

Quarterly performance report

30 June 2019

Pengana International Equities Managed Portfolio

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

Performance as at 30 June 2019 ¹					Top five holdings	%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)		
Portfolio	4.97	6.40	7.93	11.76	Cash	6.90
Benchmark	5.35	4.88	11.52	13.51	Rakuten Inc (4755)	4.81
+/- Return	-0.38	1.52	-3.59	-1.75	CME Group Inc (CME)	4.57
					Charter Communications Inc A (CHTR)	4.33
					Cigna Corporation (CI)	4.03

Portfolio and market returns

The portfolio delivered 6.4% in 2Q19. Stock selection was a key driver of the performance with Rakuten (Japanese eCommerce), CME (US derivatives exchange) and KAR Auction Services (US used vehicle auctioneer) performing particularly well.

Markets are defined by themes. In recent times the key theme is US large-cap growth. Investing in this theme has been the road to riches. To illustrate, we created a basket of ten commonly held US large-cap growth stocks: Alphabet (Google), Amazon, Apple, Facebook, Mastercard, Microsoft, Netflix, Salesforce.com, Starbucks, Visa. We will refer to these stocks as the "Terrific Ten".

Simply investing in the Terrific Ten would have resulted in material outperformance. An equally-weighted portfolio of these stocks would have generated a return of 26% (AUD) for the year ending Jun-19, which is more than double the Benchmark's 12% return. While having a portfolio that is highly concentrated in large cap growth has clearly been the place to be, we do not believe that it is the right thing to do.

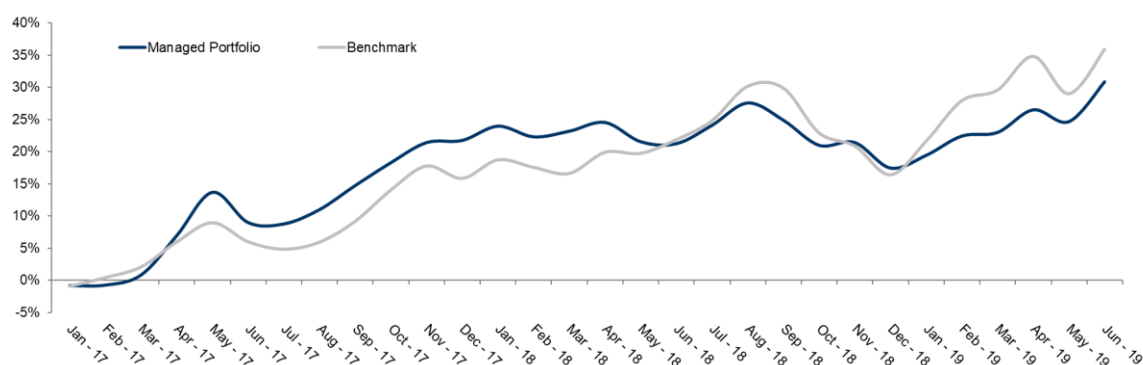
The ethereal nature of market themes is part of the reason this Managed Portfolio is always well diversified. We seek companies of all sizes, located in a variety of industries and countries that provide the optimal diversification for our clients and the best risk/return characteristics. Our returns attribution demonstrates that we have made solid positive returns over a wide range of sectors and geographies. This gives us the confidence that when the current market theme shifts away from the narrow focus on large cap growth, we are well placed to benefit. We are currently seeing great value in many sectors and are very excited about the variety of holdings in our Managed Portfolio.

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.

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.

Performance since inception¹



Investment objective & strategy

The Pengana International Equities Managed 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 Managed 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 15-30 ideas that work best together, rather than just the 15-30 best ideas. Risk management guidelines, which include maximum stock, country, industry and portfolio segment exposures are applied.

Portfolio management

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

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

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 +

More information

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

Investors

Please speak to your adviser

Advisers

T 1300 988 878

E info@masonstevens.com.au

W masonstevens.com.au

Contact