



PENGANA PANAGORA ABSOLUTE RETURN GLOBAL EQUITIES FUND

JANUARY 2018
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	0.9287
Redemption price	0.9196
Minimum initial investment	A\$20,000
FUM at month end	A\$128m
Strategy inception	1 September 2010
Fund inception	9 December 2015

FUND COMMENTARY

For the month of January 2018, the fund returned +1.04%. The performance was driven by the long-term portfolio which contributed +1.10% with strong performance coming from U.S. large capitalisation and Emerging Markets stocks. Intermediate-term strategies detracted -0.04% and short-term strategies detracted -0.02%.

LONG-TERM

Positions within the U.S. contributed +0.59% for the month, helped by the strong performance of growth and momentum related metrics. Materials (+0.53%) and Industrials (+0.42%) were the largest contributors. Short positions drove the performance within Materials. In particular, we highlight Scotts Miracle-Gro, a lawn and garden care company that fell sharply after a disappointing Q1 earnings release caused by the poor sales performance of its subsidiary, Hawthorne Gardening. Scotts remains short in the portfolio due to its poor alpha score. Within the Industrials sector, a long position in Pitney Bowes was the largest contributor. Pitney reported strong revenue growth and remains a long position in the portfolio due to its positive alpha score.

Emerging Markets contributed +0.37%. The alpha model performed well within Asia, helped in

particular by value related metrics. Growth and momentum were flat for the month.

China (+0.25%) was the top performer within Asia in large part due to the strong contribution of Real Estate – particularly due to the good performance of Longfor Properties and Shimao Property Holdings.

South Africa (+0.13%) also added significantly in January aided by short positions in Capitec Bank Holdings and PSG Group, two Financials stocks.

Developed International positions contributed +0.14% due to positive contributions from long positions. Canada was the top contributor with long positions in Tek Resources and West Fraser Timber contributing most.

INTERMEDIATE-TERM AND SHORT-TERM

The intermediate strategies detracted -0.04% due to U.S. merger arbitrage and share class arbitrage related trades. The short-term strategies detracted -0.02% as earnings related trades disappointed.

PERFORMANCE
WAS DRIVEN
BY THE LONG-
TERM
PORTFOLIO
WHICH
CONTRIBUTED
+1.1%

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

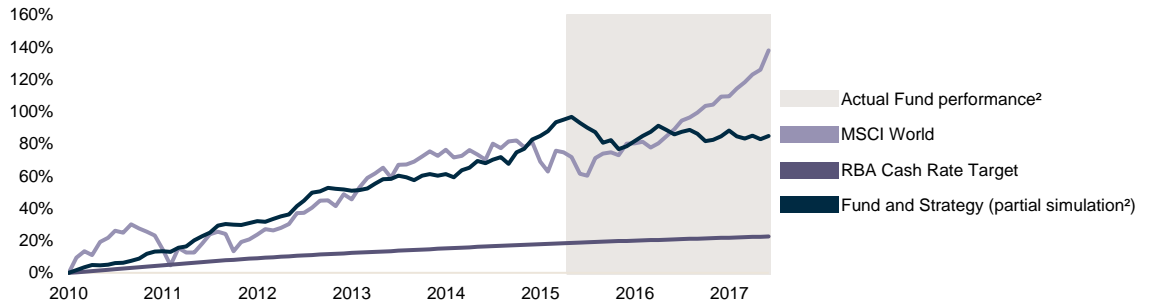
PERFORMANCE (%)

Fund	
1 Month	1.0
1 Year	-0.6
Fund and Strategy including partial simulation²	
3 Years Annualised	3.2
5 Years Annualised	5.5
Inception to Date Annualised	8.6

PERFORMANCE AND RISK STATISTICS

Fund and Strategy including partial simulation ²	
Volatility	5.3%
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

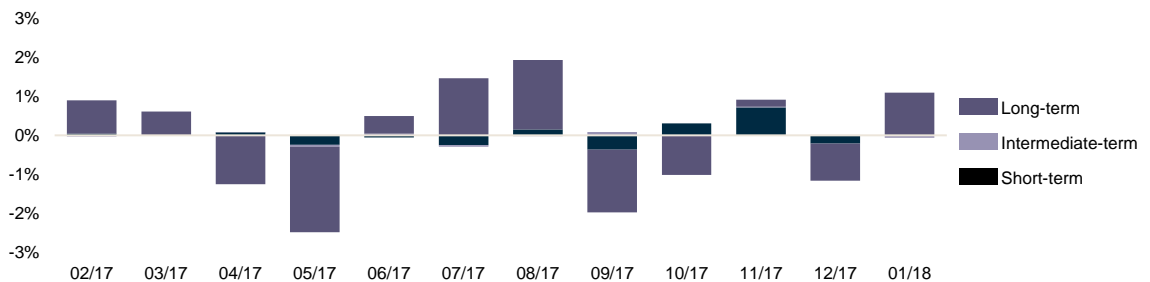
CUMULATIVE RETURN



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

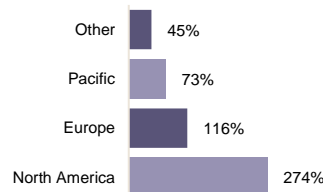


PORTFOLIO EXPOSURES

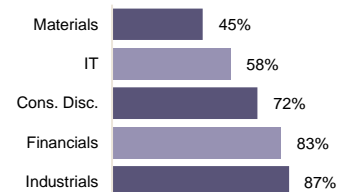
SUB-PORTFOLIO

	Long Term	Interm. Term	Short Term	Total
Long	234%	7%	21%	261%
Short	-233%	-1%	-21%	-255%
Net	1%	6%	-1%	6%
Gross	467%	8%	42%	517%

REGION (GROSS)



SECTOR (TOP 5 GROSS)



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