



PENGANA PANAGORA ABSOLUTE RETURN GLOBAL EQUITIES FUND

DECEMBER 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.

Portfolio Managers	George Mussalli, CIO Richard Tan, Director, Equity
APIR code	PCL0023AU
Application price	0.9191
Redemption price	0.9101
Minimum initial investment	A\$20,000
FUM at month end	A\$129m
Strategy inception	1 September 2010
Fund inception	9 December 2015

FUND COMMENTARY

For the month of December 2017, the Fund returned -1.16%. The performance was driven by the long-term portfolio which detracted -0.95% as the U.S. large capitalisation strategy underperformed. Intermediate-term strategies were flat and short-term strategies detracted -0.21%.

LONG-TERM

Positions within the U.S. detracted -1.29% for the month. The U.S. alpha model underperformed as growth and sentiment metrics disappointed. Consumer Discretionary (-0.47%) and Consumer Staples (-0.45%) were the largest sector detractors. Within both sectors, the underperformance was largely attributable to stock selection, in particular amongst the short positions. Within Consumer Discretionary, a short position in Wendy's, a company that provides hamburgers and related products, was one of the largest detractors. Wendy's share price appreciated over the month after announcing a partnership with DoorDash to offer door-to-door delivery. Within Consumer Staples, a short position in Snyder's-Lance, a company that engages in the manufacturing, marketing and sale of snack food products, detracted the most following a buyout deal announcement by Campbell Soup.

International positions contributed +0.50% as value and momentum related factors performed well. On a country basis, Japan (+0.37%) and the UK (+0.34%) were the top contributors. In Japan, the alpha model performed well on a quintile spread basis due to the positive performance of quality and momentum. The alpha model performed particularly well in the Industrials and IT sectors. In the UK, a long position in Old Mutual, an international long-term savings, investment and insurance company, contributed the most. Old Mutual had its share price increase mid-month on the news that it would be selling part of its UK asset management to a private equity firm as regulatory change made the company too complex to run.

INTERMEDIATE-TERM AND SHORT-TERM

The intermediate strategies were flat for the month. The short-term strategies detracted -0.21% due to the underperformance of the Analyst Days strategy and Index Reconstitution trades.

PERFORMANCE
WAS DRIVEN
BY THE U.S.
LARGE CAP
STRATEGY

PERFORMANCE SUMMARY (NET OF FEES, AUD HEDGED, PARTIAL SIMULATION²)

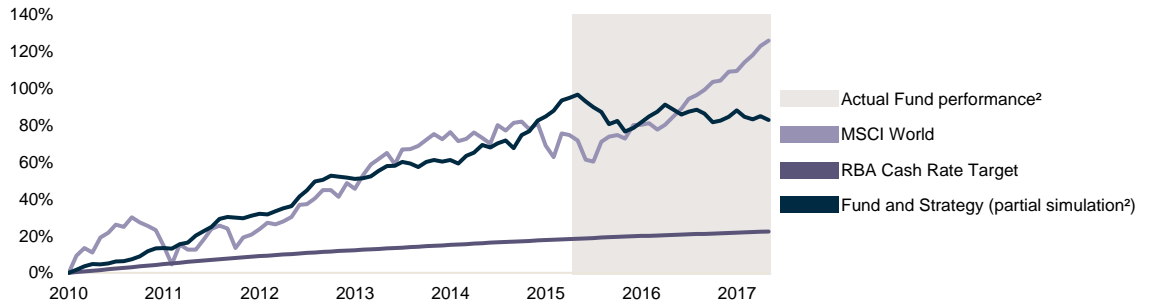
PERFORMANCE (%)

Fund	
1 Month	-1.2
1 Year	-3.0
Fund and Strategy including partial simulation²	
3 Years Annualised	2.6
5 Years Annualised	6.1
Inception to Date Annualised	8.6

PERFORMANCE AND RISK STATISTICS

Fund and Strategy including partial simulation ²	
Volatility	5.4%
Sharpe ratio	1.1
Return / risk	1.6
Positive periods	70%
Maximum drawdown	-10.2%
Beta (ASX 200)	0.08
Beta (MSCI World)	0.07

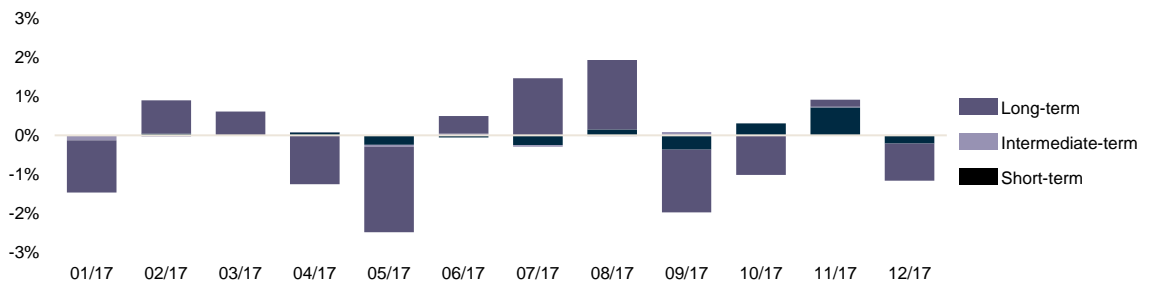
CUMULATIVE RETURN



² 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

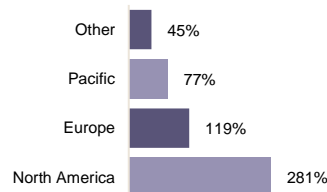


PORTFOLIO EXPOSURES

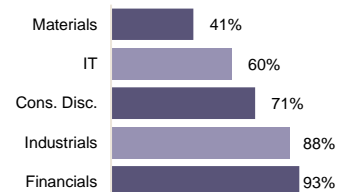
SUB-PORTFOLIO

	Long Term	Interm. Term	Short Term	Total
Long	248%	5%	16%	269%
Short	-248%	-1%	-16%	-265%
Net	0%	4%	0%	4%
Gross	496%	6%	32%	534%

REGION (GROSS)



SECTOR (TOP 5 GROSS)



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