



Product Review

Pengana High Conviction Property Securities Fund

ISSUE DATE 03-05-2022

About this Review

ASSET CLASS REVIEWED	PROPERTY AND INFRASTRUCTURE
SECTOR REVIEWED	AUSTRALIAN LISTED PROPERTY
TOTAL FUNDS RATED	15

About this Fund

ASIC RG240 CLASSIFIED	NO
FUND REVIEWED	PENGANA HIGH CONVICTION PROPERTY SECURITIES FUND
APIR CODE	PCL8246AU
PDS OBJECTIVE	TO OBTAIN RETURNS GREATER THAN THE S&P/ASX 300 A-REIT (AUD) TR INDEX ('THE INDEX') OVER ROLLING THREE YEAR PERIODS AFTER FEES.
INTERNAL OBJECTIVE	AIMING FOR 2% P.A. (AFTER FEES) OUTPERFORMANCE OF THE INDEX OVER ROLLING THREE YEAR PERIODS.
STATED RISK OBJECTIVE	NONE
DISTRIBUTION FREQUENCY	QUARTERLY
FUND SIZE	\$13M (MARCH 2022)
FUND INCEPTION	11-03-2020
MANAGEMENT FEE	0.7%
PERFORMANCE FEE	15% OF EXCESS RETURN ABOVE INDEX (AFTER FEES & COSTS)
RESPONSIBLE ENTITY	PENGANA CAPITAL LIMITED

About the Fund Manager

FUND MANAGER	PENGANA CAPITAL LIMITED
OWNERSHIP	PENGANA CAPITAL GROUP LTD (ASX CODE: PCG)
ASSETS MANAGED IN THIS SECTOR	\$13M (MARCH 2022)
YEARS MANAGING THIS ASSET CLASS	2

Investment Team

PORTFOLIO MANAGER	AMY PHAM
INVESTMENT TEAM SIZE	3
INVESTMENT TEAM TURNOVER	N.A.
STRUCTURE / LOCATION	CENTRALISED/SYDNEY

Investment process

STYLE	HIGH CONVICTION, BENCHMARK UNAWARE
TYPICAL NUMBER OF STOCKS	10-20
STOCK LIMITS	20% INDEX STOCKS; 2%-5% NON-INDEX STOCKS
REGION/ SECTOR LIMITS	<10% GLOBAL REITS AND REAL ESTATE -RELATED STOCKS
CASH LIMIT	20% MAXIMUM

Fund rating history

MAY 2022	INVESTMENT GRADE
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What this Rating means

The 'Investment Grade' rating indicates that Lonsec has conviction the financial product can generate risk adjusted returns in line with relevant objectives. However, if applicable, Lonsec believes the financial product has fewer competitive advantages than its peers.

Strengths

- High conviction fund comprised of a tight portfolio of quality stocks, differentiated with higher proportion of alternatives than index from search for growth thematic.
- Strong component of ESG factored into the valuation process.
- Two senior personnel have previously worked closely together and have good experience in the analysis of Australian property securities.
- Small FUM will enable the Manager to be a nimble investor and take meaningful positions in non-index stocks.

Weaknesses

- Benchmark unaware approach can lead to significant variation in performance from the index (both negative and positive).
- The Fund/Strategy has a relatively short track record, with performance to date (adjusted for start-up period) showing mixed results compared to the index.
- No direct property business to tap into, unlike some more highly rated A-REIT managers.
- Some business risk with small FUM, but has support of the ASX-listed Pengana Capital Group.

Fund Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK			●
CAPITAL VOLATILITY			●
FOREIGN CURRENCY EXPOSURE	●		
SECURITY CONCENTRATION RISK		●	
SECURITY LIQUIDITY RISK	●		

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

BIometrics

Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE							●

A Standard Risk Measure score of 7 equates to a Risk Label of 'Very High' and an estimated number of negative annual returns over any 20 year period of 6 or greater. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

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	LOW	MODERATE	HIGH
RISK TO INCOME			●

Features and benefits

	LOW	MODERATE	HIGH
COMPLEXITY		●	
ESG		●	

Fee profile

	LOW	MODERATE	HIGH
FEES VS. UNIVERSE		●	
FEES VS. ASSET CLASS	●		
FEES VS. SUB-SECTOR	●		

Fee BIometrics are a function of expected total fee as a percentage of expected total return.

What is this Fund?

- The Pengana High Conviction Property Securities Fund ('the Fund') is a long-only, high conviction Australian property securities fund. The objective is to obtain returns greater than the S&P/ASX 300 A-REIT TR Index ('the Index') over rolling three year periods after fees. Internally, the Manager aims to outperform the Index by 2% p.a. over rolling three year periods after fees.
- Pengana seeks investment opportunities in Australian real estate investment trusts (A-REITs), funds management businesses and property developers. The Fund can also invest up to 10% of the portfolio in international property securities and property-related businesses. Pengana is seeking to pick the best-of-breed property managers, with quality assets that will generate a sustainable free cash flow, backed by a strong balance sheet to support future growth.
- The portfolio will be reasonably concentrated when compared to the wider peer group, with a maximum of 20 stocks. The Fund is relatively 'benchmark unaware' and therefore has a relatively high 'Active Share' (which is a measure of the difference between the portfolio composition and the Index). The Fund also has a high proportion of stocks from alternative property sub-sectors (approx. 20% compared to the Index 6%).
- The Manager generally has a long-term investment approach (portfolio turnover expected to be 40%-50%) and expects to be fully invested, but permits a cash holding of up to 20%.
- While the product is not an 'ethical' fund, the Manager has a focus on ESG factors incorporated into its assessment of stocks as part of the overall valuation process (a 30% weighting).
- The Fund's base Management Cost of 0.70% p.a. is one of the lowest in the Lonsec peer group of actively managed property securities funds. However, the Manager also charges a Performance Fee equivalent to 15% of the excess returns net of fees above the Index (which is only payable if the Fund has a positive performance). As per the PDS dated 14 February 2022, the performance fee estimate is 0.304%, however the fee will vary from year to year according to the Fund's actual performance relative to the Index.

- In addition, the net transactional and operational costs in excess of those recouped from the buy/sell spread are 0.103% p.a.

Using this Fund

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

- Lonsec notes that the Manager has produced a Target Market Determination (TMD) which forms part of the Responsible Entity's Design and Distribution Obligations for the Fund. Lonsec has collected the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.
- The Manager has the ability to take significant active positions away from the Benchmark. Investors should therefore be aware that the Fund has the potential to deliver returns that deviate materially from the Benchmark.

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
	●	●	●	●	●

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Changes Since Previous Lonsec Review

This is Lonsec's initial review of the Fund.

Lonsec Opinion of this Fund

People and resources

- Pengana Capital's Australian property securities investment team comprises three members, which is typical for the peer group. Chief Investment Officer **Nick Griffiths** heads the Investment Committee which has oversight of the strategy and meets monthly on a formal basis. The A-REIT team members are employed by Pengana Capital and utilise the central resources of the firm based in Sydney.
- **Amy Pham** is the Portfolio Manager and has 26 years of experience in property securities investment. Prior to establishing the A-REIT strategy at Pengana in February 2020, Amy spent six years at Charter Hall Maxim (previously Folkestone Maxim) as an Analyst/Portfolio Manager, responsible for a high conviction A-REIT mandate. However, in Lonsec's view Amy has a limited public record upon which to base an assessment of success as a portfolio manager. The performance of the Fund/Simulated Portfolio/High-Conviction Mandate back to August 2017 shows performance to be just ahead of the Index (after adjusting for the high cash holding in the first two months of the actual Pengana HCPSF). Amy contributed to the strong performance of the Charter Hall Maxim Property Securities Fund over a number of years, but was not the responsible portfolio manager.
- **Jade Ong** has 18 years of experience in property securities investment and has strong credentials as part of Macquarie's real estate corporate advisory

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team in London and Sydney. Jade also worked for several years as Assistant Portfolio Manager alongside Amy on a property securities fund at IAG. Jade joined Pengana in June 2020 as an Investment Specialist. Jade is also responsible for the ESG data collection and the assessment is undertaken in conjunction with the other team members.

- **Sam Craig** joined Pengana in December 2021 as an Investment Analyst. He has six years of property and finance experience, having most recently worked as a Senior Researcher in direct property at Charter Hall.
- The A-REIT team interact with the wider Equities team at Pengana, by attending a weekly meeting where knowledge on stocks is shared by both teams. Company visits are also sometimes undertaken on a joint basis. The investment decisions of both teams remain separate (each may hold different A-REIT stocks).
- The A-REIT team has extensive industry contacts and receives input from direct property groups; real estate research and transaction groups; property securities broker research; and economists. However, Pengana does not have a direct property business of its own, where some competing A-REIT Managers have the benefit of these close ties.
- The Pengana A-REIT team does not have a dedicated trader, with this task mainly performed by Amy Pham, backed by Sam Craig. This has the potential to be distracting for the Portfolio Manager in particular. However, this is a low turnover strategy and trading activity is relatively infrequent.

Research and portfolio construction

- The research process is predominantly 'bottom-up', but with an element of 'top-down' qualitative macro and sector themes overlaid.
- The investable universe comprises around 50 stocks (30 from the A-REIT index and 20 selected non-index stocks). Although the Fund is permitted to invest in international property securities, to date this has been limited to the assessment of one stock (Vital Healthcare NZ).
- Jade and Sam share the detailed modelling duties, with the investable universe split between them (Jade 40%; Sam 60%). However, on two large stocks (Goodman Group; GPT), the team relies on broker models for inputs, which is probably inferior to most other A-REIT managers.
- The Pengana A-REIT proprietary financial models consider the following factors and combine them into the Valuation Ranking Model to help select the most attractive stocks for the portfolio compared to current pricing.
 - Quantitative factors (50% – based on primarily three year earnings growth & dividend yield; five-year discounted free cash flow analysis/NPV; gearing; Net Asset Value) and;
 - Qualitative factors (20% quality of management and assets; 30% ESG).
- The component of ESG in the valuation process is probably the highest in the A-REIT sector and differentiates Pengana to some extent. However, it should be reiterated that the Fund is not an 'ethical' fund, with the only exclusions purely based on ESG factors are those on corporate governance.

Nevertheless, the ranking model will be skewed towards stocks that are assessed as rating highly on ESG factors by the Pengana A-REIT team. Companies with exposure to unethical sectors (eg: alcohol, tobacco, gambling or fossil fuels) are marked down in terms of the 'E' and 'S' scores in the valuation model, based on the level of income that is generated in these sectors.

- This above 'bottom-up' process is complimented by Pengana's focus on finding favourable thematic/ secular trends driving growth in property sub-sectors. This is similar to some of its competitors with a small amount of funds under management.

ESG Integration

- The Manager has an articulated commitment to the integration of ESG within their investment process, with evidence of a policy framework and public positioning. The ESG policy is publicly available and has recently been updated with details on the Manager's engagement approach. While the engagement framework and policy lightly touch on engagement objectives, no reporting on engagement outcomes is publicly available. The Manager does not provide any details on their proxy voting policy or voting outcomes (but the latter can be provided to investors upon request). At the corporate level, Lonsec views Pengana's overall ESG framework as below peers.
- There is clear evidence of ESG integration within the research elements of the investment process. Elements of ESG are visible within the valuation processes with high level monitoring of ESG characteristics of the portfolio. Overall ESG integration within the investment process is in-line with peers, although the proportion of ESG as a factor in the valuation model is higher than peers.
- The lead PM engaged on broad ESG topics and involved the ESG specialist (Jade Ong) when discussing the topic. The Manager had a well-structured approach to the collection and use of ESG specific data, including the use of a proprietary data collection model involving a regular questionnaire sent to A-REIT management. Pengana has a systematic approach to track engagement outcomes.
- Overall, on a peer relative basis, Lonsec considers the overall level of ESG integration within this Fund to be 'Low to Moderate'.

Risk management

- In a benchmark-unaware fund such as the Pengana HCPSF, risk against an Index is not considered particularly relevant, although as a consequence of this stance, the Fund's performance is likely to vary considerably from that of the Index. Nevertheless, Pengana has some limits on the size of holdings in the portfolio compared to the Index (max 20% of the portfolio in A-REIT 300 index stocks; 2%-5% holding in non-index stocks; up to 10% in international REITs and property-related stocks).
- Oversight of the strategy is conducted by the Pengana Investment Committee daily, but meets monthly to review the strategy's performance.

Funds Under Management

- As the A-REIT strategy is relatively new to Pengana, funds under management is small (\$13m as at 31

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March 2022). The Pengana business has \$3.8b in total FUM (some of which is also invested in A-REITs but these are separately managed), being sufficient to support the growth of a new strategy.

- The Manager has a stated estimated capacity for the A-REIT strategy to currently be around \$1.6b-\$1.7b, which represents approximately 1.0% of the A-REIT 300 Index market capitalisation.
- Total capacity limits differ from manager to manager due to variances in investment styles, biases and trading strategies. Lonsec's general view is that greater FUM makes it more difficult to trade in and out of stock positions without material market impact (particularly in smaller stocks). However, there are some inherent advantages in having a large fund including: greater access to management; priority access to deal flow; and bigger dedicated team sizes. Thus Lonsec carefully weighs up a fund's investment style and objectives when considering the issue of capacity.

Performance

- As a new Fund, the performance data is limited to the period commencing 11 March 2020, although Pengana has provided data of a simulated portfolio of stocks using the same mandate back to 1 August 2017 and a similar mandate managed by Amy Pham for periods back to 1 June 2019.
- Lonsec's performance analysis of the A-REIT sector in this review cycle compares all funds until the 31 December 2021. Over the one-year period, the Pengana HCPSF recorded a total return of 28.0% outperforming by 1.0% the S&P/ASX A-REIT 300 TR Index of 27.0%. Major contributors were zero weight to Scentre; underweight to Stockland plus overweight positions in Lifestyle Communities and APN Group (both non-index); as well as Charter Hall Group. Major detractors were the overweight positions in Peet, Cedar Woods and NextDC (all non-index) plus the underweight to Goodman Group.
- Since inception in March 2020, the Fund has achieved a total return of 23.8% p.a. compared to the Index return of 13.4% p.a. It should be noted that the early period of the Fund coincided with the market falls due to the onset of the COVID-19 pandemic and the Fund was predominantly holding cash in March and April 2020 while the A-REIT sector fell heavily. Pengana has provided an adjusted return for the Fund substituting the Index performance over these two months and the Fund returns are more in line with that of the Index (10.1% p.a. compared to 10.7%p.a.).
- In the three months to 31 March 2022, the Fund's return of -9.3% underperformed the Index of -6.7%.
- Using the data supplied by Pengana from 1 August 2017 and including the first three months of 2022, the Pengana strategy return was 10.3% p.a. (after adjusting for the 100% cash held in during March/April 2020 by substituting the Index return) compared to the Index 9.8% p.a.

Overall

- Lonsec has assigned a rating of 'Investment Grade' to the Fund following the initial review.

- Pengana is a well resourced investment manager that has added the A-REIT capability to its stable. The team comprises two experienced property securities personnel with some history of working together and a support analyst with a direct property background.
- However, the Fund/Strategy has a limited track record with performance to date (adjusted for the start-up period of high cash) slightly ahead of the Index.
- Given the Fund's benchmark-unaware approach, returns are likely to vary considerably from the Index from time-to-time.
- The Manager is differentiated by seeking out growth situations in alternative property sectors and the high proportion of ESG factors in its valuation models will favour stocks well-rated on this basis.

People and Resources

Corporate overview

- Pengana Capital Ltd (PCL) is the Responsible Entity and investment manager of the Fund. PCL is a subsidiary of Pengana Capital Group, a boutique investment manager established in February 2003 which is listed on the Australian Stock Exchange (ASX Code: PCG) with a market capitalisation of \$235m as at April 2022. The Directors and staff own approximately 45% of the business.
- In June 2017, Pengana Holdings Ltd merged with Hunter Hall International to form Pengana Capital Group.
- In January 2020, Pengana acquired 67% of Lizard Investors LLC, a Chicago-based asset management firm that specialises in small to mid-capitalisation equities.

Size and experience

NAME	POSITION	EXPERIENCE
		INDUSTRY / FIRM
AMY PHAM	PORTFOLIO MANAGER	26 / 2
JADE ONG	INVESTMENT SPECIALIST	18 / 2
SAM CRAIG	INVESTMENT ANALYST	6 / <1

The Pengana A-REIT team comprises three people, with the oversight provided by the Chief Investment Officer and Investment Committee. The size of the team is typical for managers of Australian property securities funds.

Amy Pham (Fund Manager) joined Pengana in February 2020 and established this A-REIT strategy. Amy has 26 years of experience as an analyst and portfolio manager in Australian property securities investment. Amy spent six years at Charter Hall Maxim (previously Folkestone Maxim) as an Analyst/Portfolio Manager, responsible for a high conviction A-REIT mandate. This team won several industry awards. Amy has also held senior positions including Head of Property Securities at IAG; Portfolio Manager at Deutsche Asset Management; and Portfolio Manager at Perpetual Funds Management. She began her career as a quantitative analyst at Legal and General. Amy holds a Bachelor and Honours degree in Economics from the University of New England and University of California Davis.

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Jade Ong (Investment Specialist) has 18 years of experience in property funds management and corporate finance. Prior to joining Pengana in June 2020, Jade was a senior member of Macquarie Capital's real estate corporate advisory team in London and Sydney for nine years. During this time Jade worked closely with A-REIT clients advising on mergers and acquisitions, direct asset sales and private capital transactions. Jade was also an Assistant Portfolio Manager of IAG's property securities fund, working alongside IAG. Jade holds Bachelor of Laws and Bachelor of Commerce degrees, graduating with honours from the University of Sydney.

Sam Craig (Investment Analyst) has six years of experience in property and investment markets. Prior to joining Pengana in December 2021, Sam worked in the research team at Charter Hall and was responsible for cross-sector quantitative and thematic research, transaction and funds management support, as well as performance reporting for Charter Hall's largest investors. Sam holds undergraduate degrees in Finance and Law from the University of Adelaide. He has also passed Levels 1 and 2 of the Chartered Financial Analyst programme.

Research Approach

Overview

KEY SCREENS	GOOD CORPORATE GOVERNANCE
STOCKS IN UNIVERSE	A-REIT 300; NON-INDEX AUST & INTERNATIONAL
NO. STOCKS FULLY MODELED / RESEARCHED	48/50
'BOTTOM-UP' RESEARCH	80%-85%
'TOP DOWN' RESEARCH	15%-20%

Universe

The main targets for investment are the 30 stocks in the S&P/ASX 300 A-REIT Index, with non-index local stocks comprising another 20. The Fund's mandate includes investment in A-REITs, Real Estate Developers, Fund Managers and other property-related businesses as well as global listed REITs (although there are none of the latter in the current portfolio and only one stock has been researched to date).

Research inputs

- Company financial reports
- Meetings with company / ESG Questionnaire
- Property inspections
- Broker research
- Macroeconomic inputs
- Direct real estate research and industry contacts

Valuation approach

The Manager's value model uses the following Quantitative factors (50% of the total) to assess the relative value of each security:

- Forecast dividend yield
- Earnings growth
- Five year Price/Net Present Value (NPV)
- Weighted Average Lease Expiry
- Gearing (Loan-to-Value Ratio; Interest Cover Ratio)
- Price to Net Tangible Value (NTAV); or Net Asset Value (NAV)

The other 50% comprises Qualitative research factors, split between the ranking of the quality of Management/Assets (20%) and the ranking of ESG factors (30%).

These factors are combined in a Valuation Ranking Model to enable the selection of the most attractive stocks for the portfolio compared to current pricing.

The primary focus of the valuation process related to the company's ability to generate sustainable free cashflow and a strong balance to support future growth.

Pengana's ESG assessment focus is the highest proportion of the A-REIT managers' valuation model to provide a comprehensive view of the risk/return characteristics of the opportunities for investment.

While the majority of the team's valuation effort is produced internally, some of the model data for two large stocks (Goodman Group and GPT) are sourced from brokers. Pengana has a focus on the Alternative property sectors and hence the internal modelling effort is on small to mid-cap stocks not well covered by brokers and large institutions.

Portfolio Construction

Overview

FUND BENCHMARK	S&P/ASX A-REIT 300 TR INDEX
RETURN OBJECTIVE (INTERNAL)	BENCHMARK +2% P.A. (NET OF FEES)
RISK OBJECTIVE (INTERNAL)	N/A
INVESTMENT STYLE	QUALITY
PORTFOLIO APPROACH	BENCHMARK UNAWARE
PORTFOLIO DECISIONS	PORTFOLIO MANAGER
TYPICAL NUMBER OF HOLDINGS	10-20
MARKET CAPITALISATION BIAS	MID-CAP
EXPECTED PORTFOLIO TURNOVER	40%-50% P.A.
% OF PORTFOLIO IN TOP 10 HOLDINGS	77% (DEC 2021)
OBSERVED ACTIVE SHARE	53% (DEC 2021)

Portfolio construction is based on the outcome of the above Valuation Model Ranking, assessed on a risk/reward basis. It involves a macro/top-down overlay for the construction of the portfolio. Pengana focuses on diversifying into new growth sectors driven by secular trends (such as childcare; seniors living; healthcare; data centres; transport; and agriculture). The Manager believes these property sectors will provide defensive sustainable growth and diversification away from core real estate sectors (ie: office, retail; industrial).

Guidelines for portfolio construction:

- Minimum market capitalisation of each stock \$50m;
- Create a diversified portfolio of eligible securities (10-20 long positions);
- Individual stock positions are sized on the level of conviction, relative risk/reward profiles and market liquidity;
- Single security exposure for index stocks (0-20%) and non-index stocks (A-REITs outside the S&P/ASX A-REIT 300) 2%-5%;
- Avoid over concentration of single factor risk;
- Constantly subjected to Pengana's A-REIT investment philosophy, process and buy/sell decisions;
- New ideas tested against existing holdings.

Buy Decisions:

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- Based on fundamental quality first, then valuation;
- Non fundamental factors (eg: appetite for risk, M&A, other);
- Risk/reward assessment, no matter how compelling.

Sell Decisions:

- If either Qualitative or Valuation criteria are compromised or misjudged;
- Stocks assessed as fully-valued with better risk/reward opportunities elsewhere in the universe.

Risk Management

Risk limits

INDEPENDENT RISK MONITORING	YES.
STOCK (INDEX)	<20% HOLDING WITHIN THE PORTFOLIO
STOCK (NON-INDEX)	2%-5% HOLDING WITHIN THE PORTFOLIO
COUNTRY	<10% INTERNATIONAL REITS AND REAL ESTATE-RELATED BUSINESSES
CASH	MAXIMUM 20% (LONG-TERM AVERAGE 0-5%)

The portfolio construction process relies on a number of broad built-in ‘hard’ risk limits providing a framework for stock positioning, allocations outside of the Index or to cash, and liquidity.

Risk monitoring

The Manager has strong risk tools in place and portfolio risk is actively reviewed by an independent team to ensure compliance with investment policies and guidelines.

Risks

An investment in the Fund carries a number of standard investment risks associated with investment markets. These include performance, liquidity, counterparty, market and tax risk. These and other risks are outlined in the PDS and should be read in full and understood by potential investors. Lonsec considers the following to be the major risk:

Equity market risk

Investments in equity markets are subject to numerous factors which may have an impact on the performance of an investment (both positive and negative). Unexpected changes in economic, technological, structural, regulatory or political conditions can have an impact on the returns of all investments within a particular market.

Derivative risk

Derivatives are not used in the investment process.

Currency risk

Should the Fund invest in international REITs, there will be an element of foreign currency risk in the portfolio against the Australian dollar. Currently there are no overseas holdings.

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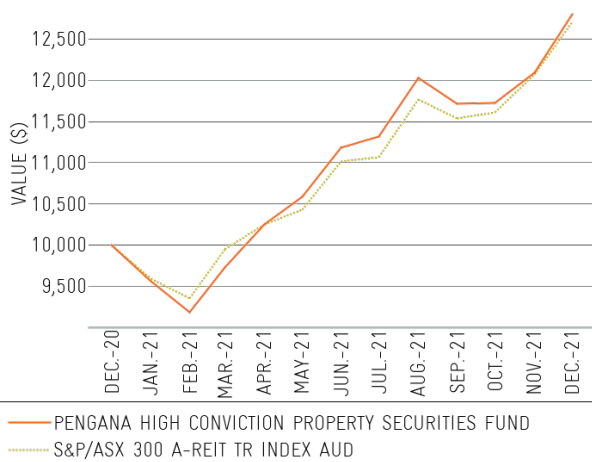
Quantitative Performance Analysis - annualised after-fee % returns (at 31-12-2021)

Performance metrics

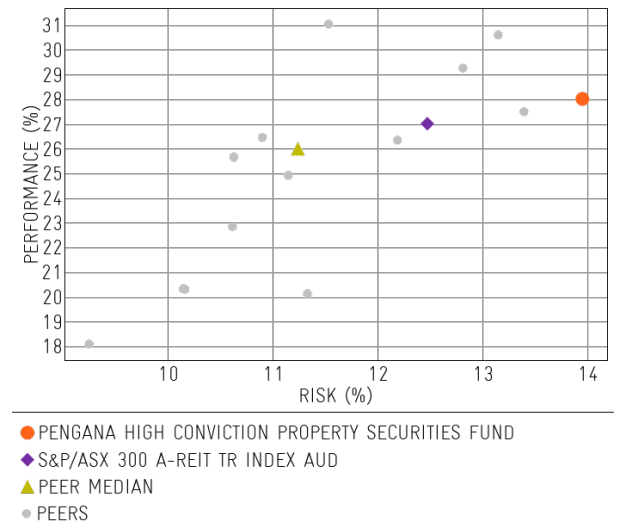
	3 MTH		6 MTH		9 MTH		12 MTH	
	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN
PERFORMANCE (% PA)	9.34	8.83	14.46	14.47	31.56	26.41	28.03	26.02
STANDARD DEVIATION (% PA) *	-	-	-	-	-	-	13.95	11.24
EXCESS RETURN (% PA)	-0.73	-1.23	-0.89	-0.88	3.82	-1.34	1.00	-1.01
OUTPERFORMANCE RATIO (% PA)	33.33	33.33	33.33	33.33	55.56	33.33	41.67	41.67
WORST DRAWDOWN (%)	0.00	0.00	-2.62	-2.07	-2.62	-2.07	-8.16	-4.81
TIME TO RECOVERY (MTHS)	-	-	2	2	2	2	2	1
SHARPE RATIO *	-	-	-	-	-	-	2.01	2.16
INFORMATION RATIO *	-	-	-	-	-	-	0.28	-0.57
TRACKING ERROR (% PA) *	-	-	-	-	-	-	3.60	3.00

PRODUCT: PENGANA HIGH CONVICTION PROPERTY SECURITIES FUND
 LONSEC PEER GROUP: PROPERTY AND INFRASTRUCTURE - AUSTRALIAN LISTED PROPERTY
 PRODUCT BENCHMARK: S&P/ASX 300 A-REIT TR INDEX AUD
 CASH BENCHMARK: BLOOMBERG AUSBOND BANK BILL INDEX AUD
 * PERIODS LESS THAN 12 MONTHS ARE NOT CALCULATED
 TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

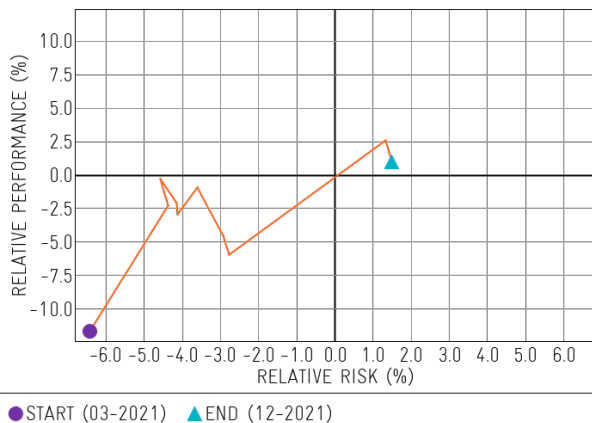
Growth of \$10,000 over one year



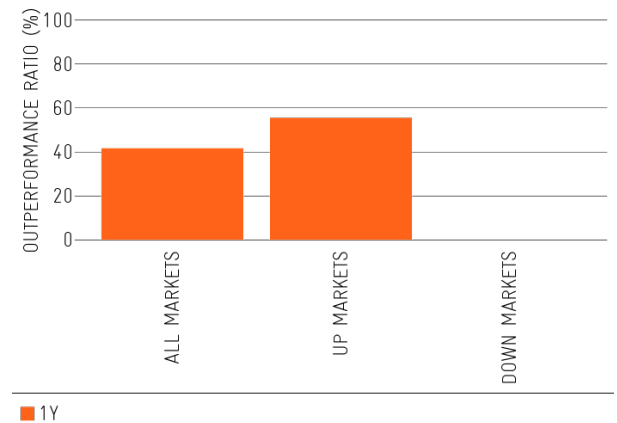
Risk-return chart over one year



Snail trail



Outperformance consistency



Pengana High Conviction Property Securities Fund

Glossary

Total return ‘Top line’ actual return, after fees
Excess return Return in excess of the benchmark return
Standard deviation Volatility of monthly Absolute Returns
Tracking error Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns)
Sharpe ratio Absolute reward for absolute risk taken (outperformance of the risk free return (Bank Bills) / Standard Deviation)
Information ratio Relative reward for relative risk taken (Excess Returns / Tracking Error)
Worst drawdown The worst cumulative loss (‘peak to trough’) experienced over the period assessed
Time to recovery The number of months taken to recover the Worst Drawdown
Snail Trail A trailing 12-month relative performance and relative risk measurement over the benchmark. The trail is generated using a 12-month rolling window over the specified period

About Lonsec

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Analyst Disclosure and Certification

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