PENGANA INTERNATIONAL FUND - ETHICAL

FUND DESCRIPTION AND FEATURES
The Pengana International Fund - Ethical is a long only fund that holds 30-50 companies across developed and developing markets, large and small companies.

The Fund predominantly invests in companies that deliver stable yet growing free cash flow throughout cycles (which we classify as ‘Core’ holdings) whilst also taking positions in more cyclical companies (‘Cyclical’) and those whose valuation has been materially misconstrued by the market (‘Opportunistic’).

We avoid investment in companies that are, in our opinion, harmful to people, animals or the environment.

Visit our website for more information on the Fund.

Portfolio Managers
Jordan Cvetanovski
Steven Glass

APIR code
HOW0002AU

Redemption price
A$2.9098

Fees
Management fee: 1.35% p.a.

Minimum initial investment
$5,000

FUM at month end
A$333.5m

Strategy inception
1 July 2015

Benchmark
MSCI All Country World Total Return Index (net, AUD)

PERFORMANCE COMMENTARY
The Fund was up 3.9% in February. In local currency, the Fund delivered 2% (approx.) and the depreciating AUD added a further 2% (approx.). In a strongly bullish market, the Fund’s cash holdings and puts were a performance headwind.

February continued the trend witnessed in January: more defensive positions declined while more economically sensitive companies (industrials and materials) and US fast growing tech businesses outperformed.

The Fund’s three largest positive stock contributors were Heineken, IPG Photonics (industrial laser company) and Microsoft. Heineken’s performance followed its 4Q18 result announcement. IPG rose with other trade-related companies and Microsoft’s performance reflected strength in the broader software segment.

The Fund’s three largest detractors were Cigna, TomTom and Snap-On. Cigna declined along with other health related companies following the re-emergence of potential regulatory risks. TomTom and Snap-On declined following their 4Q18 results.

Some of the Fund’s largest industry exposures during the month were Financials, Communications Services and Information Technology. The Financials exposure reflects notable investments across derivative exchanges and online brokers, which would benefit from an increase in capital market volatility. The Communication Sector exposure is predominantly in emerging market companies, including Tencent and ZEE Entertainment. The IT exposure is IT only in name (we use MSCI’s definition) and includes a payments business, an industrial laser business and a travel booking business. The Fund continues to be notably underweight in the typical in-vogue (but we believe, expensive) US tech companies.

Compared to the benchmark, the Fund continues to have large exposure to Europe ex UK (30%) and Emerging Markets - Asia (13%), while being underweight the US (44%).

The weight of the Core segment remains within 60-70%, Cyclical remain 10-15% and Opportunistic increased to 10-15% of the portfolio.
FUND AND STRATEGY PERFORMANCE (NET OF RECALCULATED FEES)

A new strategy was implemented for the Pengana International Fund - Ethical from 1 July 2017 by the Pengana team. The financial information below refers to the strategy currently employed by the Pengana International Fund - Ethical. For full performance history of the Pengana International Fund - Ethical, please refer to the Pengana website.

Net performance for periods ending 28 February 2019¹

<table>
<thead>
<tr>
<th></th>
<th>1 mth</th>
<th>3 mths</th>
<th>1 yr</th>
<th>Since Inception p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund and Strategy¹</td>
<td>3.9%</td>
<td>3.9%</td>
<td>3.9%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>5.2%</td>
<td>5.7%</td>
<td>8.6%</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

PORTFOLIO INFORMATION

Top 10 stocks

<table>
<thead>
<tr>
<th>Name</th>
<th>Country</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alphabet</td>
<td>United States</td>
<td>Communication Services</td>
</tr>
<tr>
<td>ASML Holding</td>
<td>Netherlands</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Bharti Infratel</td>
<td>India</td>
<td>Communication Services</td>
</tr>
<tr>
<td>Cigna Corp</td>
<td>United States</td>
<td>Health Care</td>
</tr>
<tr>
<td>CME Group</td>
<td>United States</td>
<td>Financials</td>
</tr>
<tr>
<td>Deutsche Boerse</td>
<td>Germany</td>
<td>Financials</td>
</tr>
<tr>
<td>Heineken</td>
<td>Netherlands</td>
<td>Consumer Staples</td>
</tr>
<tr>
<td>Microsoft</td>
<td>United States</td>
<td>Information Technology</td>
</tr>
<tr>
<td>Nutrien</td>
<td>Canada</td>
<td>Materials</td>
</tr>
<tr>
<td>Worldpay</td>
<td>United States</td>
<td>Information Technology</td>
</tr>
</tbody>
</table>

Largest 3 contributors

- Heineken
- IPG Photonics
- TomTom

Largest 3 detractors

- Cigna Corp
- Microsoft
- Snap-On

SECTOR BREAKDOWN

- Financials: 15.5%
- IT: 11.4%
- Cons. Discretionary: 11.1%
- Comm. Services: 10.7%
- Cons. Staples: 10.1%
- Health Care: 9.9%
- Materials: 9.1%
- Industrials: 9.0%
- Real Estate: 2.0%
- Other: 0.4%
- Cash: 10.8%

CAPITALISATION

- Under 5b USD: 8.6%
- 5b - 10b USD: 15.6%
- 10b - 100b USD: 46.7%
- Above 100b USD: 17.9%
- Options: 0.4%
- Cash: 10.8%

SEGMENT

- Core: 65.4%
- Opportunistic: 12.5%
- Cyclical: 10.9%
- Options: 0.4%
- Cash: 10.8%

GEOGRAPHIC

- North America: 44.2%
- Europe ex UK: 29.9%
- Emerging Markets - Asia: 13.1%
- UK: 1.6%
- Options: 0.4%
- Cash: 10.8%

STATISTICAL DATA

Fund portfolio summary¹

- Volatility ²: 9.34%
- Number of stocks: 40
- Beta ³: 0.74
- Maximum drawdown: -9.43%

1. From July 2017, performance figures are those of the Pengana International Fund - Ethical (the "Fund") class A units (net of fees). Between July 2015 and June 2017, performance figures have been recalculated by adjusting the Pengana International Fund’s (ARSN 610 351 641) net returns to reflect the management fee of the Fund. From July 2017 the Fund has been managed by the same team and with the same strategy as the Pengana International Fund. The Pengana International Fund’s net track record data is historical. Past performance is not a reliable indicator of future performance. The value of the investment can go up or down. 2. Annualised standard deviation since inception. 3. Relative to the MSCI All Country World Total Return Index in AUD.

Pengana Investment Management Limited (AFSL 219462) ("PIML") is the issuer of units in the Pengana International Fund - Ethical (ARSN 093 079 906) (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team or website. A person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither PIML nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.