

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. PIA's objective is 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 investment 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.

SHARE PRICE	NTA POST-TAX	NTA PRE-TAX	PORTFOLIO RETURN (20 YEARS)	DIVIDEND YIELD ¹	CONSECUTIVE QUARTERLY DIVIDENDS PAID
\$1.240 31 Aug 2025	A\$ 1.358 31 Aug 2025	A\$ 1.400 31 Aug 2025	7.9% p.a. 31 Aug 2025	4.4% 6.2% when grossed up ² for franking credits	20

1. Dividend yield is based on current displayed share price and dividends declared over the previous 12 months

2. Grossed up yield is based on current displayed share price, dividends declared over the previous 12 months and the tax rate and franking percentage applicable for the most recently declared dividend

COMMENTARY

- The portfolio declined 3.0% in August, as style-driven market moves and a handful of company updates weighed on results.
- Global equities rose modestly, with Materials leading on higher commodity prices, while Technology shares trailed on concerns over the cost of AI infrastructure.
- A new investment was made in **Delta Electronics**, a Taiwanese leader in advanced power supply systems for data centres, telecommunications, and consumer electronics.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2025¹

	1M	1Y	5Y	15Y	20Y
Total Portfolio Return	-3.0%	11.8%	7.9%	9.8%	7.9%
Total Shareholder Return	-0.1%	17.6%	6.6%	7.0%	4.8%
Index	0.9%	19.9%	15.7%	13.8%	9.2%

TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc. Class A	Communication Services	Microsoft Corporation	Information Technology
Amazon.com, Inc.	Consumer Discretionary	Netflix, Inc.	Communication Services
CME Group Inc. Class A	Financials	Schneider Electric SE	Industrials
Deere & Company	Industrials	Sony Group Corporation	Consumer Discretionary
Meta Platforms Inc Class A	Communication Services	Tencent Holdings Ltd	Communication Services

AUGUST REPORT

COMMENTARY

Market Commentary

Global share markets posted modest gains in August, though results varied across regions and sectors. Materials stocks were the strongest performers, supported by higher commodity prices, while Technology shares lagged as investors weighed concerns over the rising costs of AI infrastructure. Value-oriented companies continued to outperform, reflecting a rotation in markets toward more attractively priced businesses.

Japan was one of the better-performing regions, helped by a new trade agreement with the United States that lifted confidence in its growth outlook. Europe also advanced, supported by improving sentiment and stronger activity across both manufacturing and services. In contrast, emerging markets were softer. Indian equities fell following new US tariffs, while South Korea and Taiwan declined, given their heavy exposure to large AI companies. In China, retail sales and trade data came in below expectations, adding to concerns around domestic demand.

Broader economic conditions remained supportive. Inflation continued to moderate across most regions, with the US Federal Reserve striking a more cautious tone at its annual meeting in Jackson Hole. Consumer demand in the US stayed resilient, with retail sales moderating but still healthy in real terms. These developments encouraged a constructive backdrop for equity markets, even as shifts in style and sector leadership influenced monthly results.

Portfolio Commentary

The portfolio declined in August, reflecting a period where style-driven market moves and select company updates weighed on results. Businesses that issued more cautious outlooks or faced heightened competition faced short-term share price weakness, even where long-term prospects remain intact.

The Trade Desk, a leading digital advertising platform, was the largest detractor. Shares fell sharply after management provided cautious revenue guidance and highlighted competition from Amazon's advertising platform. While this unsettled the market, the company remains well positioned to benefit over the long term as advertising spend increasingly moves to independent platforms outside the largest online players.

During the month, the portfolio initiated an investment in **Delta Electronics**, a Taiwanese company that holds a leading position in advanced power supplies for data centres, telecommunications equipment, and consumer electronics. With a diversified global supply chain and opportunities to expand into areas such as electric vehicles and industrial automation, Delta offers strong growth potential.

Elsewhere, **Atkore** declined after announcing its CEO will retire at year-end, alongside continued weakness in the PVC pipe market. In Health Care, **Chugai Pharmaceutical** traded lower after trial results for its weight-loss drug fell short of investor expectations, while **Vertex Pharmaceuticals** weakened following disappointing trial data for a new pain treatment.

Sony was a bright spot during the month, delivering solid results supported by strength in its gaming and image sensors businesses. The company continues to be well positioned to benefit from rising global demand for entertainment content and advanced technology.

The investment team also continued its engagement with portfolio companies on key environmental, social, and governance (ESG) topics. In the second quarter of 2025, discussions included UnitedHealth Group on regulatory compliance processes, which ultimately led to the decision to exit the position, and Symrise on the potential impact of US tariffs on its cosmetics ingredients division. These conversations form part of the team's ongoing focus on how companies manage long-term risks and create sustainable value.

While August was a challenging month, the portfolio remains focused on high-quality companies with durable advantages and strong long-term growth drivers. The team continues to apply a disciplined, bottom-up approach, adding selectively to businesses with clear earnings visibility, while remaining mindful of near-term market rotations.

PIA's Proposed Portfolio Enhancements

A recent webinar, held on 4 September 2025, and presented by PIA Chairman Frank Gooch, Pengana Credit CEO Nehemiah Richardson, and Pengana Capital Group CEO Russel Pillemer, explored PIA's proposal to enhance future shareholder returns with diversified exposure to highly sought-after global private credit – an initiative designed to strengthen diversification and deliver more reliable, and increased, fully-franked income.

You can access the webinar in full below or navigate directly to the key discussion points [here](#).



The Board believes that, if approved, the benefits will include:

- A targeted 56% increase in fully franked dividends to 8.4c per share p.a. – once the proposal is fully implemented
- Equating to a gross dividend yield of 9.0% p.a. (including the value of franking credits), based on the August month-end share price of \$1.24 and a 25% tax rate
- Monthly dividend payments commencing November 2025
- Access to a unique and diversified exposure to global businesses
- Increased and more reliable earnings

We strongly encourage all shareholders to vote at the upcoming AGM to be held on 21 October 2025. Further details of the meeting will be provided to shareholders in the Notice of Meeting, which will be dispatched to shareholders on 19 September 2025.

FEATURES	
ASX CODE	PIA
FEES	Management Fee: 1.23% p.a. Performance Fee: 15.38% of any return greater than the Index ^v
INCEPTION DATE	19 March 2004
MANDATED	1 July 2017
BENCHMARK	MSCI World Total Return Index, Net Dividend Reinvested, in A\$ ("Index")
NTA POST TAX ^{iv}	A\$ 1.358 31 Aug 2025
NTA PRE TAX ^{iv}	A\$ 1.400 31 Aug 2025
PRICE CLOSE ^{iv}	A\$ 1.240
SHARES ON ISSUE ^{iv}	257.13m
DRP ^{iv}	Yes

FUND MANAGERS	
	Jingyi Li Portfolio Manager
	Rick Schmidt Portfolio Manager

i. Performance for periods greater than 12 months is the compound annual return.

Total Shareholder Return refers to the movement in share price plus dividends declared for the period, not including the benefit of franking credits attached to dividends paid

Total Portfolio Return refers 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.

Index refers to MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

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Source: PCG and Factset.

ii. 20 Year Annualised Standard Deviation as at the last day of the last month prior to publishing this report.

iii. Relative to MSCI World Total Return Index, Net Dividends Reinvested, 20 Year annualised Beta as at the last day of the last month prior to publishing this report.

iv. As at the last day of last month prior to publishing of this report. The figures are unaudited.

v. Index/MSCI World refers to the MSCI World Total Return Index, Net Dividends Reinvested, in A\$.

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ACN 107 462 966

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Authorised by: Paula Ferrao, Company Secretary.