

Pengana Absolute Return Asia Pacific Fund

April 2017 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.

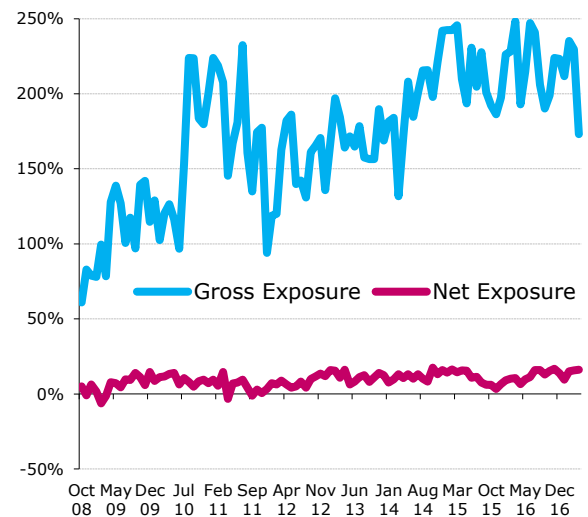
Fund Facts

Senior Portfolio Managers	Antonio Meroni and Vikas Kumra	Inception date	Fund: September 2010 Strategy: October 2008
APIR code	PCL0004AU	FUM Fund/Strategy:	A\$41.1m/ US\$45.0m
Investment Strategy	Asia Pacific Absolute Return	Benchmark Index	RBA Cash Rate Target
Management Fee¹	1.50% p.a.	Redemption Price at Month End	1.1164
Performance Fee	20.5% of the Fund's return in excess of the RBA Cash Rate subject to a high water mark		

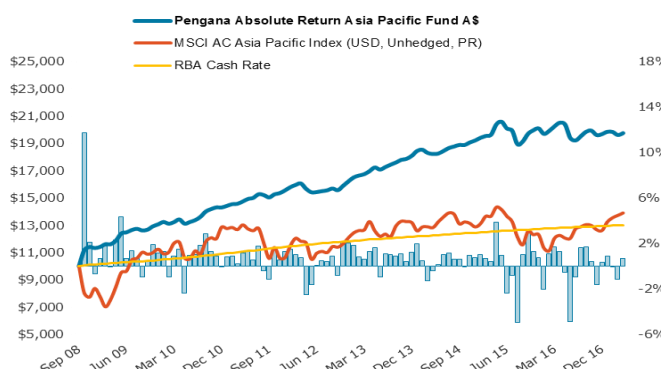
Fund Performance

Net Returns to April 2017	Pengana Absolute Return Asia Pacific Fund ²	RBA Cash Rate Target	MSCI ACWI Asia Pacific Price Index
1 Month	0.70%	0.12%	1.33%
3 Months	-0.49%	0.36%	5.05%
6 Months	-0.92%	0.74%	7.07%
12 Months	-3.72%	1.57%	13.46%
2 Years p.a.	-1.57%	1.79%	-1.48%
3 Years p.a.	2.72%	2.01%	2.72%
Since inception³ p.a.	8.26%	3.11%	3.92%
Correlation⁴	0.07	Max drawdown	-8.0%
Sharpe Ratio	1.09	Volatility	6.19%
Beta⁴	0.02	Positive Months	76%

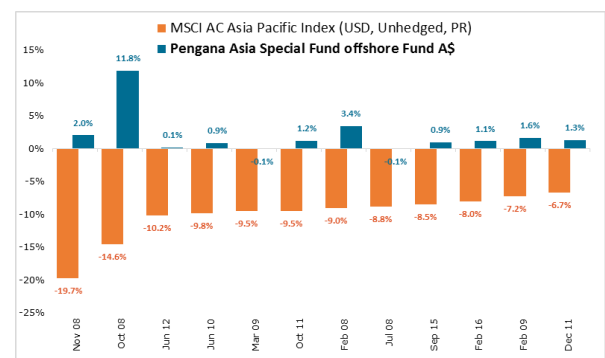
Fund – Gross and Net Exposures



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 up 0.7% for the month of April 2017, compared to Asia Pacific markets which posted a gain of 1.3%. Regionally, the Chinese equity market was down -2.1%, whilst Japan finished +1%. The Fund was completely ring-fenced from the geopolitical risks in North Korea and benefited from the higher realised volatility in global equity markets. Up to April 21st, leading into the European election and amongst a rising volatility pattern in markets, Asian markets were down -2.7% whilst our Fund was up +0.47%. The Fund's net and gross exposures averaged 16.1% and 173.2% respectively during the month.

M&A

The M&A sub-strategy posted a small contribution of 0.1% for the month, which brings the total return for the current year to 2.9%. There were several M&A deals held by the Fund that successfully completed during the month including Cover More, Yingde Gases and Innovalues. On the back of those M&A deals completing, the overall gross exposure in the M&A sub-strategy came down from 31.3% to 24.7% at month end.

We have a position of 3.5% in Fairfax, which attracted a lot of attention in regards to TPG launching an offer. The key rationale for this trade was the unlocking of value by spinning off 30 to 40% of the Domain Group, which is 85% of FXJ market capitalisation. Macquarie Capital is advising on the spin-off deal, which would leave Fairfax owning 60 to 70% per cent of a separately listed vehicle. The closest peer is REA, which trades at a much higher multiple, while Domain is growing at a faster pace with improving margins.

In Singapore, our +4.8% position in M1 contributed favourably to performance. M1 has three major shareholders who own 61% of the company. Axiata is the largest holder at 28.5%, with Keppel Corp. and Singapore Press Holdings Ltd holding 19.2% and 13.4% respectively. Recent comments from these key shareholders indicated their intention to review their stake in M1. This opens up the door for multiple scenarios that could lead to a general offer for minority shareholders and positive price momentum for M1.

Stubs and Relative Value

Our approach towards Holding Company-(Stubs) and Capital Structure arbitrage strategies is centred on the premise that temporary dislocation in markets will cause trading opportunities. The Fund has developed in depth understanding of both structures across Asia. The market tends to misprice and overlook such structures during periods of extreme volatility, ignoring impending catalysts that would correct the short term mispricing. This is why our exposures in Stubs and other Relative Value trades have performed well contributing +1.1% towards overall performance for the month. The Fund was positioned in the A/H discount trade in Anhui Conch H-shares that trade at a premium to the A-Share listing, including Tsingtao and PingAn Insurance, as well as short H-Futures vs long China A-Futures. As markets in Hong Kong/China entered a correction phase and volatility picked up, our shorts in the H-shares vs long A-shares paid off.

In our Stub universe, our position in Wharf / Wheelock, added favourably to overall performance as Wharf reported it was considering separately listing some of its investment property assets, unlocking shareholder value.

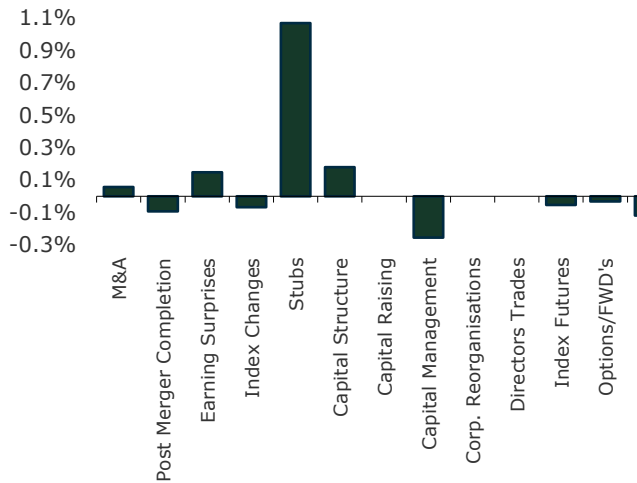
Our long/short position in Evolution Mining / Newcrest Mining contributed 38 basis points to overall performance. To recap: Evolution came on to our radar when Citigroup placed US\$133m worth of shares, representing 5.2% of total shares outstanding. The shares were sold at a deep discount as part of a hedge position with major shareholder La Mancha holding a 28.2% stake. We took the placement whilst hedging it with a short position in Newcrest. Evolution trades on lower multiples than Newcrest with a higher free cash flow yield. The return on the trade was improved further when Newcrest downgraded earnings due to a seismic event at its Cadia mines, and stated that it will not meet production guidance.

We thank you for your continued support.

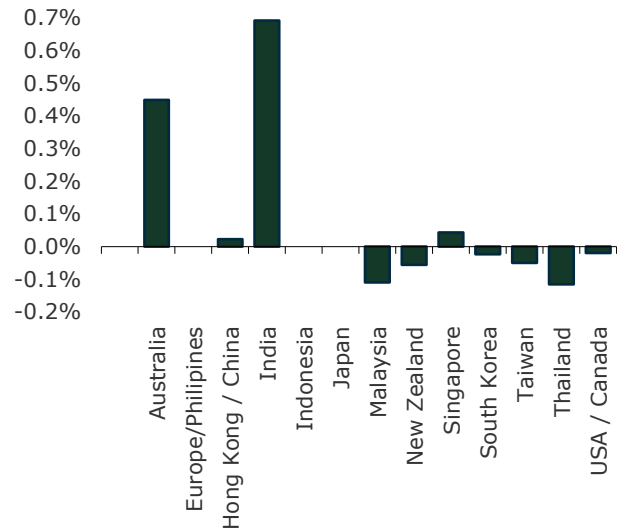
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Monthly Contribution by Strategy

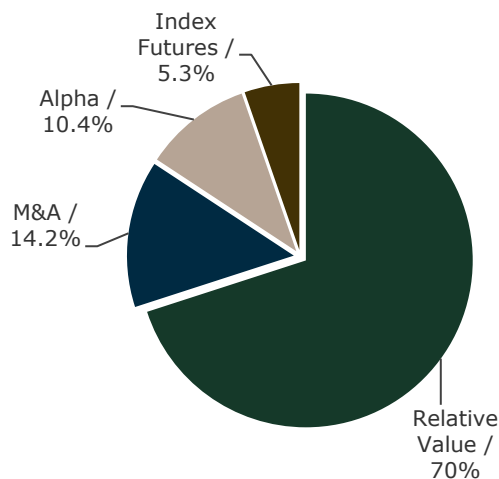


Monthly Contribution by Region



Portfolio Positioning

Monthly Gross Exposure by Strategy in %



Exposure by Region as % of NAV

Country	Gross	AdjNet*
Australia	11.3%	1.1%
Hong Kong/ China	64.7%	2.4%
India	20.2%	7.3%
Indonesia	0.0%	0.0%
Japan	17.5%	1.3%
Korea	28.3%	3.0%
Malaysia	0.0%	0.0%
New Zealand	0.5%	0.0%
Singapore	17.3%	0.1%
Philippines	0.0%	0.0%
Taiwan	1.0%	1.0%
Thailand	10.1%	-0.2%
United States	2.3%	0.0%
Total	173.2%	16.1%

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

Awards



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