

PENGANA INTERNATIONAL EQUITIES MODEL PORTFOLIO

QUARTERLY REPORT



31 December 2018

The Pengana International Equities Model Portfolio is a Managed Discretionary Account (also known as a Separately Managed Account).

MARKET AND PORTFOLIO REVIEW

The Fund delivered -5.9% in 4Q18 compared to the MSCI ACWI index which returned -10.3%, the weakest quarter since 1Q09. The quarter was characterised by heightened volatility and weakness across most sectors but it was reassuring to see the portfolio exhibiting defensive qualities in the face of such uncertainty.

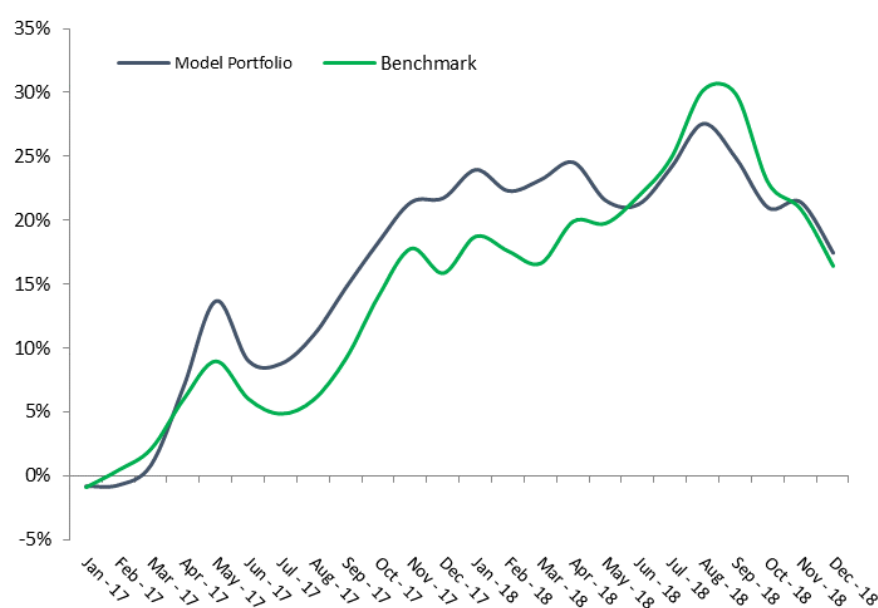
Key drivers of the performance include:

- Stocks that were the largest positive contributors – Newmont Mining (US gold miner) and CME Group (US derivatives exchange).
- Stocks that were the largest detractors – Wacker Chemie (German specialty chemical), Snap-on (US automotive tools), and Nutrien (North American fertiliser).
- Cash – approx. 20% on average of the Fund was held in cash and gold stocks during 4Q18. This was a relative performance tailwind as equity markets fell.
- Sector exposure – the Fund was underweight the Information Technology sector and had no exposure to the Energy sector, the two worst performing sectors during 4Q18.

PERFORMANCE SUMMARY¹

Period	Model Portfolio	Benchmark	+/- Return
1 month	-3.27%	-3.69%	-0.42%
3 months	-5.96%	-10.37%	4.42%
1 year	-3.53%	0.47%	-4.00%
Annualised return since inception (pa)	8.72%	8.21%	0.51%

Performance Since Inception



Top Five Holdings

Security	%
CASH	21.93%
CME Group Inc (CME)	6.35%
CIGNA Corporation (CI)	4.99%
Sabre Corp (SABR)	4.06%
Dollar General Corp (DG)	4.05%

¹ The Portfolio's benchmark is the MSCI All Country World Total Return Index (net, AUD). Past performance is not a reliable indicator of future performance and may not be achieved in the future. All information provided in this Report is correct at the date of this report. Returns are calculated net of management, administration, custody and transaction fees, and assume the reinvestment of all income (but not franking credits). Inception date of the Portfolio is 27 January 2017. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, inflows and outflows, other fees and any customisations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

INVESTMENT OBJECTIVE & STRATEGY

The Pengana International Equities Model Portfolio aims to deliver returns that are greater than the MSCI All Country World Total Return Index (net, AUD) with lower volatility than the Index, over the medium to long term.

The Portfolio allows investment across geographies, industries and company sizes. The companies considered for inclusion in the Portfolio should generate large and growing sums of cash and are priced attractively relative to their cash flow. The Portfolio is created from the 30-50 ideas that work best together, rather than just the 30-50 best ideas. Risk management guidelines, which include maximum stock, country, industry and portfolio segment exposures are applied.

KEY FEATURES

FEATURE	DETAIL
Investment universe	Global equities (or soon to be listed global equities)
Benchmark	MSCI All Country World Total Return Index (net, AUD)
Number of investments	15-30
Min. cash weighting	2%
Max. cash weighting	30%
Max. individual security weighting	7%
Minimum investment	\$25,000
Suggested timeframe	3 years +

Further information about the Model Portfolio, including fees and costs, is outlined in the Pengana International Equities Model Portfolio Investment Mandate.

PORTFOLIO MANAGEMENT

Mason Stevens Limited, as the Managed Discretionary Account Provider, administers and implements the Model Portfolio on the instructions of Pengana Capital Limited as the Program Adviser.

ABOUT PENGANA CAPITAL LIMITED

Pengana is a diversified funds management business offering high quality, innovative and alternative investment strategies. Their business objectives are to support and promote their current strategies, while continuing to develop investment capabilities that complement and build on their existing business.

ABOUT MASON STEVENS

Mason Stevens provides a multi-asset and multi-currency investment administration and managed account service to help produce tailored investment outcomes for advisers and their clients.

Clients benefit from efficient portfolio administration, secure online access to their investments, as well as comprehensive reporting.

CONTACT INFORMATION

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