

Pengana International Equities Managed Portfolio

Performance Report as at 30 June 2020



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.



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The Pengana International Equities Managed Portfolio is a Managed Discretionary Account (MDA).

Fund performance as at 30 June 2020¹

	1mth (%)	3 mths (%)	1yr (%)	3yr (%)	Annualised Since incep (%pa)
Portfolio	-3.49%	3.43%	5.36%	8.16%	9.84%
Benchmark	-0.53%	5.58%	3.91%	10.04%	10.61%
Excess Return	-2.95%	-2.16%	1.46%	-1.88%	-0.77%

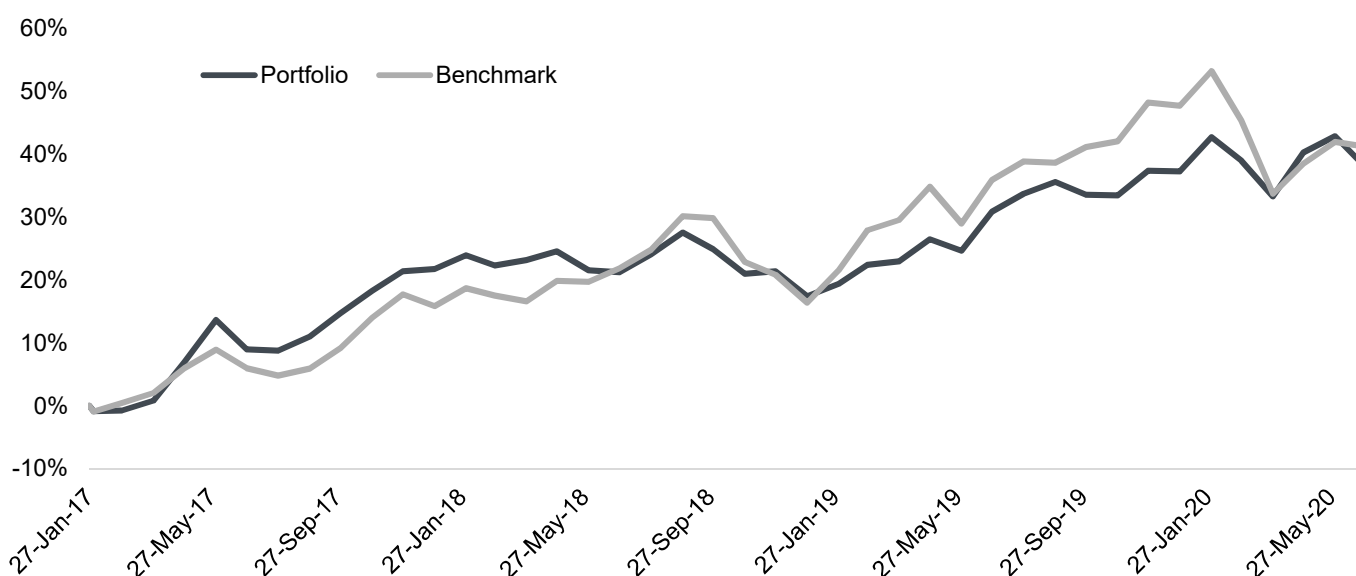
Top 5 Holdings

		%
CASH	Cash	10.82%
CHTR	Charter Communications	7.19%
BABA	Alibaba Group	6.76%
UNH	Unitedhealth Group	6.59%
DB1	Deutsche Boerse	6.31%

Past performance is not a reliable indicator of future performance.

The Portfolio's benchmark is MSCI All Country World Total Return Index (net, AUD). All information provided in this Report is correct at the date of this report but without independent verification. Portfolio 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. Each client should also take into account their own taxation situations. Please refer to the relevant Investment Mandate for full information on product specifics, including all fees and costs.

Performance since inception



Portfolio and market returns

The quarter was punctuated by April Fools Day, May Day, and Juneteenth (19 June). Juneteenth is a uniquely American day, but it is symbolic of our thinking around inequality. One source of inequality is the wealth divide. Wages have been stagnant while asset prices have been ballooning, making asset owners (the rich) richer and the working class being left behind.

While the social aspects of this is frightening, it is also guiding some of our investment thinking. For consumer facing business opportunities lie on the two barbells of consumer consumption. At one end are luxury goods companies like LVMH and at the other end are discount retailers such as Dollar Tree. The wealth gap is also providing opportunities in less obvious industries, like debt restructuring advisory firms, such as Houlihan Lokey. These companies will benefit from growing corporate bankruptcies as companies caught in the middle of the consumer barbell are hollowed out.

Some of the other themes we are concentrating on, include: Clean world – there is widespread acceptance of the need to place less strain on the world. This is resulting in a boom in green energy and green packaging.

Critical connectivity – data connectivity is a critical utility driving increased investment and pricing power for broadband providers, cellular tower providers, and telecommunication equipment companies.

Reflation – the world is at the extremities of monetary policy and we believe fiscal stimulus is now required for economic growth. This is highly beneficially to many industrials and some banks.

Need for health – the world is aging, becoming fatter, creating a fertile ground for health-related stocks.

Day of reckoning for disruptors – the share prices of many disruptive companies have become disconnected with their underlying economics. We believe valuation is as powerful force as gravity and the share price of these companies will ultimately return to earth.

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 weights	8%
Min investment	\$25,000
Suggested timeframe	3+ years

Portfolio management: Mason Stevens Limited, as the Managed Discretionary Account Provider, will administer and implement the Managed Portfolio on the advice from Pengana Capital Limited as the Investment Sub-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.

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

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.

Contact

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