



PENGANA PANAGORA ABSOLUTE RETURN GLOBAL EQUITIES FUND

FEBRUARY 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	0.9175
Redemption price	0.9086
Minimum initial investment	A\$20,000
FUM at month end	A\$125m
Strategy inception	1 September 2010
Fund inception	9 December 2015

FUND COMMENTARY

For the month of February 2018, the Fund returned -1.20%. The long-term portfolio detracted -0.87% with most of the underperformance coming from U.S. large capitalisation stocks. Intermediate-term strategies detracted -0.45% while short-term strategies contributed +0.11%.

LONG-TERM

The market experienced a volatility shock in February on a scale not seen since August 2015. The VIX index surged to 50 and there were signs of indiscriminate liquidation of positions. Holdings within the U.S. detracted -1.48% for the month as value and growth-related metrics did not perform well. The underperformance amongst long positions in the Industrials and Consumer Staples detracted significantly. Spirit AeroSystems was one of the largest detractors within Industrials. The company designs and manufactures commercial aero structures and systems and was forced to reduce its free cash flow guidance. Spirit remains long in the portfolio due to its positive alpha score. Within Consumer Staples, Edgewell Personal Care was a large detractor. The stock lost 10% after missing earnings estimates. Edgewell remains a long position in the portfolio due to its good alpha score.

International (ex North America) positions in developed markets contributed +0.47% with good performance coming from Europe. The good performance of value in Europe helped the model. The United Kingdom and Sweden contributed most.

Emerging Markets positions contributed +0.14% for the month with the model performing well in the Middle East and Africa. South Africa and Turkey contributed the most.

INTERMEDIATE-TERM AND SHORT-TERM

The intermediate strategies detracted -0.36% due to U.S. merger arbitrage related trades where spreads widened in the volatile market. This presents an opportunity to enter into new trades at attractive levels. The short-term strategies contributed +0.09%, primarily due to good performance coming from the Analyst Day strategy.

PERFORMANCE
WAS
IMPACTED
LARGELY BY
THE LONG
TERM
PORTFOLIO
WHICH FELL -
0.87%

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

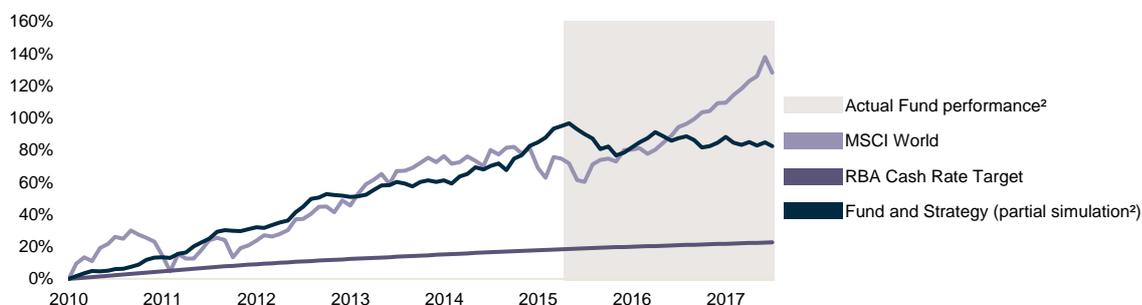
PERFORMANCE (%)

Fund	
1 Month	-1.2
1 Year	-2.6
Fund and Strategy including partial simulation²	
3 Years Annualised	2.4
5 Years Annualised	4.8
Inception to Date Annualised	8.4

PERFORMANCE AND RISK STATISTICS

Fund and Strategy including partial simulation ²	
Volatility	5.3%
Sharpe ratio	1.0
Return / risk	1.6
Positive periods	70%
Maximum drawdown	-10.2%
Beta (ASX 200)	0.08
Beta (MSCI World)	0.08

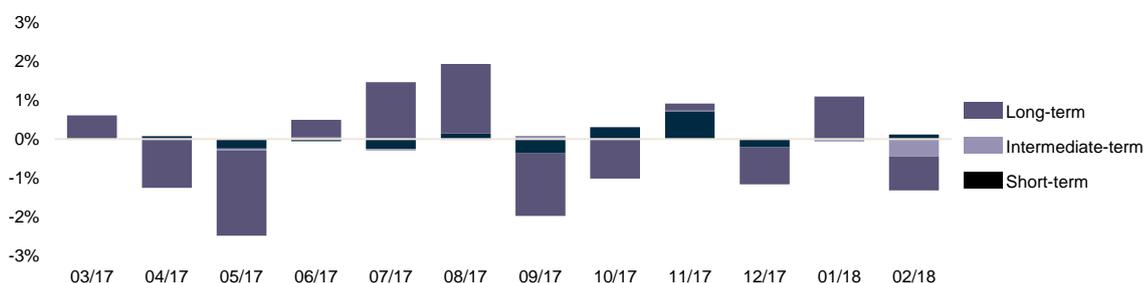
CUMULATIVE RETURN



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

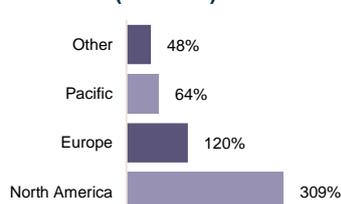


PORTFOLIO EXPOSURES

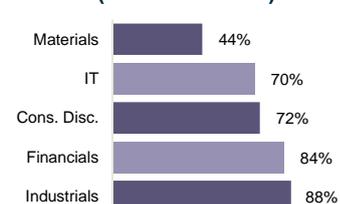
SUB-PORTFOLIO

	Long Term	Interm. Term	Short Term	Total
Long	230%	12%	34%	276%
Short	-228%	-2%	-35%	-265%
Net	3%	10%	-1%	12%
Gross	458%	14%	68%	541%

REGION (GROSS)



SECTOR (TOP 5 GROSS)



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