

Pengana PanAgora Absolute Return Global Equities Fund

FEBRUARY 2017 PERFORMANCE UPDATE



FUND DESCRIPTION AND FEATURES

The Fund employs a highly diversified long/short equity strategy which is designed to generate attractive absolute returns that are generally neutral to market movements.

The Fund seeks to achieve its objective of an annualised return target[†] of 8-14% with volatility of 4-8%, by using a diversified set of strategies that have low correlation to one another. In addition, because many of these strategies are designed to generate profit under different market conditions and are designed to capitalise on long-term, intermediate-term and short-term inefficiencies, their combination is expected to result in more stable returns over time than any individual strategy in and of itself. These strategies have been developed by PanAgora.

APIR code	PCL0023AU
Fund inception date	9 December 2015
Strategy inception date	1 September 2010
AUM	\$116M
Portfolio Managers	George Mussalli, CIO Richard Tan, Director, Equity

Management fee*	1.52% p.a.
Performance fee*	20.22%
Unit price	0.9615
Redemption price at month end	0.9568
Investment strategy	Absolute Return Global Equity
Minimum investment	A\$20,000

[†] See further information regarding the Fund's investment objective in the Product Disclosure Statement.

* All fees are stated inclusive of GST and ITC. Please refer to the Fund's Product Disclosure Statement for a more detailed explanation.

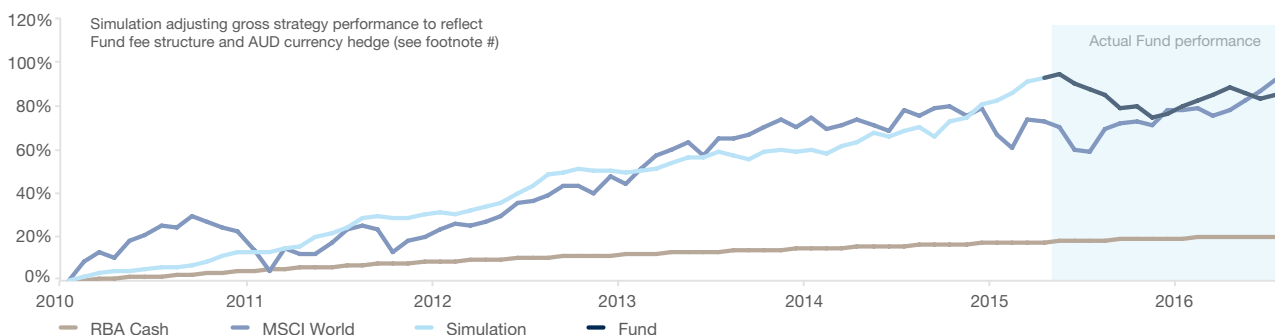
PERFORMANCE SUMMARY[#]

Performance figures and calculations in this section are net of fees, AUD hedged and involve a partial simulation (see footnote #).

Performance (%)	
Fund	
1 month	0.9
1 year	-1.3
Strategy and Fund including partial simulation[#]	
3 year annualised	5.4
5 year annualised	8.5
Inception to date annualised	10.1

Key performance and risk statistics	
Strategy and Fund including partial simulation[#]	
Volatility	5.3%
Sharpe ratio	1.3
Information ratio	1.9
Positive periods	73%
Max drawdown	-10.2%
Beta (ASX 200)	0.07
Beta (MSCI World)	0.08

Cumulative Performance



[#] From December 2015, performance figures are those of the Fund's class A units (including reinvestment of distributions). Between September 2010 and November 2015, AUD performance has been simulated by Pengana from the actual USD Composite gross strategy returns (prior to April 2013 using the Monthly Liquidity Composite; thereafter using the Daily Liquidity Composite) using 3 month rolling forwards to hedge movements in the AUDUSD spot rate. The effect of management fees of 1.52% p.a. and performance fees of 20.22% p.a. form part of this simulation. Performance fees include a hurdle rate (RBA Cash Rate converted to a daily rate). The Composite is comprised of all discretionary institutional accounts managed by PanAgora in this investment style. The creation date and inception date for the Monthly Liquidity Composite was 1 September 2010. The creation date and inception date for the Daily Liquidity Composite was 1 April 2013. PanAgora's composite performance is GIPS compliant. The USD gross track record data is historical. Past performance is not a reliable indicator of future results. The value of investments can go up and down. Indices used include: MSCI World Daily TR Net World USD (Bloomberg: NDDUWI Index); and RBA Cash Rate (Effective) (Bloomberg: RBACTRD Index).

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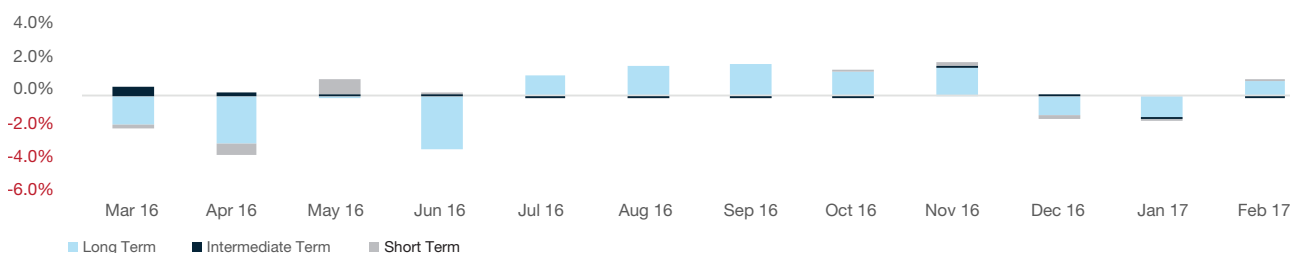
Fund Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-1.47	0.87											-0.61
2016	-1.83	-1.62	-1.41	-3.49	0.88	-3.12	1.08	1.74	1.77	1.40	1.99	-1.38	-4.12
2015												0.90	0.90

Simulation adjusting gross strategy monthly returns (%) to reflect Fund fee structure and AUD currency hedge (see footnote #).

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2015	-0.84	1.31	0.93	-2.47	4.29	1.23	3.25	1.18	1.67	2.97	0.75		15.03
2014	0.11	1.33	-0.64	-1.11	1.76	0.59	-0.56	0.62	-1.21	2.64	1.02	2.57	7.26
2013	3.74	2.37	3.40	0.61	1.41	-0.34	-0.31	-0.51	0.26	0.67	1.95	1.75	15.95
2012	2.01	1.78	3.61	0.77	-0.33	-0.18	0.98	0.88	-0.37	1.35	1.15	0.98	13.31
2011	0.55	0.89	0.18	1.07	1.40	2.57	1.37	0.17	-0.35	2.23	0.65	3.37	14.99
2010									1.58	1.90	1.20	-0.19	4.55

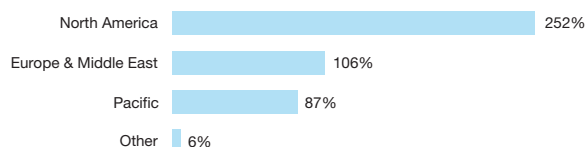
12M Attribution by Sub-Portfolio



Sub-Portfolio Exposures

	Long Term	Intermediate Term	Short Term	Total
Long	206%	6%	14%	226%
Short	-207%	-2%	-15%	-225%
Net	-1%	4%	-1%	1%
Gross	413%	8%	30%	451%

Gross Regional Exposures



Gross Sector Exposures (Top 5)



Exposures are shown above as of 28 February 2017

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PERFORMANCE COMMENTARY

MARKET (\$USD)

Global equity markets continued to climb in February with the MSCI World Index gaining +2.8%. A mixed U.S. jobs report and lingering concerns about the upcoming European elections put equities on hold during the first week of the month, yet the upward trend promptly resumed as earnings expectations rose. Optimism about President Trump's infrastructure plan, rising commodity prices, stronger than expected U.S. inflation, retail sales, and manufacturing data led several global equity indices to reach new highs by the third week of February. However, the resurgence of the Greek government-debt crisis in Europe contributed to a slight pullback for equities in the last week of the month.

From a regional perspective, the U.S. S&P 500 (+3.9%) and MSCI All Country Asia ex-Japan indices (+3.4%) posted the highest returns for the month. The MSCI Europe Index was positive for the month (+1.2%) and the MSCI Japan Index performed similarly (+1.1%). Sector-wise, we highlight the strong performance of the defensive sectors (the preference for defensive versus cyclicals was particularly strong in the U.S. and Europe) as Health Care (+5.8%), Utilities (+4.1%) and Consumer Staples (+4.4%) posted strong gains. Energy (-2.0%) and Materials (-0.7%) were the worst performing sectors for the month.

Factor performance varied by region: in Europe, investors favoured profitable and higher quality companies at the expense of companies with stronger momentum; in contrast, higher momentum and riskier companies prevailed in Japan, Asia-Pacific, and the Emerging Markets region; while in the US, factor performance was mixed.

FUND (\$AUD)

For the month of February 2017 the portfolio gained 0.87%. The performance was driven by the long-term portfolio (+0.86%), primarily the international (ex U.S.) sleeve. The intermediate-term and short-term portfolios contributed -0.03% and +0.04% respectively.

Long-term

The international (ex U.S.) alpha model was positive for the month of February. Value performed well for the month stemming from the global reflation trade as investors eyed reasonably valued stocks. Attribution-wise, Japan was the top performing country, contributing 0.59%. Japan benefits as it is a geared play on international trade, which is expected to pick up under the reflation scenario. The U.S. portfolio detracted -0.16% from performance as the proprietary growth and momentum factors did not perform well for the month; value factors were positive.

From a sector perspective the largest contributor was Consumer Discretionary which returned 0.79% for the month, with both long and shorts contributing. Within Consumer Discretionary, top contributors consisted of long position Hasbro Inc. (+0.15%), and short position Vista Outdoor Inc. (+0.12%). Hasbro, held long due to its positive alpha score coming from quality and momentum factors, had its stock price increase by over 17% in February due to positive board game sales in the holiday season. Vista Outdoors Inc., a long held short position which was initiated due to a poor and declining alpha score, had its stock price decline due to an ongoing class action lawsuit. Energy was the largest detracting sector for the month with majority of the underperformance coming from the Oil, Gas & Consumable Fuel industry where several companies missed earnings expectations.

Intermediate-term and Short-term

The intermediate strategies detracted slightly from returns in February (-0.03%) due to a few U.S. merger arbitrage related trades. The short-term portfolio contributed +0.04% to performance, with positive performance coming from news related and index reconstitution strategies.

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