

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
\$1.295 31 Dec 2025	A\$ 1.362 31 Dec 2025	A\$ 1.407 31 Dec 2025	7.4% p.a. 31 Dec 2025	4.2% 5.6% when grossed up ² for franking credits	21

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

- PIA declined 1.4% in December, in a month where global equity markets were weaker overall, with market leadership shifting towards areas more closely linked to economic activity.
- Financials and Materials were the strongest-performing sectors as central banks signalled a more supportive economic backdrop, while traditionally defensive sectors such as Utilities and Real Estate lagged.
- The Portfolio continued to apply valuation discipline during the month, exiting **Synopsys** following concerns around acquisition-related execution risk.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Dec 2025¹

	1M	1Y	5Y	15Y	20Y
Total Portfolio Return	-1.4%	3.0%	6.7%	9.0%	7.4%
Total Shareholder Return	1.0%	11.0%	3.9%	6.9%	4.7%
Index	-0.9%	12.4%	15.5%	13.8%	9.0%

TOP HOLDINGS (ALPHABETICALLY)

Alphabet Inc. Class A	Communication Services	Microsoft Corporation	Information Technology
Amazon.com, Inc.	Consumer Discretionary	Schneider Electric SE	Industrials
ASML Holding NV	Information Technology	Taiwan Semiconductor Manufacturing Co., Ltd.	Information Technology
Booking Holdings Inc.	Consumer Discretionary	Tencent Holdings Ltd	Communication Services
Meta Platforms Inc Class A	Communication Services	Vertex Pharmaceuticals Incorporated	Health Care

DECEMBER REPORT

COMMENTARY

Global equity markets declined in December, with market leadership shifting during the month. Central bank actions and policy signals played an important role in shaping market outcomes, setting the tone for sector and regional performance.

Financials and Materials were the strongest-performing sectors during the month. These areas benefited as central banks signalled a more constructive outlook, with the European Central Bank raising its economic growth forecasts and reporting low inflation, while the US Federal Reserve and the Bank of England cut interest rates. In contrast, traditionally defensive sectors such as Utilities and Real Estate lagged as investor preference shifted away from more cautious positioning.

At a regional level, Europe was the strongest-performing market, rising over 3.5% as confidence around economic stabilisation improved. The United States was the weakest region, weighed down by weakness in software stocks. Shares of Oracle declined after the company reported disappointing cloud sales and highlighted a sharp increase in spending related to artificial intelligence, which weighed on broader sentiment across the technology sector.

Overall, December was characterised by a shift in market leadership, with performance driven more by sector and regional exposures than by changes in underlying business fundamentals.

Portfolio Commentary

December proved a more challenging month for PIA, as market conditions were less supportive of the Portfolio's quality-focused positioning. Despite this backdrop, exposure to selected Health Care and Information Technology holdings provided some support.

In Health Care, performance was supported by continued strength across several holdings. In Europe, **Roche**, the Swiss pharmaceutical company, performed well following interim results showing that its breast cancer treatment kept early-stage patients cancer-free for longer than the current standard of care. The update reinforced confidence in the company's innovation pipeline and its ability to deliver resilient long-term growth. In the US, **Vertex Pharmaceuticals** also contributed positively, benefiting from ongoing strong adoption of its cystic fibrosis therapies.

Within Information Technology, stock selection was supportive during the month. An overweight position in **TSMC**, the world's leading semiconductor manufacturer, contributed positively, while the Portfolio's lack of exposure to Apple, whose shares declined, further aided relative outcomes.

During the month, the Portfolio exited its position in **Synopsys**, a US chip-design software developer. The decision reflected concerns around the company's acquisition of Ansys, with management guidance assuming strong growth outcomes that left limited room for error given the valuation of the shares. The sale was consistent with the team's disciplined approach to managing risk and allocating capital.

Elsewhere, Communication Services detracted from performance. Shares of **Netflix** declined as investors became concerned about the potential for a bidding war and extended regulatory scrutiny related to its proposed acquisition of Warner Bros Discovery.

Overall, December's outcome reflected shifts in market leadership rather than any deterioration in the underlying

fundamentals of Portfolio holdings. The Portfolio remains well diversified, and the team continues to focus on high-quality businesses with strong balance sheets, durable competitive advantages and clear long-term growth drivers.

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\$ 1.362 31 Dec 2025
NTA PRE TAX ^{iv}	A\$ 1.407 31 Dec 2025
PRICE CLOSE ^{iv}	A\$ 1.295
SHARES ON ISSUE ^{iv}	257.55m
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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Authorised by: Paula Ferrao, Company Secretary.