

Quarterly performance report

31 December 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 31 December 2019 ¹					Top five holdings		%
	1 mth (%)	3 mths (%)	1 yr (%)	Annualised return since incep (%pa)			
Portfolio	-0.07	2.80	16.89	11.45	CASH	Cash	10.19
Benchmark	-0.31	4.67	26.94	14.28	UNH	Unitedhealth Group	7.29
+/- Return	0.24	-1.87	-10.05	-2.83	CHTR	Charter Communications Inc New	6.76
					CME	CME Group	6.61
					BABA	Alibaba	6.57

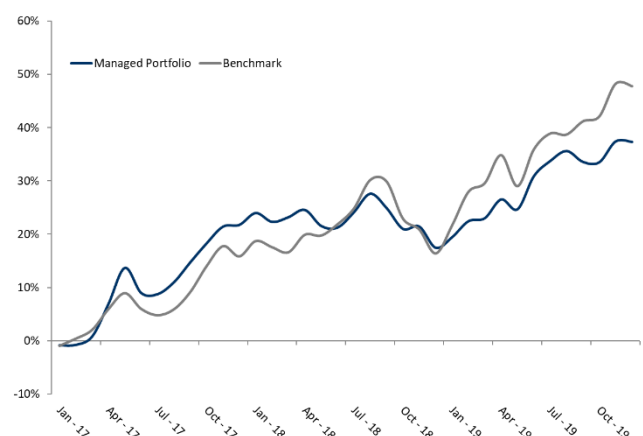
Portfolio and market returns

During 4Q19 we repositioned the portfolio to increase the concentration in our highest conviction ideas, whilst also maintaining an appropriate level of diversification. We reduced our number of positions in the portfolio from 30 (at 30-Sep-19) to 20 (at 31-Dec-19). Most of the portfolio selling was concentrated in companies that have delivered excellent returns but now have less compelling valuations, which included AON, ASML and Novo Nordisk.

A notable change during the quarter was increasing the portfolio's exposure to US health insurers (UnitedHealth Group and Cigna). These stocks are incredibly cheap due to threats made by Bernie Sanders and Elizabeth Warren to nationalise the US health insurance industry if elected president. For this to happen Sanders or Warren would first need to win the Democratic nomination, then win the US election, then get the bill passed in the lower house, then get it passed in the Senate and then win the numerous inevitable legal challenges. We believe these series of events are highly improbable and consider the threats as 'noise'.

The portfolio remains highly risk aware with 20% of the portfolio invested in companies that benefit from market turbulence, including derivative exchanges (CME, Intercontinental Exchange, Deutsche Boerse), Gold miners (Newmont) and market-makers (Flow Traders).

Portfolio 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 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.

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.



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	8%
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

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