the consumer spending cycle.

China's economy slowed considerably during 2022 as its government imposed strict measures to control Covid. These controls were suddenly lifted in December, leading to significant gains in Chinese and Hong Kong share markets.

Overall, rising global interest rates, falling real incomes, rising labour costs, high energy prices (especially in Europe), ongoing supply chain issues, fracturing global trade, and Covid lockdowns in China lowered company earnings and weighed on investor sentiment, prolonging equity market weakness.

All these factors negatively impacted the economic outlook; in the World Bank's most recent forecast, it predicted global growth to slow to 1.7% in 2023, with the US growing by 0.5%, Europe by 0.1% and China by 4.3%.

Performance Commentary

The portfolio returned 2.35%[6] during the review period (after company expenses), underperforming its benchmark[7] by 2.07%. The performance of the portfolio's holdings in the financials, healthcare and real estate sectors was lower than that of the benchmark and the portfolio's zero weighting to energy also detracted from relative returns.

The portfolio's exposure to fast growing companies also affected relative performance as the prospects of further rate rises continued to lift equity discount rates. Higher discount rates lower the theoretical valuations of companies whose forecast long term earnings growth exceeds the discount rate.

The portfolio is also weighted towards quality stocks. Quality refers to a company's level of profitability, stability of earnings, market positioning and financial strength. Historically, overweight positions in the highest-quality companies have helped support the portfolio value during periods of market weakness.

The portfolio comprises companies that have relatively higher profit margins, returns on equity, earnings growth and cash growth than the companies held in the benchmark. In addition, the portfolio companies have less exposure to rising interest rates with the portfolio debt to equity ratio of 42.1% significantly less than that of the benchmark.

However, as share prices of growth stocks continued to fall in the second half of calendar year 2022, high quality companies continued to underperform the broader share market, although to a lesser extent than seen during the first six months of 2022.

Quality growth stocks underperformed largely because they were disproportionately impacted by rising interest rate expectations. As economies slow, quality growth companies' profits usually grow faster than more cyclical stocks, which tend to slow as household spending eases in a downturn. However, the savings 'cushion' built up during Covid mitigated the impact of falling real incomes and rising mortgage costs on household spending in 2022. This supported spending levels into the slowdown, which would otherwise have normally fallen by much more, providing unexpected help to cyclical companies' earnings, which are sensitive to changes in household spending.

Higher interest rates are now slowing the global economy, which is starting to impact the earnings of cyclical companies. This should enable quality growth companies to outperform during the next stage of the economic cycle.

We expect the quality growth investment style to perform well over the long term. Last year's equity market correction provided opportunities to invest in excellent companies, that should be able to reliably grow their earnings throughout the business cycle, at attractive valuations. This should lead to attractive portfolio returns over the medium-term.

6 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

7 The MSCI World Total Return Index, Net Dividends Reinvested, in Australian dollars

Specific issues that impacted relative returns during the review period included:

US-based agricultural machinery manufacturer **Deere & Co** outperformed the market. It continues to benefit from the long-term trends in agriculture of electrification, machinery automation and the focus on maximising land yields using data management. The company also benefits from its strong John Deere brand in agricultural communities, which are currently benefitting from strong commodity prices.
Nike, the US-based global sportswear company, outperformed the market. It was able to grow earnings strongly despite the slowdown in consumer spending. This reflects the shift in its business model away from the wholesale channel to selling direct to customers online or through branded stores, supported by its highly personalised data-driven digital platform. Its profile was enhanced by its presence at the soccer world cup in Qatar.
US-based industrial automation group **Rockwell Automation** outperformed. It benefitted from the trend of shortening supply chains to increase manufacturing resilience and industrial automation, which are gathering pace in the US. The company reported stronger earnings results and its revenues are expected to grow as supply chain shortages recede.
French energy systems manufacturer **Schneider Electric** outperformed the market following a better-than-expected earnings report. Moves to onshore manufacturing of semiconductors and other critical components require process automation to manage the cost disadvantage incurred in high wage developed regions. This is providing opportunities for automation enablers such as Schneider Electric
US technology-focussed banking group **SVB Financial Group** underperformed the market. Investors were concerned that its early-stage, venture capital-backed clients would struggle as interest rates increased and the economy slowed. Weaker market valuations also impacted the fee income charged on asset management and wealth management services. The stock has more recently outperformed as net revenues increased and lending margins expanded
Chinese pharmaceutical research and development services platform **WuXi Biologics** underperformed the market. This followed new US controls on Chinese pharmaceutical groups, intended to accelerate the development of biotechnology and biomanufacturing in the US, which potentially could exclude Chinese companies from the lucrative US market. The portfolio has now exited its position in the company
US-based social media technology group and Facebook owner **Meta Platforms** underperformed the market after the company reported weaker earnings. This followed high levels of investment in Horizon Worlds, its social virtual reality business, and Quest, its virtual reality headset unit, as its strategy pivots towards establishing a market leadership position in the metaverse. Recently, the company significantly cut costs, leading to the stock outperforming the broader market
Chinese property management company **Country Garden Services Holdings** underperformed the market. China's highly leveraged real estate market slowed as the government acted to reduce market risk, bringing fears of slower earnings growth. However, the company retains a capital light, net cash balance sheet and provides fee-based contracted services. More recently, this helped the company to outperform when China's re-opening helped boost the property market.

Investing Sustainably

The investment process includes an ethical framework that does not invest in companies that derive material revenues from controversial industries, such as gambling, mining and tobacco. Harding Loevner assesses and manages Environmental, Social and Governance ("ESG") risks and opportunities within the overall fundamental analysis of each company. While some investment managers rely on separate ESG teams, Harding Loevner believes that a deep understanding of the company, the competitive landscape and industry structure is required to evaluate ESG risks and opportunities. It also requires ongoing engagement with the leadership of the companies in which the portfolio invests.

A current example is one of the portfolio's largest holdings, the US-based agricultural machinery manufacturer Deere & Co. The company faces ESG challenges such as falling yields from land impacted by climate change, dependence on internal combustion engines, production waste, water use, energy consumption and workplace safety.

However, it is developing electric agricultural vehicles, “precision agriculture” machinery, which reduces the use of pesticides, and is actively engaging with diverse agricultural communities. Harding Loevner continues to discuss these issues with the company leadership and has encouraged greater transparency in climate reporting. This will not only help manage its climate risk but bring the stock within the investment universe of more ESG focused investors over time.

Outlook

Harding Loevner is committed to consistently investing in reasonably priced shares of high-quality growing businesses. Through owning shares in such companies, PIA benefits from the compounding of economic value creation, which is the foundation for long-term investor returns. This is a key factor in PIA’s ability to continue to deliver an attractive dividend yield.

Harding Loevner invests in high-quality businesses because they typically create more economic value. High-quality businesses can sustain their profitable growth over multiple businesses cycles, and there is greater visibility into their long-term cash flows.

A series of interest rate rises has moderated inflation and markets seem to expect inflation to continue on its downward path of recent months. While the eventual peaks in interest rates are still unknown, it is likely they are close to current rates in most economies.

Higher interest rates have slowed the global economy and major developed economies are expected to deliver below-trend growth throughout much of 2023.

As households face falling real incomes and rising mortgage costs, company earnings are expected to be negatively affected over the next few quarters. This is expected to especially impact cyclical companies, which are particularly sensitive to changes in consumer spending and the cost of borrowing. This suggests investors should expect overall market returns in 2023 to be relatively subdued and a significant dispersion in earnings between different companies.

In this environment, companies able to grow earnings through the next stage of the business cycle are expected to outperform the broader market. The PIA portfolio invests actively in high quality growth stocks, which we expect to perform well as we move into this environment.

Investors should expect global markets volatility to remain elevated for the rest of the financial year as interest rates approach their peaks. However, PIA’s portfolio is well positioned to outperform over the long-term and support the continued payment of an attractive dividend.

RESPONSIBLE INVESTMENT

PIA has been committed to responsible investing since its incorporation in 2004. It seeks to avoid investing in businesses that are currently involved in activities that are unnecessarily harmful to people, animals or the environment.

The investment manager, PCG, is also committed to responsible investing and is a member of the Responsible Investment Association Australasia (RIAA), and a signatory to the UN's Principles for Responsible Investment (PRI). PCG utilises an ethical screening process which forms an essential part of the investment selection process.

PCG's investment team, Harding Loevner, has adopted a responsible approach to investing, details of which are shown below.

PCG's Risk Team, provides oversight of Harding Loevner's compliance with its ethical and ESG mandate. In addition PCG's ESG Committee utilises a monitoring service provided by Sustainanlytics to monitor ESG and carbon risk exposures, voting and engagement activity.

Ethical Screens

Ethical screens are in place to avoid investment in companies that derive significant operating revenues from direct and material business involvement in these sectors:

Adult content	Alcohol	Animal cruelty (production of cosmetics tested on animals)
Fossil fuels (coal, coal seam gas, oil)	Gambling	Genetically modified organisms
Human rights abuses and exploitation	Mining	Nuclear
Old growth forest logging	Securities from issuers on UN sanctions list	Tobacco
Weapons		

How Harding Loevner Invests Responsibly

Harding Loevner's responsible approach to investing which encompasses the following dimensions[8]:

1. Responsible Investment Selection

a. Governance screening: eliminating securities of poorly governed companies;
b. ESG integration: considering Environmental, Social and Governance risk and return factors in the security selection process;
c. Client-directed screening: eliminating securities of companies engaged in activities or practices that it's client, the asset owner, seeks to avoid;
d. ESG benchmarking: managing portfolios with reference to ESG-influenced market indices selected by its client, the asset owner; and
e. Accountability for ESG incorporation: overseeing and implementing responsible investment policies.

[8] We acknowledge our debt to AQR and the PRI for suggesting this framework for organizing a discussion of the various aspects of investing responsibly. AQR, Clearing the Air: Responsible Investment, (May 2019)

2. Responsible Ownership

a. Management engagement: engaging with managements of companies in which Harding Loevner have invested for the purpose of influencing their behaviour for the benefit of public shareholders such as its clients, the asset owners, including with respect to managements' consideration of ESG issues that affect expected risks and returns;
b. Voting: voting all proxies in the interests of its clients, the asset owners, as Harding Loevner best determine or as they direct;
c. Policymaker engagement: advocating for the interests of asset owners; and
d. Institutional support for Responsible Investing: adhering to the Principles for Responsible Investment and the UK Stewardship Code.

Harding Loevner Responsible Investment Selection

Harding Loevner is a global equities manager seeking to achieve superior risk-adjusted returns for its clients by identifying high-quality, sustainably growing companies through in-depth fundamental analysis. Companies that operate with disregard for their environment, for the societies in which they pursue their business, or for the principles of governance by which they should be supervised on behalf of shareholders put at risk their long-term cash flows and share price. Therefore, consideration of environmental, social, and corporate governance (ESG) issues is intrinsic to Harding Loevner's investment process. Harding Loevner's investment selection approach, by its design, eschews companies engaging in unsustainable business practices or pursuing short-term profits at the expense of long- term growth and stability. Harding Loevner believes only companies that can create substantial long-term value are capable of producing meaningful "shared value" for the benefit of larger society as well as for shareholders and other direct stakeholder[9].

Governance Screening

At the outset of their assessment of a company, the responsible analyst completes a 14-point corporate governance checklist to ensure Harding Loevner eliminates companies with demonstrably poor governance from further consideration.

ESG Integration

Harding Loevner includes in its equity security evaluation an explicit consideration of ESG risk factors. Competitive advantage, sustainable growth, financial strength, and quality management are the criteria by which Harding Loevner judges whether a company can sustain high returns on capital. ESG factors are among those that may pose risks to a company's ability to continue to meet one or more of these criteria. Such risks are therefore considered at each stage of its investment process.

For each company under Harding Loevner's coverage, the responsible analyst evaluates 38 distinct ESG risk factors, assigning a score to each to reflect the analyst's level of concern regarding its potential impact on the company's ability to grow profitably and sustainably. The Scorecard provides a consistent framework for comparing companies' potential ESG risks across all industries and geographies. The potential ESG risk factors addressed in the Scorecard include, for example, water consumption, waste generation and disposal, CO2 emissions, labour relations, treatment of stakeholders, and independence of Board of Directors. ESG risks of concern will affect the analyst's long-term forecasts of a company's growth, margins, capital intensity, and competitive position. In addition, a company's overall ESG Score is an input into Harding Loevner's valuation model that influences the projected duration of future cash flow growth.

[9] Michael E. Porter, George Serafeim & Mark Kramer, "Where ESG Fails," Institutional Investor, (October 16, 2019)

Portfolio managers consider ESG factors among other factors affecting risk and expected returns when constructing portfolios from qualified investments.

Harding Loevner Responsible Ownership

Management Engagement

Harding Loevner is an active owner and has clear engagement policies in place with the aim of protecting and furthering the financial interests of its clients, the asset owners. Harding Loevner's analysts engage regularly with company managements in the course of their fundamental research and monitoring of qualified companies. An analyst will formally engage with management to express concern or disagreement with a proposed or decided course of action, including on issues related to shareholder welfare or other ESG concerns. This engagement often arises in the context of proxy voting: whenever Harding Loevner casts a vote against management's recommendation, the responsible analyst is required to write to management to highlight and explain the basis for Harding Loevner's dissent.

If Harding Loevner believes that weak corporate governance, or other ESG issues, at a company results in unacceptably high investment risk, Harding Loevner's usual course of action is disinvestment.

While Harding Loevner generally prefers to engage with companies independent of other investment firms, Harding Loevner will consider coordinating with other institutional investors if Harding Loevner thinks doing so would produce better financial results for Harding Loevner's clients and could be undertaken in compliance with regulations concerning collective action.

Voting

Wherever clients have delegated authority to us, Harding Loevner votes all proxies with its clients' best interest in mind. As active owners, Harding Loevner seek to use its voting power to promote high standards of corporate governance, including provision of adequate disclosure of company policies, activities, and returns, as well as fair and equitable treatment of shareholders.

We aim to vote in favour of management proposals that Harding Loevner believes will benefit shareholders. Harding Loevner supports company boards in aligning management with shareholder returns through remuneration policies. In addition, Harding Loevner supports board independence, including in the composition of individual committees as well as the board overall. Harding Loevner demands that firms maintain adequate disclosures, provide clear information in financial reporting, and offer regular access to shareholders. If a company proposes a policy that Harding Loevner believes will damage long- term shareholder value, Harding Loevner will vote against it.

The analyst responsible for a company determines how to vote on proposals in accordance with the general principles that Harding Loevner has laid out. To support analysts' independent consideration of proposals, Harding Loevner obtains research and recommendations from corporate governance consultant Glass Lewis. Complex or controversial issues are subjected to internal debate by Harding Loevner's investment team, with the ultimate decision remaining with the responsible analyst, who knows the company best. Harding Loevner records all votes—along with the rationale for its deviations from the recommendations of management—and disclose Harding Loevner's votes to the respective asset owners upon request. All votes against recommendations of management are a basis for required engagement with management.

Annual voting records are published on the Company's website.

DIRECTORS' REPORT

The Directors present their report on Pengana International Equities Limited ("the Company"), for the half-year ended 31December 2022 .

Directors

The names of Directors in office at any time during or since the end of the half-year are:

Francis Gooch	Independent Non-Executive Director and Chairman
Russel Pillemer	Managing Director
David Groves	Non-Executive Director
Sandi Orleow	Independent Non-Executive Director

Directors have been in office since the start of the financial half-year to the date of this report, unless stated otherwise.

Operating and Financial Review

Company Overview and Principal Activities

Pengana International Equities Limited is an Australian Listed Investment Company whose principal operating activity is investing its Australian capital into ethically screened businesses that are listed on global exchanges.

The Company is listed on the Australian Securities Exchange under the code PIA.

Pengana Investment Management Limited, a subsidiary of Pengana Capital Group, is the Investment Manager of PIA and it provides investment management, financial management and marketing support. The Investment Manager has appointed New Jersey based Harding Loevner LP ("Harding Loevner") as the investment team for PIA.

Operating results

The total investment income for the half year was $8.4m. Global inflationary pressures eased towards the end of 2022, and markets appeared optimistic that inflation levels, and therefore interest rates, were at or near their peak. This led to an increase in the fair value of investments of $7.6m (including $12.8 million of unrealised gains and $5.2 million of realised losses). Whilst this was a significant improvement from earlier in the year, this was lower than the increase of $24.9m in the prior corresponding period owing to the overall deterioration in markets since 31 December 2021.

Net income after tax for the half year was $4.7 million, which equated to 1.85 cents per share.

The portfolio delivered a return, net of fees and expenses, of 2.35% half year ended 31 December 2022 versus the MSCI World Accumulation Net Return Index in Australian Dollars of 4.42%. Performance figures refer to the movement in net assets per share, reversing out the payment of dividends, before tax paid or accrued on realised and unrealised gains.

The Directors of the Company acknowledge the market disruptions associated with current geopolitical events and economic conditions. These have and will continue to have a global impact and uncertainty exists as to their implications.

This is one of the many factors that are evaluated when making investment decisions for the fund.

Directors Report (continued)

Significant changes in the state of affairs

There were no other significant changes in the state of affairs during the reporting period.

Dividends

On 20 October 2022, the Board declared the first quarterly interim dividend of 1.35 cents per share fully franked at 25%, for financial year 2022/2023 in line with the Company's stated dividend policy (2021/2022: 1.35 cents per share, fully franked at 30%).

The dividend reinvestment plan was operational during the period and 614,304 new shares were issued raising $590,060.

On 19 January 2023, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 25% for financial year 2022/2023 in line with the Company's stated dividend policy (2021/2022: 1.35 cents per share, fully franked at 30%). This dividend is not recognised as a liability at 31 December 2022 and will be paid on 15 March 2023.

Events subsequent to balance sheet date

On 19 January 2023, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 25% for financial year 2022/2023. This dividend is not recognised as a liability at 31 December 2022 and will be paid on 15 March 2023.

The after tax NTA per share of the Company at 10 February 2023 was $1.16, an increase of 4.55% or $0.05 from the $1.11 recorded as at 31 December 2022.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future years.

Directors Report (continued)

Rounding of amounts

The Company is of a kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the rounding off of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain areas, to the nearest dollar (unless stated otherwise).

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

F Gooch

Frank Gooch

Chairman
Sydney
16 February 2023

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
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Auditor's independence declaration to the directors of Pengana International Equities Limited

As lead auditor for the review of the half-year financial report of Pengana International Equities Limited for the half-year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Ernst & Young

Jaddus M. D. Manga Neto

Jaddus Manga
Partner
16 February 2023

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	Note	Half-year ended 31 December 2022 $'000	31 December 2021 $'000
Investment Income			
Interest received		**99**	-
Dividend received		**786**	703
Net gains/(losses) on financial instruments at fair value through profit or loss	2	**7,561**	24,884
Foreign exchange losses on foreign currency denominated cash		**(6)**	(4)
Other operating income		**1**	-
Total investment income/ (loss)		**8,441**	25,583
Management fees		**(1,760)**	(2,419)
		(1,760)	(2,419)
Expenses			
Directors' fees		**(77)**	(77)
Audit and assurance fees		**(32)**	(32)
Brokerage expenses		**(17)**	(75)
Share registry fees		**(47)**	(45)
ASX listing fees		**(44)**	(29)
Custody and administration fees		**(32)**	(79)
Other expenses		**(153)**	(253)
		(402)	(590)
Total expenses		**(2,162)**	(3,009)
Profit/(loss) before income tax		**6,279**	22,574
Income tax expense	3	**(1,537)**	(3,439)
Net profit/(loss) after income tax		**4,742**	19,135
Other comprehensive income for the half-year, net of tax		**-**	-
Total comprehensive income/(loss) for the half-year		**4,742**	19,135
Basic and diluted earnings per share (cents per share)		**1.85**	7.50

The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

	Note	As at 31 December 2022 $'000	30 June 2022 $'000
Assets			
Cash and cash equivalents		**9,354**	10,834
Trade and other receivables		**437**	428
Financial assets at fair value through profit or loss		**265,342**	264,594
Current tax asset		**1,835**	1,835
Deferred tax assets	3	**9,212**	10,756
Total assets		**286,180**	288,447
Liabilities			
Trade and other payables		**348**	866
Deferred tax liabilities	3	**43**	50
Total liabilities		**391**	916
Net assets		**285,789**	287,531
Equity			
Issued capital		**318,840**	318,407
Profit reserve		**161,648**	163,823
Retained losses		**(194,699)**	(194,699)
Total equity attributable to shareholders of the company		**285,789**	287,531

The statement of financial position should be read in conjunction with the accompanying notes.

	Note	Issued Capital $'000	Profit Reserve $'000	Retained Earnings/ (losses) $'000	Total $'000
Balance at 1 July 2021		317,232	158,479	(113,913)	361,798
Profit for the half-year		-	-	19,135	19,135
Transfer to profit reserve		-	19,135	(19,135)	-
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		578	-	-	578
Dividends paid	4	-	(6,890)	-	(6,890)
Balance as at 31 December 2021		317,810	170,724	(113,913)	374,621
Balance as at 1 July 2022		**318,407**	**163,823**	**(194,699)**	**287,531**
Profit for the half-year		**-**	**-**	**4,742**	**4,742**
Transfer to profit reserve		**-**	**4,742**	**(4,742)**	**-**
Transactions with shareholders in their capacity as owners:					
Dividend reinvestment plan issues		**590**	**-**	**-**	**590**
Dividends paid	4	**-**	**(6,917)**	**-**	**(6,917)**
Share buyback		**(157)**	**-**	**-**	**(157)**
Balance at 31 December 2022		**318,840**	**161,648**	**(194,699)**	**285,789**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

	Note	Half-year ended 31 December 2022 $'000	 31 December 2021 $'000
Cash flows from operating activities			
Proceeds from sale of investments		**24,000**	66,613
Payments for purchase of investments		**(17,572)**	(52,034)
Brokerage expenses		**(17)**	(75)
Dividends received		**823**	771
Interest received		**78**	-
Net GST paid		**(6)**	(17)
Other income received		**6**	-
Management fees paid		**(1,757)**	(2,379)
Income tax paid		**-**	(6,396)
Payment to suppliers		**(545)**	(672)
Net cash inflow from operating activities		**5,010**	5,811
Cash flows from financing activities			
Dividends paid	4	**(6,327)**	(6,312)
Share buyback		**(157)**	-
Net cash outflow from financing activities		**(6,484)**	(6,312)
Net decrease in cash and cash equivalents		**(1,474)**	(501)
Cash and cash equivalents at the beginning of the half-year		**10,834**	6,518
Foreign exchange losses on foreign currency denominated cash		**(6)**	(4)
Cash and cash equivalents at the end of the half-year		**9,354**	6,013

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 General Information

This interim financial report is for Pengana International Equities Limited (the "Company") for the half-year ended 31 December 2022. The Company is a for profit entity limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded.

The financial report for the half-year ended 31 December 2022 is a general purpose financial report and has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. It is presented in Australian dollars ($) and was approved by the Board of Directors on 16 February 2023. The Directors have the power to amend and reissue the financial report.

This half-year financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2022 Annual Report and any public announcements made in respect of the Company during the half-year ended 31 December 2022 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. Where necessary, comparative figures have been reclassified to conform to any changes in presentation made in the half-year financial report.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Net gains/(losses) on financial instruments at fair value through profit or loss

	Half-year ended	
	31 December 2022	31 December 2021
	$'000	$'000
Net gains/(losses) on realised fair value of listed equities	**(5,223)**	8,823
Net gains/(losses) on unrealised fair value of listed equities	**12,784**	16,061
Total net gains/(losses) on financial instruments at fair value through profit or loss	**7,561**	24,884

3 Income tax expense

	Half-year ended	
	31 December 2022	31 December 2021
	$'000	$'000
a. Income tax expense attributable for the year differs from the prima facie amount payable on the operating profit. The difference is reconciled as follows:		
Profit before income tax expense	**6,279**	22,574
Prima facie income tax expense on net profit at 25.0% (2021: 25.0%)	**(1,570)**	(5,644)
Foreign withholding tax	**9**	116
Adjustments to prior period	**24**	2,089
	(1,537)	(3,439)
b. The major components of income tax expense are:		
Current income tax benefit/(expense)	**-**	(1,527)
Adjustment for deferred tax of prior period due to change in tax rate	**-**	2,089
Deferred income tax benefit/(expense)	**(1,537)**	(4,001)
	(1,537)	(3,439)
c. Deferred tax liabilities relate to the following:		
Unrealised gain on investments	**-**	14,443
Other temporary differences	**43**	36
	43	14,479
d. Deferred tax assets relate to the following:		
Unrealised losses on investments	**7,441**	-
Costs associated with the issue of shares	**1**	10
Other temporary differences	**41**	39
Unused income tax losses for which deferred tax asset has been recognised	**1,729**	-
	9,212	49

Under the provisions of the tax legislation, a company will qualify for the lower company tax rate of 25% for the financial year 2022/2023 if it is a “base rate entity” for the income year. A company is a “base rate entity” for an income year only if:

- No more than 80% of the company’s assessable income for the year is passive income; and
- The aggregated turnover of the company is less than the relevant threshold ($50m for the financial year 2022/2023).

The Company's “aggregated turnover” for the financial year 2022/2023 is expected to be under $50m, however this may be subject to change between 31 December 2022 and 30 June 2023. In the event that this is more than $50m or more than 80% of the company's assessable income for the year is passive income, the tax rate for financial year 2022/2023 will be 30%.

As the Company’s “aggregated turnover” for the financial year 2021/2022 was below $50 million, and no more than 80% of the Company's assessable income for that year was passive income, the Company satisfied the definition of base rate entity for the financial year 2021/2022. Dividends paid by the Company during the 2022/2023 financial year will be franked at 25%.

4 Dividends

	Half-year ended	
	31 December 2022	31 December 2021
	$'000	$'000
a. Dividends paid		
Final fully franked dividend, franked at 25%, of 1.35 cents paid 15 September 2022 (2021: 1.35 cents fully franked at 30%).	**3,457**	3,444
First quarterly interim fully franked dividends, franked at 25%, of 1.35 cents paid on 15 December 2022 (2021: 1.35 cents fully franked at 30%)	**3,460**	3,446
	6,917	6,890
b. Dividend reinvestment plan		
Final fully franked dividend, franked at 25%, of 1.35 cents paid 15 September 2022 (2021: 1.35 cents fully franked at 30%).	**(293)**	(285)
First quarterly interim fully franked dividends, franked at 25%, of 1.35 cents paid 15 December 2022 (2021: 1.35 cents fully franked at 30%)	**(297)**	(293)
	(590)	(578)
Net dividends paid in cash	**6,327**	6,312

c. Interim dividend declared

On 20 October 2022, the Board declared the first quarterly interim dividend of 1.35 cents per share fully franked at 25% for financial year 2022/2023 in line with the Company's stated dividend policy (2021/2022: 1.35 cents per share, fully franked at 30%).

The dividend reinvestment plan was operational during the period and 614,304 new shares were issued raising $590,060.

On 19 January 2023, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 25% for financial year 2022/2023 in line with the Company's stated dividend policy (2021/2022:1.35 cents per share, fully franked at 30%). This dividend is not recognised as a liability at 31 December 2022 and will be paid on 15 March 2023.

5 Fair value measurement

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

• Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

• Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3 fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The transfers between levels only happen at the end of the reporting period.

There has been no transfer between levels from the previous reporting period.

31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets	**$'000**	**$'000**	**$'000**	**$'000**
Listed investments at fair value	**265,342**	**-**	**-**	**265,342**
Total	**265,342**	**-**	**-**	**265,342**

5 Fair value measurement (continued)

30 June 2022	Level 1	Level 2	Level 3	Total
Financial assets	$'000	$'000	$'000	$'000
Listed investments at fair value	264,594	-	-	264,594
Total	264,594	-	-	264,594

The carrying amount of cash, trade and other receivables and trade and other payables approximate their fair values.

6 Related party transactions

Details of key management personnel

Key Management Personnel (KMP) for the half-year ended 31 December 2022 are those persons who are identified as having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Non-executive Director (NED) of the Company.

Names and positions held by Directors and Officers of the Company in office at any time during the financial half-year are:

Name	Title	Appointment date
Frank Gooch	Independent Non-Executive Director and Chairman	Appointed Independent Non-Executive Director 5 June 2017 and Chairman 6 December 2017
Russel Pillemer	Managing Director	Appointed Non-Executive Director 5 June 2017 and Managing Director 21 February 2019
David Groves	Non-Executive Director	Appointed 13 January 2017
Sandi Orleow	Independent Non-Executive Director	Appointed 1 September 2019

The Company has no employees. All operational and administrative duties are performed by Pengana Capital Group Limited (PCG), the parent company of the Investment Manager. No employees of PCG are remunerated by the Company. All KMP held their positions for the whole of the half-year ended 31 December 2022.

Related party transactions

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

For the half year ended 31 December 2022, performance fees paid and payable were nil (31 December 2021: nil).

	Half-year ended	
	31 December 2022	31 December 2021
	$	$
a. Pengana Capital Group Limited		
The Company reimburses Pengana Capital Group Limited for any expenses that are paid on behalf of the Company as appropriate under the Company's constitution.	**(16,412)**	(47,810)
b. Pengana Investment Management Limited (Investment Manager)		
Management fees paid and payable as governed by the Investment Management Agreement	**(1,760,214)**	(2,419,004)

7 Statement of operations by segment

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Manager in assessing and determining the allocation of resources.

The Company operates in one business segment, being investment in securities.

8 Subsequent events

On 19 January 2023, the Board declared the second quarterly interim dividend of 1.35 cents per share fully franked at 25% for financial year 2022/2023. This dividend is not recognised as a liability at 31 December 2022 and will be paid on 15 March 2023.

The after tax NTA per share of the Company at 10 February 2023 was $1.16, an increase of 4.55% or $0.05 from the $1.11 recorded as at 31 December 2022.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Company's operations, the results of those operations or the Company's state of affairs in future years.

9 Contingent liabilities

There were no contingent liabilities at 31 December 2022 and 30 June 2022 that required disclosure.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Pengana International Equities Limited, I state that:

In the opinion of the directors of the Company:

a the financial statements and notes of Pengana International Equities Limited are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
  - complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors of the Company.

On behalf of the Board,

Frank Gooch
Chairman
Sydney
16 February 2023

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Building a better working world

Independent auditor's review report to the members of Pengana International Equities Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Pengana International Equities Limited (the Company) which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive Income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Company does not comply with the *Corporations Act 2001*, including:

a) Giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and

b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst + Young

Ernst & Young

Jaddus M D Manga Neto

Jaddus Manga
Partner
Sydney
16 February 2023

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CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

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DIRECTORS

Francis Gooch
Independent Non-Executive Director and Chairman

Sandi Orleow
Independent Non-Executive Director

David Groves
Non-Executive Director

Russel Pillemer
Managing Director

COMPANY SECRETARY

Paula Ferrao

INVESTMENT MANAGER

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INVESTMENT TEAM

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New Jersey 08807, United States

AUDITOR

Ernst & Young
200 George Street
Sydney NSW 2000 Australia

SHARE REGISTRY

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