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.

PERFORMANCE COMMENTARY

The Fund was up 1.5% in January. In local currency, the Fund delivered almost 5% but appreciation of the $A was a notable headwind, reducing the returns in $A terms. The portfolio insurance (puts) were another headwind, costing the Fund approximately 60bps in returns.

January represented a sharp reversal from recent months with the more defensive positions declining while more economically sensitive positions (such as banks, industrials and emerging markets) outperformed.

The Fund’s three largest positive stock contributors were Alibaba, Bharti Infratel, and Wacker Chemie. These companies benefited from the market’s rejuvenated appetite for emerging market exposure.

The Fund’s three largest detractors were CME, Interactive Brokers and Medtronic. CME has been treated as a safe haven during market downturns, with the flip side being that it can underperform during more sanguine times. Interactive Brokers declined following the announcement that its founding CEO would transition to a pure Executive Chairman position. Medtronic declined because it provided below market revenue guidance for the year ending March 2020.

The Fund’s largest industry exposures during the month were Financials, Industrials, and Consumer Discretionary. The Financials exposure reflects notable investments across derivative exchanges, which we expect will benefit from increased asset market volatility. The Industrials exposure includes a number of high-quality businesses that we anticipate will benefit from a potential industrial production resurgence. The Consumer Discretionary exposure includes a broad basket of companies, many of which we don’t consider as truly Consumer Discretionary e.g. TomTom.

Compared to the benchmark, the Fund continues to have relatively large exposure to Europe ex UK (29%) and Emerging Markets - Asia (13%), while being underweight the US (45%).

The weight of the Core segment remains within 65-70%, Cycicals remain 10-15% and Opportunistic 5-10% of the portfolio.
### FUND AND STRATEGY PERFORMANCE (NET OF RECALCULATED FEES)³

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 31 January 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 Strategy</td>
<td>1.5%</td>
<td>0.4%</td>
<td>1.0%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Benchmark</td>
<td>4.2%</td>
<td>-1.1%</td>
<td>2.7%</td>
<td>7.8%</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>Bharti Infratel</td>
<td>India</td>
<td>Communication Services</td>
</tr>
<tr>
<td>Cigna</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>Dollar General</td>
<td>United States</td>
<td>Consumer Staples</td>
</tr>
<tr>
<td>Heineken</td>
<td>Netherlands</td>
<td>Consumer Discretionary</td>
</tr>
<tr>
<td>Intercontinental Exchange</td>
<td>United States</td>
<td>Financials</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>
</tbody>
</table>

**Largest 3 contributors**

- Alibaba Group
- Bharti Infratel
- Wacker Chemie

**Largest 3 detractors**

- CME Group
- Interactive Brokers
- Medtronic

### SECTOR BREAKDOWN

- Financials: 17.1%
- Industrials: 11.8%
- Cons. Discretionary: 10.8%
- Health Care: 10.0%
- Comm. Services: 10.0%
- Cons. Staples: 9.6%
- IT: 9.3%
- Materials: 9.2%
- Real Estate: 2.0%
- Other: 0.2%
- Cash: 10.0%

### CAPITALISATION

- Under 5b USD: 8.3%
- 5b – 10b USD: 18.3%
- 10b – 100b USD: 42.8%
- Above 100b USD: 20.4%
- Options: 0.2%
- Cash: 10.0%

### GEOGRAPHIC BREAKDOWN

- North America: 45.4%
- Europe ex-UK: 29.4%
- Emerging Markets - Asia: 13.4%
- UK: 1.6%
- Options: 0.2%
- Cash: 10.0%

### SEGMENT

- Core: 68.4%
- Cyclical: 11.2%
- Opportunistic: 10.2%
- Options: 0.2%
- Cash: 10.0%

### STATISTICAL DATA

**Fund Portfolio Summary**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volatility ²</td>
<td>9.30%</td>
</tr>
<tr>
<td>Number of stocks</td>
<td>42</td>
</tr>
<tr>
<td>Beta ³</td>
<td>0.78</td>
</tr>
<tr>
<td>Maximum drawdown</td>
<td>-9.43%</td>
</tr>
</tbody>
</table>

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 obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by PIML and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report 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.