PENGANA INTERNATIONAL EQUITIES LIMITED

# MONTHLY REPORT
JULY 2026

## 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 |
|---|---|---|---|---|---|
| $1.155<br>31 Jul 2026 | A$ 1.210<br>31 Jul 2026 | A$ 1.244<br>31 Jul 2026 | 7.1% p.a.<br>31 Jul 2026 | 4.8%<br>6.5% when grossed up[2] for franking credits | 24 |

1. Dividend yield is based on current displayed share price, and the most recently declared dividend, annualised
2. Grossed up yield is based on current displayed share price, the most recently declared dividend, annualised, and the tax rate and franking percentage applicable for the most recently declared dividend

### COMMENTARY

#### Summary

- PIA declined 0.5% in July, holding up better than the MSCI World Total Return Index (Net Dividends Reinvested AUD), which eased 0.9%, as concerns over potential overinvestment in AI capacity drove continued volatility across global equity markets.
- Energy was the strongest sector, rising 12% after renewed hostilities between the US and Iran forced another closure of the Strait of Hormuz, while Information Technology weakened as AI-related shares came under pressure. Emerging Markets was the weakest region, weighed down by South Korea, where memory chip stocks sold off sharply.
- The portfolio's diversified positioning within IT supported returns, with software and services holdings **Adobe** and **Accenture** rebounding strongly. The portfolio initiated a new position in **Lenovo**, the China-based producer of personal computers, servers, and storage systems.

### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jul 2026i

| | 1M | 1Y | 5Y | 15Y | 20Y |
|---|---|---|---|---|---|
| **Total Portfolio Return** | -0.5% | -1.4% | 3.5% | 9.5% | 7.1% |
| **Total Shareholder Return** | -1.5% | 6.4% | 1.6% | 7.3% | 4.3% |
| **Index** | -0.9% | 10.4% | 12.2% | 14.5% | 9.2% |

### TOP HOLDINGS (ALPHABETICALLY)

| | | | |
|---|---|---|---|
| **Alphabet Inc. Class A** | Communication Services | **NVIDIA Corporation** | Information Technology |
| **Amazon.com, Inc.** | Consumer Discretionary | **Reinsurance Group of America, Incorporated** | Financials |
| **HEICO Corporation** | Industrials | **Samsung Electronics Co Ltd Sponsored GDR Pfd** | Information Technology |
| **Johnson & Johnson** | Health Care | **Schneider Electric SE** | Industrials |
| **Microsoft Corporation** | Information Technology | **Taiwan Semiconductor Manufacturing Co., Ltd.** | Information Technology |

# JULY REPORT

## COMMENTARY

### Market Review

Global equity markets were broadly flat in July, though beneath the surface there was considerable dispersion as investors continued to reassess expectations for AI-related demand. Volatility persisted through the month, driven by growing debate over whether the pace of investment in AI infrastructure could be sustained.

Information Technology weakened as AI-related shares came under pressure. Semiconductor stocks were particularly soft, with manufacturers of memory chips, the components used to store data in computers and AI systems, selling off sharply after a strong run into mid-June. Investors reassessed elevated expectations for AI-related memory demand and pricing, prompting a reset across the sector. Semiconductor equipment makers also declined as the broader repricing of AI enthusiasm weighed on capital spending expectations.

Energy was the standout performer, rising 12% as geopolitical tensions flared once more. A fresh exchange of attacks between the US and Iran led to another closure of the Strait of Hormuz, pushing Brent crude prices higher and lifting energy shares broadly.

Regional performance diverged. Emerging Markets was the weakest region, weighed down by South Korea, where the concentration of memory chip manufacturers left the market particularly exposed to the reversal in AI-related sentiment. Developed markets held up better, supported by the rotation within technology from semiconductors and hardware toward software and services, where earnings visibility appeared more resilient.

### Portfolio Commentary

July was a subdued month for the portfolio in absolute terms, with a small decline reflecting the broader volatility across global equity markets. The portfolio held up modestly better than the benchmark, supported by a notable rotation within Information Technology, away from semiconductors and hardware and toward software and services, which marked a shift from earlier in the year.

**Adobe** and **Accenture**, both of which had been weighed down by fears of AI-related disruption earlier this year, were the standout contributors, with each rebounding strongly during the month. Elsewhere in IT, the absence of memory chip manufacturers **SK hynix** and **Micron Technology** from the portfolio supported returns and helped offset the impact of the portfolio's exposure to **Samsung Electronics**. **NVIDIA** and **Broadcom** also contributed positively, holding up better than the wider semiconductor and hardware group.

Within Consumer Discretionary, shares of **Sony** rallied after the company raised its annual forecasts on the back of earnings growth in its gaming, music and image-sensor businesses. The absence of Tesla from the portfolio also supported returns in the sector. Offsetting some of these gains, the portfolio's lower exposure to strongly performing areas of the market, notably Financials and Energy, weighed on relative returns.

During the month, the portfolio initiated a new position in **Lenovo**, the China-based company that is one of the world's largest producers of personal computers, servers, and storage systems. Over the past several years, Lenovo has used its cost, supply, and technological advantages to grow its share and margins in both the server market and the enterprise solutions and services market, which includes providing ongoing IT, cloud architecture, and AI support. Lenovo's global management structure, with headquarters in both the US and China, combined with its strong compliance record, helps to reduce political risk. The investment approach sees Lenovo's future growth being driven by the ongoing retirement of Windows 10 systems and the growing need for on-premise AI and private cloud servers.

Periods of sharp rotation within the market, such as the shift seen this month within Information Technology, can create short-term noise but often serve as a reminder of the value of diversification. The investment approach continues to focus on well-managed businesses with durable competitive advantages and the financial strength to navigate a range of market conditions.

## FEATURES

| | |
|---|---|
| ASX CODE | PIA |
| FEES | Management Fee: 1.23% p.a.<br>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$ 1.210<br>31 Jul 2026 |
| NTA PRE TAX [iv] | A$ 1.244<br>31 Jul 2026 |
| PRICE CLOSE [iv] | A$ 1.155 |
| SHARES ON ISSUE [iv] | 257.98m |

## 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$.

Past performance is not a reliable indicator of future performance, the value of investments can go up and down. None of Pengana International Equities Limited ('PIA'), Pengana Investment Management Limited nor any of their related entities guarantees the repayment of capital or any particular rate of return from PIA. This information has been prepared by PIA and does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered investment advice and should not be relied on as an investment recommendation. The figures are unaudited.

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$.

# PENGANA INTERNATIONAL EQUITIES LIMITED (ASX: PIA)


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Authorised by: Paula Ferrao, Company Secretary.