

## THE REFLATION TRADE

The month's trading was characterized as the reflation trade with the impetus being the strong results from various Covid vaccine trials and the belief that this will be the catalyst for economic growth in 2021. This resulted in a sharp and meaningful swing away from growth and to value stocks, with the former being a play on disruption-led growth and the latter on economic growth.

In Nov-20 the fund delivered 5.9%, which was a strong outcome while still trailing the Market which delivered 7.1%. The stocks generating the largest positive returns were **Mowi**, **Cigna**, and **Biotelemetry**.

We do not have large exposure to the growth-at-any price stocks meaning our weaker stocks did not come from that part of the market. Rather, the largest detractors were **Alibaba** and **Tencent**, with their performance explained by mushrooming Chinese regulation of dominant tech platforms.

The fund is meaningfully differentiated to the Benchmark with 25% of the Fund invested in Europe ex-UK vs the Benchmark's 13% and 44% invested in North America vs the Benchmark's 60%. Further, the fund has fully exited the FAANG's and has 8% invested in the IT sector vs the Benchmark's 21%.

Finally, the portfolio is on a c5% FCF yield, 8% revenue CAGR and the companies in the fund have virtually no debt, all of which compare favourably to the broader market.

All portfolio holdings were compliant with the principles of the UN Global Compact and the portfolio had a "low ESG risk" rating, based on the aggregate weighted score of the portfolio's holdings at month-end (source: Sustainalytics).

## TOP HOLDINGS (ALPHABETICALLY)

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Bharti Infratel

India

Communication Services



Charter Communications Inc

United States

Communication Services



Cigna Corp

United States

Health Care



Houlihan Lokey Inc

United States

Financials



Lumentum

United States

Information Technology



Pinterest Inc

United States

Communication Services



Rakuten Inc

Japan

Consumer Discretionary



SIG Combibloc Group AG

Switzerland

Materials



Tencent Holdings

China

Communication Services

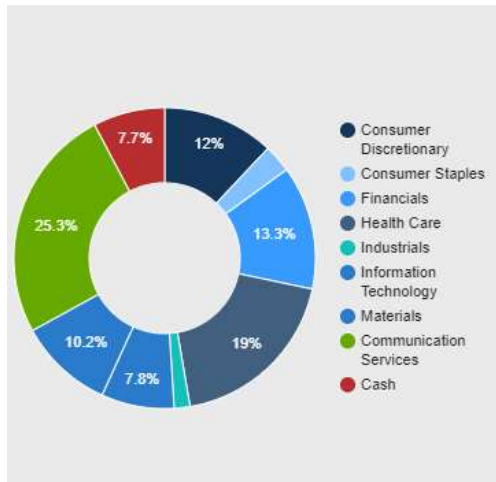


UnitedHealth Group Inc

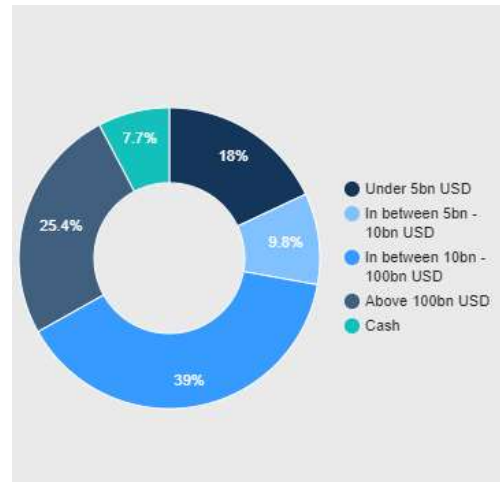
United States

Health Care

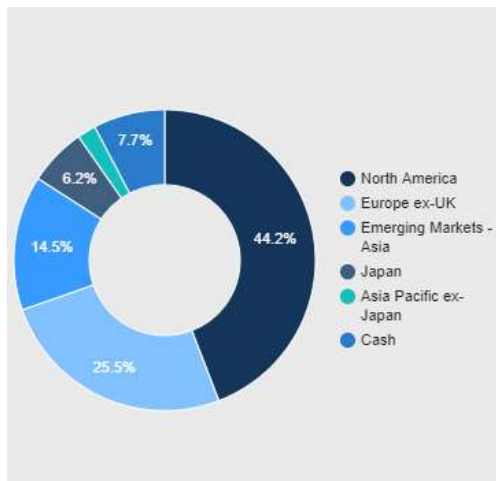
## SECTOR BREAKDOWN



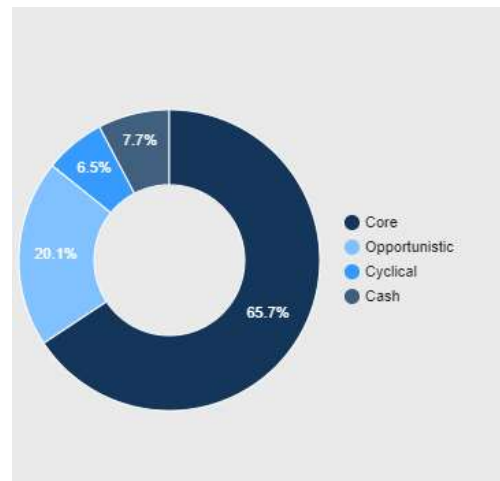
## CAPITALISATION BREAKDOWN



## REGION BREAKDOWN



## SEGMENT



## FUND PERFORMANCE

## NET PERFORMANCE FOR PERIODS ENDING 30 NOV 2020<sup>1</sup>

	1 MONTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION
<b>Fund</b>	5.9%	16.2%	12.8%	10.6%	11.4%
<b>Benchmark</b>	7.1%	5.6%	10.1%	10.5%	10.2%

## FUND PERFORMANCE

## NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



<b>VOLATILITY<sup>3</sup></b>	9.6%	<b>NUMBER OF STOCKS</b>	34
<b>BETA (USING DAILY RETURNS)<sup>4</sup></b>	0.76	<b>MAXIMUM DRAW DOWN</b>	-9.4%

**FUND MANAGERS**



*Jordan Cvetanovski*  
CIO & Portfolio Manager



*Steven Glass*  
Deputy Portfolio Manager & Analyst

**FEATURES**

<b>PORTFOLIO MANAGERS</b>	Jordan Cvetanovski Steven Glass
<b>APIR CODE</b>	HOW0002AU
<b>REDEMPTION PRICE</b>	A\$ 3.2207
<b>FEES *</b>	Management Fee: 1.35% p.a
<b>MINIMUM INITIAL INVESTMENT</b>	\$25,000
<b>FUM AT MONTH END</b>	A\$ 365.71m
<b>STRATEGY INCEPTION DATE</b>	1 July 2015
<b>BENCHMARK</b>	MSCI All Country World Total Return Index (net, AUD)

**DESCRIPTION**

The Pengana International Ethical Fund 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.

1. Net performance figures are shown after all fees and expenses and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.  
 2. 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.  
 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.  
 3. Annualised standard deviation since inception.  
 4. Relative to the MSCI All Country World Total Return Index in AUD.  
 \*For further information regarding fees please see the PDS available on our website.

Pengana Capital Limited (ABN 30 103 800 568, AFSL 226566) ("Pengana") 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 Pengana 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 Pengana nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.

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