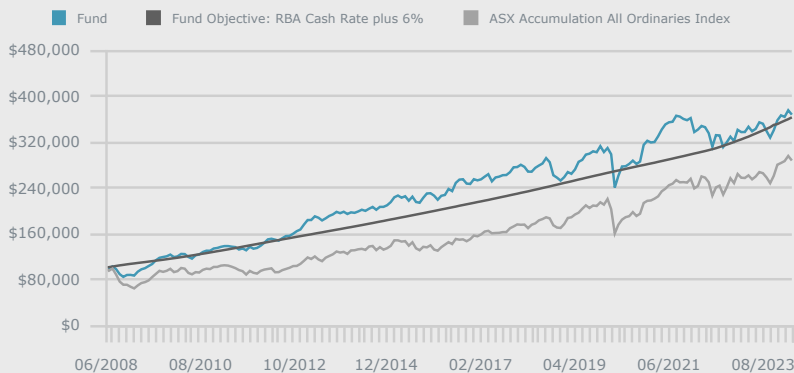


PENGANA AUSTRALIAN EQUITIES FUND
DESCRIPTION

The Pengana Australian Equities Fund aims to enhance and preserve investor wealth over a 5-year period via a concentrated core portfolio of principally Australian listed securities. The Fund uses fundamental research to evaluate investments capable of generating the target return over the medium term. Essentially, we are in the business of seeking to preserve capital and make money – we are not in the business of trying to beat the market. We remain focused on acquiring and holding investments that offer predictable, sustainable and well-stewarded after-tax cash earnings yields in excess of 6% that will grow to double digit levels as a percentage of our original entry price in five years. We believe that building a well-diversified portfolio of these “gifts that keep on giving” represents a meaningful way to create and preserve financial independence for our co-investors.

PERFORMANCE TABLE
NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2024¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Australian Equities Fund	-2.0%	6.1%	2.5%	6.2%	6.4%	8.6%
Fund Objective: RBA Cash Rate plus 6%	0.9%	10.2%	8.2%	7.5%	7.7%	8.5%
ASX Accumulation All Ordinaries Index	-2.7%	9.9%	7.1%	8.4%	8.1%	6.9%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

BHP Group Ltd	Materials
Contact Energy Ltd	Utilities
CSL Ltd	Health Care
Medibank Pvt Ltd	Financials
National Australia Bank Ltd	Financials
nib holdings Ltd/Australia	Financials
ResMed Inc	Health Care
SG Fleet Group Ltd	Industrials
Telstra Group Ltd	Communication Services
Woolworths Group Ltd	Consumer Staples

SECTOR BREAKDOWN

Consumer Discretionary	10.5%
Consumer Staples	8.9%
Financials	23.6%
Health Care	16.1%
Industrials	6.1%
Materials	13.2%
Real Estate	2.7%
Communication Services	7%
Utilities	3.9%
Cash	8.1%

CAPITALISATION BREAKDOWN

ASX 1-50	53.8%
ASX 51-100	14.2%
ASX 101-300	12%
All Ordinaries	6.1%
Non ASX	5.8%
Cash	8.1%

CUSTOM SECTOR BREAKDOWN

Defensive	51.9%
Financials	20.1%
Consumer Discretionary	11.3%
Resources	8.7%
Cash	8.1%

STATISTICAL DATA
VOLATILITY³ 11.4%

NUMBER OF STOCKS 27

BETA⁴ 0.63

MAXIMUM DRAW DOWN -23.1%

A RESETTING OF INFLATION AND RATE EXPECTATIONS WEIGHS ON MARKETS IN APRIL, PRESENTS BUYING OPPORTUNITIES FOR THE FUND

COMMENTARY

The Fund generated a -2.0% return in April. By way of comparison, the Australian stock market fell by -2.7%, whilst the return of the RBA cash rate plus 6% equated to approximately +0.9% for the month. Calendar year to date, the Fund has achieved a return of +2.8%, ahead of the market growth rate of 2.6%, and, following a softer month, is now tracking moderately below the cash plus 6% benchmark of +3.4% over the same period.

The year's strong run in equity markets came to a halt in April as the inflation rate and policy paths were re-priced. The momentum behind expectations for near term rate cuts was challenged by higher inflation prints and stronger global growth, with the resulting shift in consensus on central bank policy towards a higher for longer narrative weighing heavily on equity markets during the month. The Fed is now priced to only cut once in 2024 (not so long ago it was as many as 7 cuts), and RBA pricing is even showing the prospect of a hike. The market weakness provided an opportunity for the Fund to deploy cash during the month, with purchases outweighing disposals by 2 to 1.

Commodities surged in April (Iron Ore +19%, Copper +14%), which together with the more upbeat global growth indicators resulted in a rotation towards resources and materials, partially unwinding investors underweight positions in those sectors of late. REITS underperformed given the higher rate outlook.

The Fund was again rewarded during April for its conviction in **Resmed** shares. 3Q results revealed strong fundamentals, which are regaining their grip on the share price momentum following the GLP-1 narrative over the past 9 months. After a weaker start calendar year to date, Evolution mining was a strong contributor in April following ongoing strength in Gold and Copper prices. Positive contributions also came from what we consider to be quality value positions in the Fund, with **SG Fleet** continuing its strong recent performance and **Metcash** also proving resilient in a weaker month. Detractors during April included **Telstra**, whose fundamentals we believe remain intact, however from a trading perspective suffered from the higher rate outlook, as well as funding some of the sector rotation we witnessed during the month. **CSL** was weaker during April, albeit has recovered well in the first half of May, whilst other detractors included **Credit Corp** and **Super Retail Group**.

The Fund was an active purchaser during the April weakness, with a new position established in **Endeavour Group**, and opportunistic additions to holdings in **Maas Group** and **Woolworths** amongst others. The Fund took some profits in **Evolution** shares into the April strength, whilst also reducing positions in **NAB** and **Ryman Healthcare**. Overall the Fund's purchase to sale ratio in the month was nearly 2x.

We continue to believe that the Fund is well positioned to navigate the existing volatility and deliver on our objectives of cash plus 6% in the medium term, given its defensive positioning, with solid balance sheets and focus on businesses generating cash now. At month end the portfolio was generating an after tax cash earnings yield of 6.6% for FY25 – underpinning our focus on fundamental value. Our expectation of these earnings, combined with further earnings growth, capital returns, and potential for valuation multiple uplifts provide comfort in achieving our return objectives.

Our longer held view that inflation will continue to percolate through the global economy has now been adopted by consensus, following more dovish expectations year to date. From a valuation perspective, this environment typically favours portfolios whose valuation is predominately focused on current earnings and cash flows (such as this Fund), as opposed to those whose valuations are more dependent on future earnings and cash flows. Our cash balance remains healthy and ready to deploy should future opportunities present.

We remain as focused as ever on our primary objectives of capital preservation and generating a reasonable real return for our investors. We continue to believe this is best served by a disciplined approach and consistent investment methodology. A variety of good businesses run by honest and competent management teams at the right price will create a well-diversified portfolio of ever-growing cash earnings streams.

FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	A\$ 1.8238
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 582.7m
STRATEGY INCEPTION DATE	1 July 2008
BENCHMARK	The RBA Cash Rate Target plus Australian equity risk premium.

FUND MANAGERS



Rhett Kessler
CIO and Senior Fund Manager



Anton du Preez
Deputy CIO and Fund Manager

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. The benchmark of cash rate plus 6% p.a. is included in the chart as it relates to the Fund's investment objective and performance fee. The Fund may invest up to 100% of its assets in equity securities. The greater risk of investing in equities is reflected in the addition of a margin above the cash rate. 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 1st July 2008.

3. Annualised standard deviation since inception.

4. Relative to ASX All Ordinaries Index. Using daily returns.

*(including GST, net of RITC) of the increase in net asset value subject to the RBA Cash Rate & High Water Mark. For further information regarding fees please see the PDS available on our website.

PENGANA AUSTRALIAN EQUITIES FUND

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