

Pengana Absolute Return Asia Pacific Fund

November 2016 Monthly Update

Investment Objective

To generate a net annualised return greater than 5% above the RBA's Cash Rate Target over a 3 to 5 year period with low volatility and low correlation to Asian security markets.

Investment Process

The Fund employs an event-driven investment strategy that seeks to exploit the mispricing of securities of companies listed on Asia Pacific stock markets (including Australia) that are undergoing corporate transactions. The investment process aims to control risk by maintaining low exposure to relative market movements and other broad risk factors.

Fund Facts

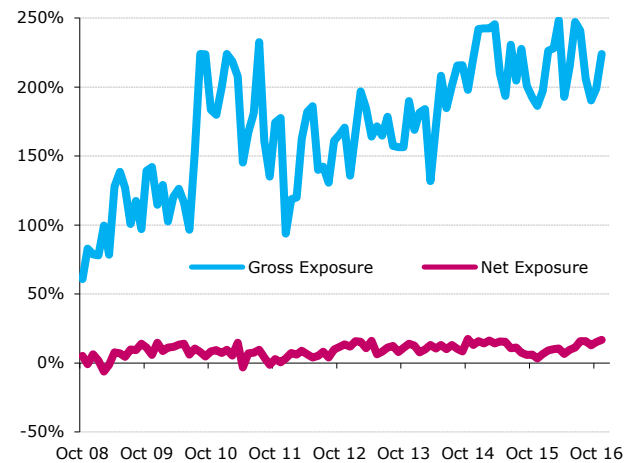
Senior Portfolio Managers	Antonio Meroni and Vikas Kumra	Inception date	Fund: September 2010 Strategy: October 2008
APIR code	PCL0004AU	FUM Fund/Strategy:	A\$70.5/ US\$68.6
Investment Strategy	Asia Pacific Absolute Return	Benchmark Index	RBA Cash Rate Target
Management Fee¹	1.50% p.a.	Redemption Price at Month End	1.1083
Performance Fee	20.5% of the Fund's return in excess of the RBA Cash Rate subject to a high water mark		

Fund Performance

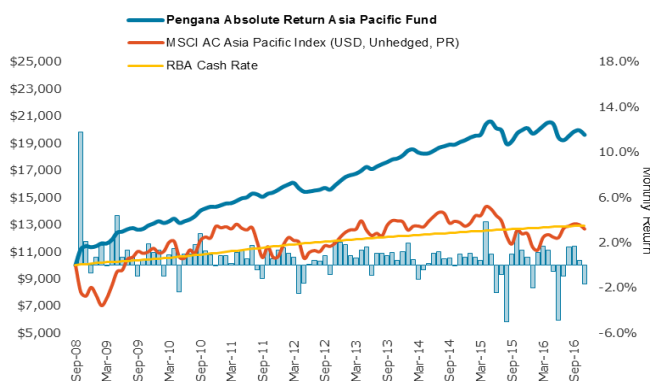
Net Returns to Nov 2016	Pengana Absolute Return Asia Pacific Fund ²	RBA Cash Rate Target	MSCI ACWI Asia Pacific Price Index
1 Month	-1.65%	0.12%	-2.42%
3 Months	0.42%	0.37%	-1.69%
6 Months	-3.88%	0.79%	5.04%
12 Months	-1.76%	1.78%	2.95%
2 Years p.a.	1.40%	1.96%	-1.80%
3 Years p.a.	3.14%	2.13%	-1.52%
Since inception³ p.a.	8.60%	3.19%	2.95%

Correlation⁴	0.07	Max drawdown	-8.0%
Sharpe Ratio	1.13	Volatility	6.31%
Beta⁴	0.03	Positive Months	77%

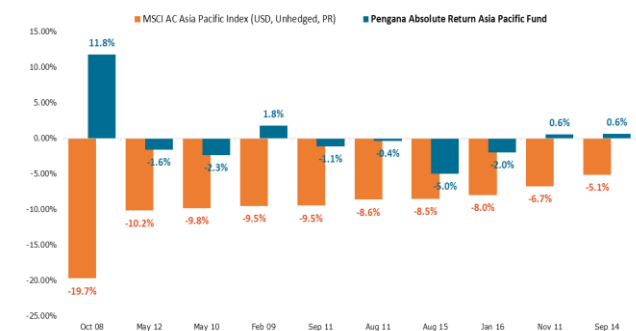
Fund – Gross and Net Exposures



Monthly Returns Since Inception³



Fund Performance During Market Falls³



¹ All fees are inclusive of GST net of RITC. Please refer to PDS for a more detailed explanation

² Net performance figures are shown 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.

³ Inception date: September 2010. These performance figures show the returns of the Absolute Return Asia Pacific Fund from inception on 1 September 2010 to the current date and, for the period prior to 1 September 2010, the since inception returns for the Australian dollar denominated shares issued by the Pengana Asia Special Events (Offshore) Fund ("Offshore Fund") adjusted to reflect the different fees which apply to the Fund. The strategy inception date is 1 October 2008. The Fund is fully invested into the Offshore Fund.

⁴ MSCI AC Asia Pacific Index

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Fund Commentary

The Fund finished down -1.7%² for the month of November 2016, compared to Asian markets which fell -2.4%.

Asian markets were generally dragged down by the emerging market selloff that coincided with the USD rally fuelled by the US elections. The US Presidential election resulted in significant volatility during Asian trading hours which the Fund was generally insulated from, largely due to the protection from our hedges. However, what was surprising was the speed of the collapse of volatility. It took several trading days for market volatility to subside in the aftermath of the Brexit event, but it only took hours after the US election for volatility to subside. Unfortunately the Fund did not take profits in its long volatility position as our view was that volatility would remain elevated for at least several trading days.

During the course of the month the Fund increased gross exposure by circa 25%, although this was partially attributable to an increase in index hedges. The exposure to the M & A strategy was increased, along with the capital structure and capital management strategies. From a country perspective, trade allocations increased in Hong Kong/China, India and Korea.

Asian Event Landscape

Continued news flow around the capital outflow restrictions imposed by the Chinese government to fund M&A transaction gained further momentum during the month. The concerns largely stem from falling foreign reserves and the devaluation of the yuan, and validate our cautious approach towards such transactions. The Fund has of late largely avoided such deals and also selectively taken reverse merger positions to profit from deal breaks involving Chinese companies.

M&A

The negative performance in the strategy was largely due to a reverse merger position (ie short the target) in Calsonic Kansei, which received a privatization proposal from private equity firm KKR. The Fund was positioned short on the expectation that the tender offer would be conducted at a price lower than market expectations. While that was the case, the unexpected special dividend in addition to the tender price resulted in a negative impact to performance.

Stub Strategy

The market volatility created a trading environment conducive for the stubs strategy, which contributed +0.5%.

Capital Management

Within the capital management strategy, our exposure to catalyst driven trades in India and Indonesia were subject to sharp corrections. We retain our conviction in these trades as we believe the underlying catalysts will be realised in the medium term.

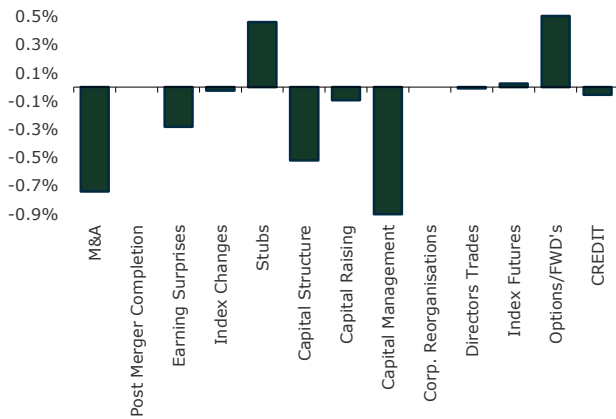
Capital Structure

Within capital structure, the much anticipated update by Samsung on shareholders' returns did little to surprise the market on the upside. On balance, we view the commitments by Samsung to be more favourable for the preferred shares over the ordinary shares and we anticipate the next round of share buybacks to be heavily skewed to the preferred.

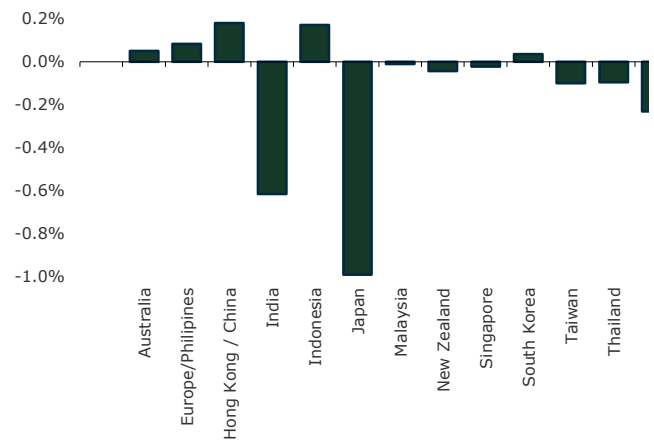
We thank you for your continued support.

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Monthly Contribution by Strategy



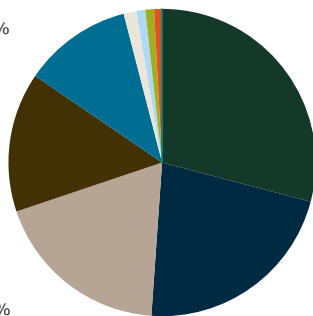
Monthly Contribution by Region



Portfolio Positioning

Monthly Gross Exposure by Strategy

- M&A / 29.1%
- Capital Structure / 22%
- Capital Management / 18.7%
- Credit / 14.7%
- Stubs / 11.4%
- Index Changes / 1.3%
- Earning Surprises / 0.9%
- Capital Raising / 0.9%
- Index Futures / 0.8%
- Post Merger Completion / 0%
- Directors Trades / 0%



Exposure by Region as % of NAV

Country	Gross	AdjNet*
Australia	25.3%	2.3%
Hong Kong/ China	52.1%	2.9%
India	22.7%	2.6%
Indonesia	2.6%	-0.5%
Japan	63.2%	2.4%
Korea	26.3%	-0.2%
Malaysia	0.9%	1.0%
New Zealand	3.2%	0.9%
Singapore	18.1%	4.7%
Philippines	0.0%	0.0%
Taiwan	0.0%	0.0%
Thailand	7.6%	1.9%
United States	1.9%	-1.1%
Total	223.9%	16.8%

*Excluding M&A and capital structure arbitrage and beta adjusted

Awards



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