

Quarterly performance report

Pengana International Equities Model Portfolio

31 March 2019

The Pengana International Equities Model Portfolio is a Managed Discretionary Account (MDA), also sometimes referred to as a Separately Managed Account (SMA).

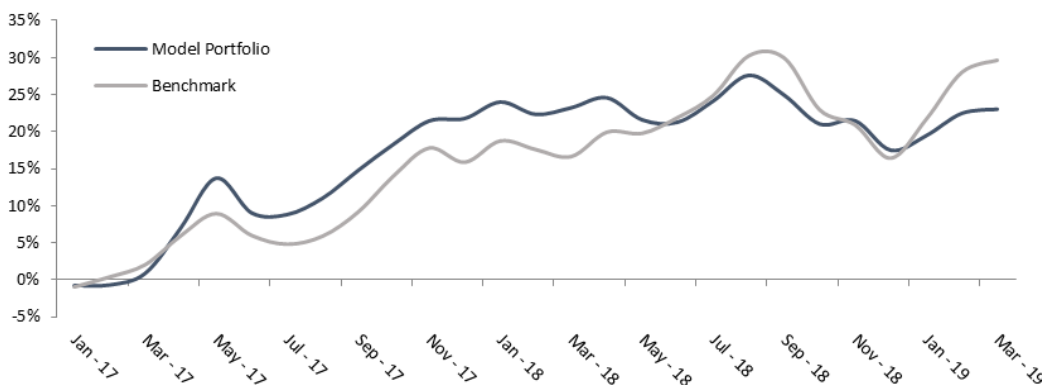
Performance as at 31 March 2019 ¹					Top five holdings	%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)		
Portfolio	0.46	4.72	-0.15	10.01	Cash	14.08
Benchmark	1.29	11.32	11.12	12.67	CIGNA Corporation (CI)	4.33
+/- Return	-0.82	-6.60	-11.27	-2.67	CME Group Inc (CME)	4.08
					Rakuten Inc (4755)	4.04
					Heineken N.V. (HEIA)	4.01

Portfolio and market returns

The Portfolio delivered 4.7% in 1Q19. In local currency the Fund's performance was stronger but currency reduced returns by approximately 1.3%. The Fund's benchmark, MSCI ACWI (AUD), delivered 11.3%, which is the strongest quarter since 2Q09 and the strongest start to the year in 30-years. In 1Q19, the MSCI ACWI was up 12% in local currency and 11% in AUD-terms as the AUD appreciated against most major currencies. This marked the best quarterly return since 2Q09 (for the S&P 500) and was a sharp reversal from 4Q18, which was the weakest quarter since 1Q09. The best performing sectors were Information Technology (IT), Real Estate and Energy. The worst performing sectors were Financials, Health Care and Utilities. Weakness in Financials reflects a more benign interest rate environment, which limits the ability for Financials to make a net interest spread. Health Care suffered from the typical pre-election sabre-rattling by politicians. Utilities declined as the market shifted away from lower risk sectors. The best performing (major) countries during the quarter were China/Hong Kong, Canada, the US and many European markets, most notably Italy, Belgium and Denmark. The worst performing countries were the peripheral emerging markets including Malaysia, Turkey and Poland. Key drivers of the performance include:

- **Stocks that were the largest positive contributors** –Worldpay (US payment business), Alibaba (Chinese internet conglomerate) and Heineken (Dutch brewer).
- **Stocks that were the largest detractors** – CME Group (US derivatives exchange), Cigna (US health insurer) and Wacker Chemie (German specialty chemical business).
- **Cash** – on average, approx. 16% of the Fund was held in cash and gold during the quarter. The cash holding was the single largest relative performance headwind during the quarter.
- **Sector exposure** – the Fund's underweight exposure to IT was a relative performance headwind.

Performance since inception¹



¹ The Portfolio's benchmark is 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.

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

Investors
Please speak
to your adviser

Key features

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%
Min investment	\$25,000
Suggested timeframe	3 years +

Portfolio management

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

More information

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

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