

Pengana PanAgora Absolute Return Global Equities Fund

APRIL 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	\$117M
Portfolio Managers	George Mussalli, CIO Richard Tan, Director, Equity

Management fee*	1.52% p.a.
Performance fee*	20.22%
Unit price	0.9559
Redemption price at month end	0.9512
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.

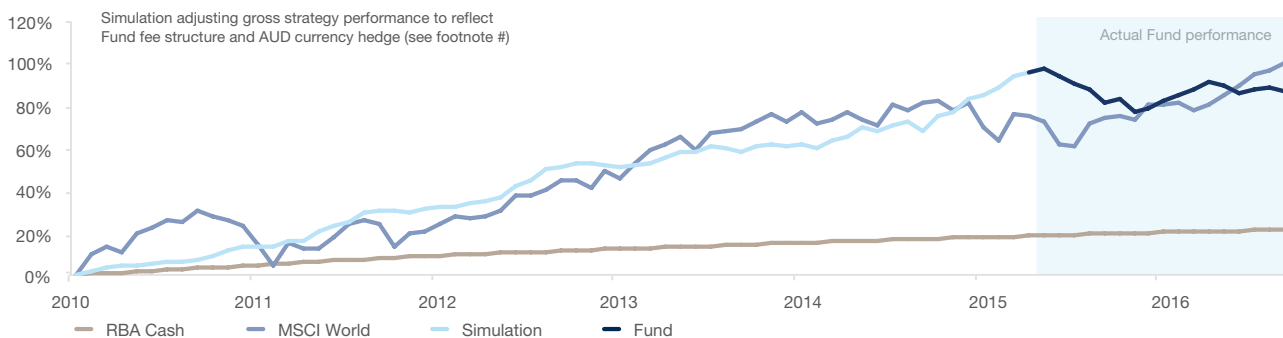
PERFORMANCE SUMMARY[#]

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

Performance (%)	
Fund	
1 month	-1.2
1 year	3.1
Strategy and Fund including partial simulation[#]	
3 year annualised	5.8
5 year annualised	7.4
Inception to date annualised	9.8

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).

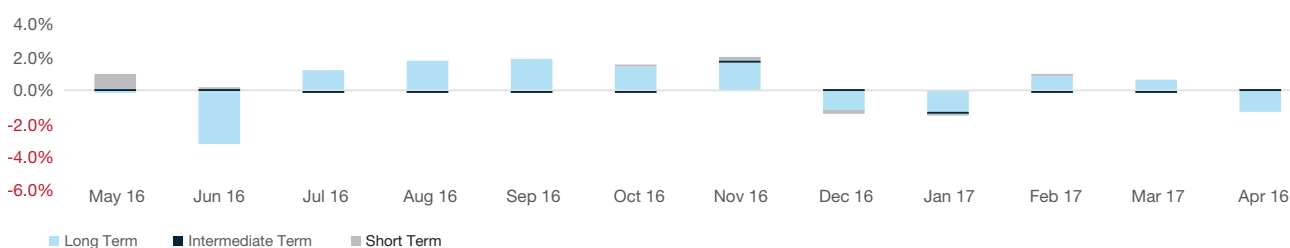
Fund Monthly Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2017	-1.47	0.87	0.59	-1.17									-1.19
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

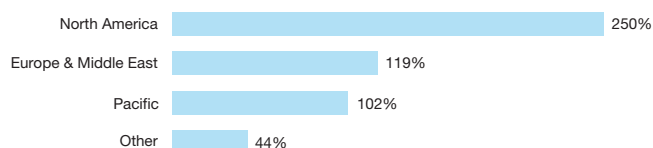
12M Attribution by Sub-Portfolio



Sub-Portfolio Exposures

	Long Term	Intermediate Term	Short Term	Total
Long	238%	5%	15%	258%
Short	-239%	-2%	-16%	-257%
Net	-1%	3%	-1%	1%
Gross	476%	6%	31%	514%

Gross Regional Exposures



Gross Sector Exposures (Top 5)



Exposures are shown above as of 30 April 2017

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PERFORMANCE COMMENTARY

MARKET (\$USD)

After a very strong first quarter, April brought about a change of pace with investors taking a break to reassess the sustainability of the Trump reflation trade. Concerns had emerged when the failure to pass a healthcare bill in March raised doubts over the ability of the U.S. Administration to push its widely anticipated tax reforms through.

Other factors that contributed to a more cautious approach from investors during the first three weeks of the month included: weaker than expected U.S. nonfarm payroll numbers; worries regarding the French election; the anxiety caused by the U.S. air strike in Syria; and the escalating North Korean crisis.

In contrast, the last week of April saw a sharp rise in risk-appetite pushing equities higher across all markets due, in part, to Mr. Macron's success in the first round of the French presidential election and the good start to the earnings seasons in most developed markets.

Overall, April ended with the MSCI All Country World Index up 1.6% helped by strong equity returns in Europe (the MSCI Europe index gained 3.7%). Equities also outperformed in Emerging Markets (+2.2%) while gaining a more moderate 1% in the U.S. and Japan.

Sector-wise, investors continued to favour the pro-cyclical Consumer Discretionary, Information Technology and Industrials sectors (the three sectors gained more than 2.5%) while shunning the Energy sector (the sector lost almost 2% plagued by falling oil prices).

Factor-wise, investors preferred higher growth and quality companies at the expense of stocks with stronger value scores in most regions (value recovered some of its previous losses during the last week of the month). Sentiment driven stocks ended the month mixed.

FUND (\$AUD)

The fund returned -1.17% in April. The performance was driven by the long-term portfolio (-1.26%), primarily the U.S. sleeve. The intermediate-term and short-term portfolios contributed, +0.01% and +0.08%, respectively.

Long-term

The U.S. sleeve of the long-term portfolio detracted -1.27% from performance in large part due to the poor returns of valuation based signals during the first 3 weeks of the month. Sentiment factors fared better, outperforming moderately in April, while quality metrics ended the month mostly flat.

Sector-wise the biggest detraction occurred in Information Technology (-0.80%) and Consumer Discretionary (-0.50%).

In the IT sector, the strategy suffered from being short: Grubhub Inc. (-0.25%) and Zillow Group (-0.20%). Grubhub, which operates an online and mobile platform for restaurant pick-up and delivery orders, rose by more than 25% after announcing much better than expected Q1 earnings. Zillow Group, which engages in the operation of the real estate marketplace and the provision of property services, outperformed in the latter half of the month on the news that the company would be adding four new multiple listing partners. The majority of the losses in the Consumer Discretionary sector came from Media companies (primarily Sirius XM Holdings Inc. and The Interpublic Group of Companies Inc.). The largest detractor in Consumer Discretionary came from a short position in Tesla Motors. Tesla, which manufactures and sells high-performance electric vehicles, continues to score poorly with the alpha model – all factor composite scores are negative. The positive contribution however, from Health Care (+0.20%) and Industrials (+0.12%), alleviated some of the underperformance.

The international sleeve of the long-term portfolio contributed a marginal +0.01% in April, driven by mixed factor performance. Macroeconomic and sentiment based factors were positive while valuation based factors performed poorly. The top performing countries were Canada (+0.21%) and Australia (+0.20%) due to effective stock selection. Offsetting the positive gains were Germany (-0.27%) and the Netherlands (-0.11%), the two largest country detractors.

Intermediate-term and Short-term

The intermediate-term portfolio contributed a negligible +0.01% in April. The short-term strategies proved more effective with a net contribution of +0.08%, attributable primarily to earnings related trades.

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