



# PENGANA PANAGORA ABSOLUTE RETURN GLOBAL EQUITIES FUND

OCTOBER 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. These strategies have been developed by PanAgora.

Visit our website for more information on the [Fund](#)

<b>Portfolio Managers</b>	George Mussalli, CIO Richard Tan, Director, Equity
<b>APIR code</b>	PCL0023AU
<b>Application price</b>	0.9214
<b>Redemption price</b>	0.9124
<b>Minimum initial investment</b>	A\$20,000
<b>FUM at month end</b>	A\$130m
<b>Strategy inception</b>	1 September 2010
<b>Fund inception</b>	9 December 2015

## FUND COMMENTARY

For the month of October 2017 the Fund returned -0.70%. The performance was driven by the long-term portfolio which contributed -1.00% and struggled amongst developed international stocks. Intermediate-term strategies detracted a marginal -0.02%. The short-term strategies contributed a healthy +0.31%.

### LONG-TERM

The developed international universe detracted -1.47% as valuation and growth related factors underperformed. Most of the underperformance was concentrated in Europe, particularly in the United Kingdom and France. Within the United Kingdom, short position Just Eat PLC was the largest detractor. The company's stock price rallied 15% following better than expected earnings. The strategy continued to be short Just Eat due to its unattractive alpha score. Within France, cognac producer Rémy Cointreau SA was the largest detractor. Remy, which is held short in the portfolio, saw its stock price appreciate following better than expected sales. Offsetting some of the underperformance, positive stock selection within Australia contributed +0.12%, specifically within the Industrials and Information Technology sectors.

Positions within the U.S. contributed +0.50% for the month. The alpha model performed well in the U.S. helped by the strong performance of both growth and sentiment related metrics. Companies with more compelling valuations performed in line with the market.

Consumer Discretionary (+0.50%) was the largest sector contributor in the U.S. due to the strong contribution of long positions. The online retail company Amazon.com Inc. gained more than 15% after it reported better than expected earnings. The strategy continues to be long Amazon due to its good alpha score.

### INTERMEDIATE-TERM AND SHORT-TERM

The intermediate strategies detracted a very marginal -0.02% due to the mixed performance of U.S. M&A related trades. The short-term strategies contributed a healthy +0.31% in the wake of successful short-term convergence as well as index reconstitution related trades.

**MOST OF THE  
UNDER  
PERFORMANCE  
WAS  
CONCENTRATED  
IN EUROPE  
WHILST THE US  
CONTRIBUTED  
POSITIVELY**

PERFORMANCE SUMMARY (NET OF FEES, AUD HEDGED, PARTIAL SIMULATION<sup>2</sup>)

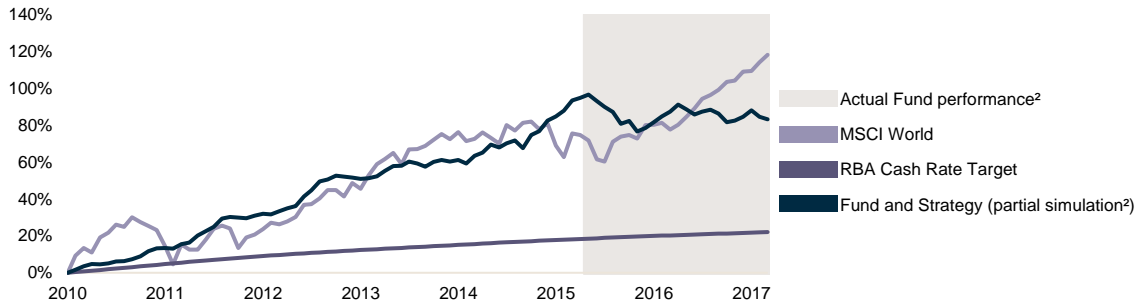
PERFORMANCE (%)

Fund	
1 Month	-0.7
1 Year	-2.2
<b>Fund and Strategy including partial simulation<sup>2</sup></b>	
3 Years Annualised	3.9
5 Years Annualised	6.6
Inception to Date Annualised	8.8

PERFORMANCE AND RISK STATISTICS

Fund and Strategy including partial simulation <sup>2</sup>	
Volatility	5.4%
Sharpe ratio	1.1
Return / risk	1.6
Positive periods	71%
Maximum drawdown	-10.2%
Beta (ASX 200)	0.08
Beta (MSCI World)	0.07

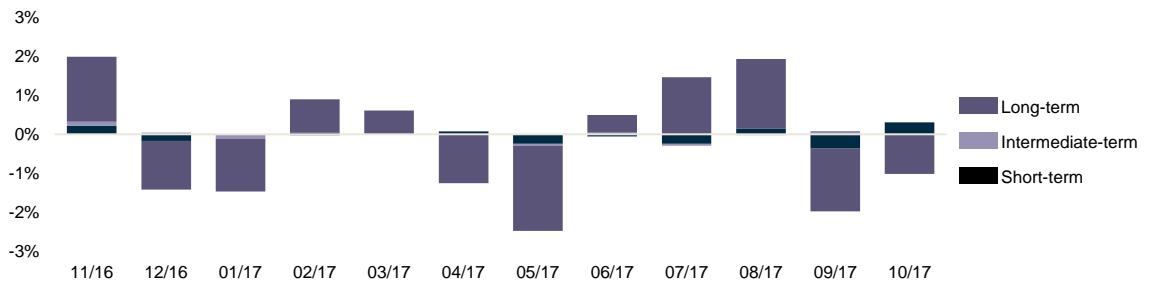
CUMULATIVE RETURN



<sup>2</sup> 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 (NDDUWI Index); and RBA Cash Rate (Effective) (RBACTRD Index).

12 MONTH ATTRIBUTION BY SUB-PORTFOLIO

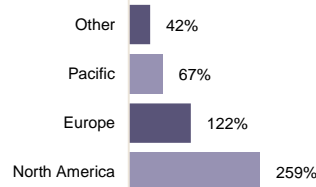


PORTFOLIO EXPOSURES

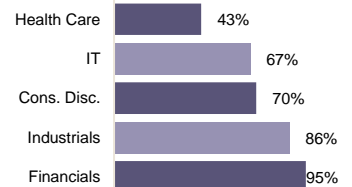
SUB-PORTFOLIO

	Long Term	Interm. Term	Short Term	Total
Long	246%	4%	43%	293%
Short	-245%	-1%	-43%	-289%
Net	0%	3%	1%	4%
Gross	491%	5%	86%	582%

REGION (GROSS)



SECTOR (TOP 5 GROSS)



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