

MONTHLY REPORT

The largest market-related news event during January was the performance of heavily shorted shares including GameStop, Bed Bath & Beyond, and Blackberry. These price moves were driven mainly by retail investors, facilitated by Reddit's WallStreetBets chat room and free trading on platforms like Robinhood. Hedge Funds that were heavily short these stocks sustained material losses that will be difficult for them to recover from. For example, Melvin Capital was reported to have declined >50% during the month.

As is typical on Wall Street, when there is blood in the streets, the sharks will circle. The sharks looked through the portfolios of the Hedge Funds experiencing the most pain and commenced selling their long positions, in anticipation that the weakened Hedge Funds would have a flood of redemptions and be forced sellers. This created some opportunities, which we took advantage of, and we added one new name (currently undisclosed) to the portfolio, however, in aggregate the portfolio remained relatively unchanged.

The portfolio remains meaningfully differentiated from the Market. Approximately 43% of the fund is invested in the US, vs the Market's c55% weight, it does not hold a single FAANG stock, and it is overweight Europe and Asia. In aggregate, we calculate the fund is on a c5% FCF yield, 10% revenue growth, and has zero debt (the companies held by the fund are actually net cash). These metrics compare favourably to the broader market, which gives us some optimism about the Fund's outlook.

TOP HOLDINGS (ALPHABETICALLY)



Alibaba Group Holding LTD

China

Consumer Discretionary



Charter Communications Inc

United States

Communication Services



Cigna Corp

United States

Health Care



Dollar Tree Inc

United States

Consumer Discretionary



Houlihan Lokey Inc

United States

Financials



Indus Towers Ltd

India

Communication Services



Lumentum

United States

Information Technology



Tencent Holdings

China

Communication Services



Thermo Fisher Scientific

United States

Health Care

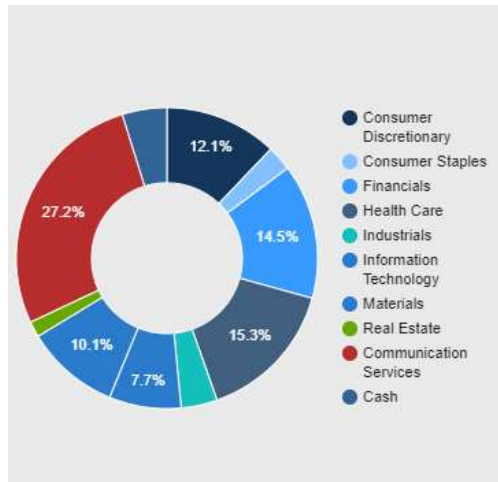


UnitedHealth Group Inc

United States

Health Care

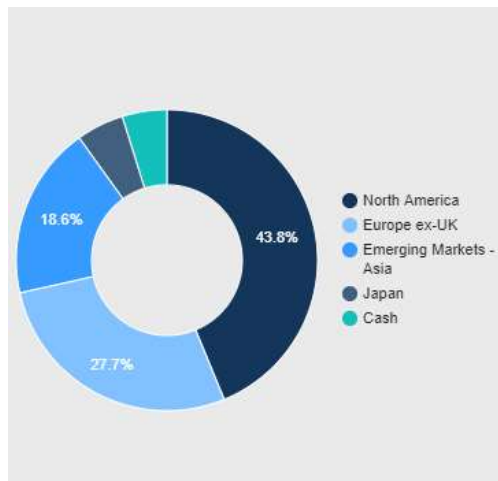
SECTOR BREAKDOWN



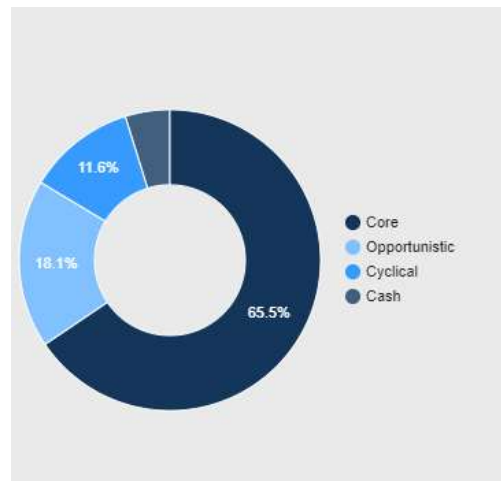
CAPITALISATION BREAKDOWN



REGION BREAKDOWN



SEGMENT



FUND PERFORMANCE

NET PERFORMANCE FOR PERIODS ENDING 31 JAN 2021¹

| | 1 MONTH | 1 YEAR | 3 YEARS P.A. | 5 YEARS P.A. | SINCE INCEPTION |
|------------------|---------|--------|--------------|--------------|-----------------|
| Fund | 1.4% | 15.1% | 12.6% | 12.4% | 11.5% |
| Benchmark | 0.1% | 2.1% | 9.9% | 11.7% | 9.9% |

FUND PERFORMANCE

NET PERFORMANCE SINCE INCEPTION²



| | | | |
|---|------|-------------------|-------|
| VOLATILITY ³ | 9.5% | NUMBER OF STOCKS | 35 |
| BETA (USING DAILY RETURNS) ⁴ | 0.76 | MAXIMUM DRAW DOWN | -9.4% |

FUND MANAGERS



Jordan Cvetanovski
CIO & Portfolio Manager



Steven Glass
Deputy Portfolio Manager & Analyst

FEATURES

| | |
|----------------------------|---|
| PORTFOLIO MANAGERS | Jordan Cvetanovski Steven Glass |
| APIR CODE | HOW0002AU |
| REDEMPTION PRICE | A\$ 3.2683 |
| FEES * | Management Fee: 1.35% p.a |
| MINIMUM INITIAL INVESTMENT | \$25,000 |
| FUM AT MONTH END | A\$ 374.13m |
| STRATEGY INCEPTION DATE | 1 July 2015 |
| BENCHMARK | 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 Ethical Fund from 1 July 2017 by the Pengana team. The financial information refers to the strategy currently employed by the Pengana International Ethical.

From July 2017, performance figures are those of the Pengana International Ethical Fund (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 portfolio construction strategy as the Pengana International Fund, complemented by strict ESG filters and processes. 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 Ethical Fund (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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