

PENGANA HIGH CONVICTION EQUITIES FUND

DESCRIPTION

The Pengana High Conviction Equities Fund (the Fund) invests globally in a concentrated portfolio of up to 20 stocks. The Fund can invest in both small and large cap stocks and is diversified across countries and sectors. We avoid investment in companies that are currently, in our opinion, unnecessarily harmful to people, animals or the environment.

PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2025¹

High Conviction Equities Fund Class A

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Equities Fund Class A	-5.4%	40.8%	45.9%	23.4%	17.7%	26.0%
MSCI World Total Return Index (net, AUD)	-0.4%	21.1%	25.1%	16.0%	14.7%	13.2%
RBA Cash Rate plus 3%	0.5%	7.3%	7.2%	6.4%	5.1%	4.8%

High Conviction Equities Fund Class B

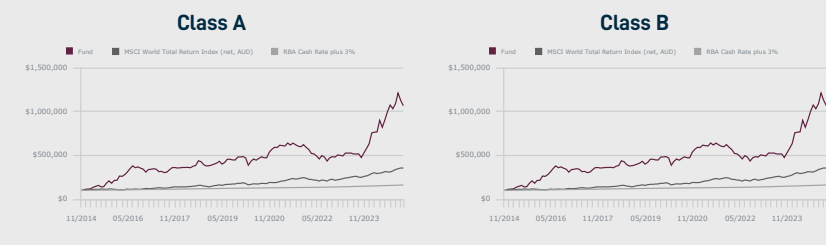
	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Equities Fund Class B	-5.3%	41.1%	45.7%	23.6%	19.7%
MSCI World Total Return Index (net, AUD)	-0.4%	21.1%	25.1%	16.0%	16.2%
RBA Cash Rate plus 3% p.a.	0.5%	7.3%	7.2%	6.4%	5.2%

Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

Fund inception date Class A: December 2014, Class B July 2020.

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Brazilian Rare Earths Limited	Materials
Clarity Pharmaceuticals Ltd.	Health Care
Greatland Gold plc	Materials
Iperionx Ltd.	Materials
Iperionx Ltd. Sponsored ADR	Materials

SECTOR BREAKDOWN

Consumer Discretionary	0.3%
Health Care	44.7%
Information Technology	2.4%
Materials	45.4%
Options	2%
Cash	5.2%

CAPITALISATION BREAKDOWN

Under 5bn USD	92.8%
Derivatives	2%
Cash	5.2%

REGION BREAKDOWN

North America	10.1%
Australia/New Zealand	75.4%
UK	7.3%
Options	2%
Cash	5.2%

STATISTICAL DATA

VOLATILITY³ 25.2%

NUMBER OF STOCKS 19

BETA⁴ 0.74

MAXIMUM DRAW DOWN -32.1%

FEBRUARY REPORT

COMMENTARY

- Class A and Class B declined -5.4% and -5.3%, respectively, in February, primarily due to market concerns over fluctuating US tariffs, which created uncertainty about their economic impact.
- The fund's strongest performer was **Enlitic**, which rose 73% due to a collaboration with GE Healthcare in the medical imaging cloud space. **Actinogen** surged 48% following its progress in Alzheimer's drug trials. **Greatland Gold** also rose 12% due to strong quarterly results and increasing gold prices.
- **IperionX**, **Brazilian Rare Earths**, **Opthea**, and **Genetic Signatures** all fell on little news, and we continue to be very confident in the outlook for these companies.

The Fund fell 5.4% in February, with markets impacted by concerns over US tariffs. Given that tariffs are constantly changing, it is difficult to predict the economic impact of the proposed tariffs. We note that two of our largest holdings, **IperionX** and **MTM Critical Metals**, should benefit, while a third, **Brazilian Rare Earths**, could well be an indirect beneficiary if China restricts rare earth supply as they have with Gallium and Germanium.

Medical imaging AI company **Enlitic** rose 73% after announcing a collaboration with **GE Healthcare**, one of the largest providers of medical imaging equipment. GE has generated 9bn PACs (Picture Archiving and Communications Systems), most of which are stored on the premises. Some of these need to be moved to the cloud, which is a huge opportunity for **Enlitic**. We also hold shares in Australian listed **Artrya**, which is expecting approval from the FDA for its heart AI scan over the next several weeks.

Greatland Gold rose 12% after releasing its quarterly results. The results highlighted production from its newly acquired Telfer mine, which we discussed last month. The gold price continues to rise, which is supportive of the sector.

Australian listed Alzheimer's drug developer **Actinogen** rose 48% after reporting its quarterly results, highlighting that its 200 patient randomised phase 2 trial has started recruiting in the US along with 15 sites in Australia. 40 patients have already been enrolled, with 300 patients pre-screened, which should lead to rapid recruitment. We expect a futility readout in Q4 of this year from the first 100 patients after they have been followed for 36 weeks. Although all trials of this disease are very high risk, we believe a small position is justified based on earlier data. Although it is just 0.7% weight of our Fund, there is enormous potential if they succeed given the current market value of AUD\$94mln. The current market size is USD5bn based on drugs that have shown a small amount of efficacy (2-3 months delay in disease development) and some dangerous side effects, including strokes.

On the negative side, the Fund's largest holding, **IperionX**, fell 11.5% on little news. In February, the company received a USD47mln grant from the US Department of Defence, which is a strong validation of the company, especially given the change of administration. We continue to be very confident in the outlook for this company given that it has fundamentally lowered the cost of making titanium metal and provides a solution to the US, which currently has no titanium mineral sand mine or titanium sponge capacity. Import tariffs make imported sponge more expensive.

Brazilian Rare Earths -15%, **Opthea** -16% and **Genetic Signatures** -9.7% fell on little news.

We note that the USA Rare Earths (USAR) back door was listed via a SPAC structure in the US in March. The current share price implies a USD1.7bn market value (95mln shares on issue post deal). The Total Rare Earth Grade (TREO)

of their Mountain Top deposit in Texas is just 0.05%. Brazilian Rare Earths average grade of intercepts at the Monte Alto deposit is at 15%, with some strikes as high as 45%. While USA Rare Earths are also building downstream processing and magnetic making capacity, this does not seem to justify such a market value. Neo Performance Materials, a long-time magnetic producer that is building a large facility in Estonia and 20% owned by Andrew Forrest's Wyloo, is valued at just CAD325mln. Possibly, Trump's discussion of rare earths is leading to wild overvaluation of the company, but USAR is certainly an interesting comparable given Brazilian Rare Earths are now valued at just AUD\$430mln (USD270mln).

FEATURES

APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A\$ 4.0842 Class B: A\$ 1.7433
FEES *	Management Fee: 1.80% p.a. (Class A) 1.25% p.a. (Class B) Performance Fee: 15.38% (Class A) 20% (Class B)
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 103.11m
STRATEGY INCEPTION DATE	11 December 2014
BENCHMARK	RBA Cash Rate + 3%

FUND MANAGERS



James McDonald
Portfolio Manager



Jeremy Bendeich
Portfolio Manager

1. Net performance figures are shown are those of Class A Units, after all fees and expenses and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

2. Inception 11 December 2014.

3. Annualised standard deviation since inception.

4. Relative to MSCI World. Using daily returns.

* For further information regarding fees please see the PDS available on our website.

PENGANA HIGH CONVICTION EQUITIES FUND

PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com



PENGANA.COM

Pengana Capital Limited (ABN 30 103 800 568, AFSL 226566) ("Pengana") is the issuer of units in the Pengana High Conviction Equities Fund (ARSN 602 546 332) (the "Fund"). A Product Disclosure Statement (PDS) and Target Market Determination are 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.