

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.

STATISTICAL DATA
VOLATILITY³ 24.9%

NUMBER OF STOCKS 19

BETA⁴ 0.61

MAXIMUM DRAW DOWN -20.2%

PERFORMANCE TABLE
NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2022¹

	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	-1.0%	-15.3%	9.5%	6.2%	8.7%	24.9%
MSCI World Total Return Index (net, AUD)	-3.1%	4.9%	13.7%	10.1%	11.3%	11.2%
RBA Cash Rate plus 3%	0.2%	3.1%	3.1%	3.4%	3.8%	4.2%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

Ciena Corp	Information Technology
Howard Hughes	Real Estate
Lamb Weston Holdings Inc	Consumer Staples
NEC Electronics	Information Technology
Telix Pharmaceuticals Ltd	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	23.5%
Consumer Staples	8.2%
Health Care	21.6%
Information Technology	27.6%
Materials	3.1%
Real Estate	6.2%
Communication Services	3.1%
Cash	6.7%

CAPITALISATION BREAKDOWN

Under 5bn USD	44.8%
In between 5bn - 10bn USD	26.7%
In between 10bn - 100bn USD	21.7%
Cash	6.7%

REGION BREAKDOWN

North America	38.9%
Europe ex-UK	13.6%
Australia/New Zealand	22.4%
Japan	16.4%
UK	2%
Cash	6.7%

CONTRIBUTORS, DETRACTORS, AND A WEBINAR RECORDING

COMMENTARY

The Fund fell 1.0% in the month of April.

Portfolio Manager James McDonald recently held a Portfolio and Investment Update webinar which can be found below. Financial planners may also complete a short questionnaire available [HERE](#) for CPD points.



Leading US-French fry producer **Lamb Weston** rose 16% after reporting strong earnings driven by price increases, which were instigated to offset last year's poor potato harvest. Operating profit margins for the company were 17% prior to Covid but are still only 10% this financial year. We are expecting a full margin recovery over the next two years.

Radiotherapy company **Telix Pharmaceuticals** rose 10% after commencing sales of its lead product Illucix to diagnose prostate cancer in the US market. In addition, competitor Lantheus reported strong quarterly sales for its competing prostate cancer diagnostic Plarify. Although at first instance this might sound negative, we believe it is an encouraging sign as it shows rapid adoption of the class of product (PSMA PET imaging). More importantly, Telix has a significant advantage in being able to produce its product closer and more cheaply to the end user. As a result, we expect a rapid increase in the company's revenue over the next three quarters.

UK's leading bowling alley owner **Hollywood Bowl** rose 7% after reporting exceptionally strong preliminary half-year results, with revenue rising 36% compared with pre-Covid levels in 2019 as customers rushed back to entertainment experiences.

On the negative side, US connected TV advertising technology company **Magnite** fell 23% on little news. Interestingly, Netflix reported weak results but stated that it plans to offer subscribers the option to pay less in exchange for watching advertisements. Magnite is very well positioned to be a service provider to Netflix as it moves to an advertising model. The company trades on 10x 2023 PE with strong mid-term revenue growth prospects of approximately 25% per annum.

Gym franchise operator **F45** fell 13% on little news. The company recently reported positive results in early May. The shares are trading on 8x 2023 PE and the company is debt free with very strong growth prospects.

Optical component producer **Lumentum** fell 12% on little news. The company is benefitting from the build-out of data centres globally, which require the company's lasers and optical switches. We see mid-term top-line growth of more than 10% with the shares trading on 12x 2023 PE debt free.

Australian cancer immunotherapy developer **Immutep** fell 13% despite being selected to give a prestigious oral presentation at the world's largest cancer conference ASCO held in the US in the first week of June. The company will present interim data from its TACTI-002 first-line lung cancer trial which is studying a combination of the world's leading immunotherapy drug Keytruda in conjunction with the company's lead drug Eftilagimod. The market size for lung cancer immunotherapy is estimated to be approximately USD20bn per annum which is very large compared to the market cap of AUD330mln. We see a licensing deal or sale of the company as being very likely over the next 18months.

FEATURES	
APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 1.0009
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\$ 39.64m
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. 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.

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