

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 11.2%

NUMBER OF STOCKS 66

BETA⁴ 0.82

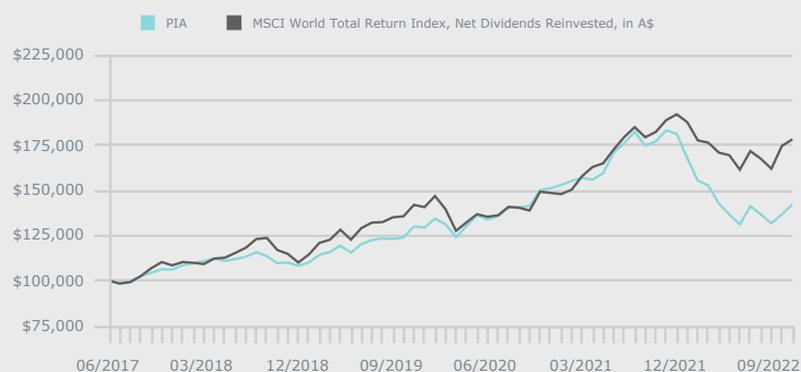
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Nov 2022¹

	1M	1Y	3Y	Pengana SI July 2017 ¹
(ASX: PIA)	4.1%	-22.3%	3%	6.7%
Index ²	2.1%	-5.6%	7.9%	11.3%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc	Communication Services
AMETEK Inc	Industrials
Deere & Co	Industrials
First Republic Bank	Financials
HDFC Bank Ltd	Financials
Microsoft	Information Technology
Schneider Electric SE	Industrials
Synopsys Inc	Information Technology
UnitedHealth Group Inc	Health Care
Vertex Pharmaceuticals Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	6.8%
Consumer Staples	2.9%
Financials	12.9%
Health Care	21.1%
Industrials	18.6%
Information Technology	24.1%
Real Estate	0.8%
Communication Services	9.2%
Cash	3.5%

CAPITALISATION BREAKDOWN

Under 5bn USD	2.4%
In between 5bn - 10bn USD	3.2%
In between 10bn - 50bn USD	30%
In between 50bn - 150bn USD	29.5%
In between 150bn - 500bn USD	19.6%
Above 500bn USD	11.8%
Cash	3.5%

REGION BREAKDOWN

North America	62.4%
Europe ex-UK	18.8%
Emerging Markets	9.3%
Japan	2.5%
UK	2.2%
Asia Pacific ex-Japan	1.2%
Cash	3.5%

SIGNS THAT INFLATIONARY PRESSURES MAY BE STARTING TO EASE

COMMENTARY

- Global share markets continued to perform well in November upon signs that inflationary pressures may be starting to ease.
- Chinese stocks rebounded strongly when the government appeared to take the first steps to unwind its zero-Covid policy and more fully re-open the economy.
- The Portfolio returned 4.1% in November, while the benchmark returned 2.1%.

Market Review

The MSCI World Total Return Index, Net Dividend Reinvested, AUD returned 2.1% during November. Australian dollar strength detracted from share price gains.

Global share markets continued to rebound from the low point reached in mid-October, despite the US Federal Reserve (Fed) and the Bank of England raising interest rates. However, investor sentiment improved on better-than-expected inflation data in the United States and Germany, fueling hopes that US inflation has peaked. The Fed is now expected to reduce the interest rate increase to 0.50% at its next meeting in mid-December, following four successive 0.75% increases to the present 3.75% – 4.00% level.

Emerging Markets posted the strongest returns of any region during November. Chinese equities rose nearly 30% after the government partially eased its zero-COVID policy and unveiled a support package aimed at boosting liquidity in the property sector.

Portfolio Comment

During November, the Portfolio outperformed the benchmark by 2.0% as global value stocks outperformed growth.

All market sectors posted positive returns. The Portfolio benefitted from the underweight position in energy, but the overweight positions in cash and materials and the underweighting to healthcare detracted from relative returns.

The Portfolio's outperformance was driven by strong stock selection across most sectors, but especially in information technology and consumer discretionary.

The Portfolio continues to find high quality, durable growth companies in the healthcare sector. The eye care industry is characterised by high barriers to entry, fewer participants and good long-term growth prospects driven by an aging population. Yet stocks in this segment remain generally underappreciated by investors.

Alcon is a leader in both ophthalmic surgery solutions and contact lenses. It is expected to benefit from the anticipated growth in cataract surgeries and rising contact lens adoption in less developed markets. Sales fell in 2020 as elective eye care procedures and purchases were postponed during the pandemic but have since rebounded.

Alcon continues to innovate, creating strong demand for new products such as reengineered contact lenses which focus on easing dry eye and an advanced technology intraocular lens product. The company raised its full year guidance in its most recent earnings update.

The company's holdings in the semiconductor businesses **ASML** and **TSMC** contributed to the Portfolio outperforming the market during November. The cyclical demand for semiconductor stocks had left these companies attractively valued following a period of underperformance. This is now being discounted by the market, which is again focusing on business fundamentals.

Shares of Brazilian stock exchange operator **B3** detracted from the Portfolio's performance in the financials sector. Investor sentiment has turned more negative upon fears that the fiscal deficit will rise in the wake of Lula da Silva's election as President.

The Portfolio's US holdings outperformed the broader market in November. **Etsy** is a global e-commerce company which focusses on arts and crafts created by independent sellers, often as a secondary income. The share price rebounded strongly after the company reported better than expected earnings due to improving consumer demand.

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\$ 1.162
NTA PRE TAX **	A\$ 1.149
PRICE CLOSE **	A\$ 0.930
SHARES ON ISSUE **	256.32m
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. Please refer to the PDS for information regarding risks. 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\$. 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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ACN 107 462 966

MANAGED BY PENGANA INVESTMENT MANAGEMENT LIMITED

PART OF THE PENGANA CAPITAL GROUP

AFSL 219462

PENGANA.COM/PIA

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