

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.

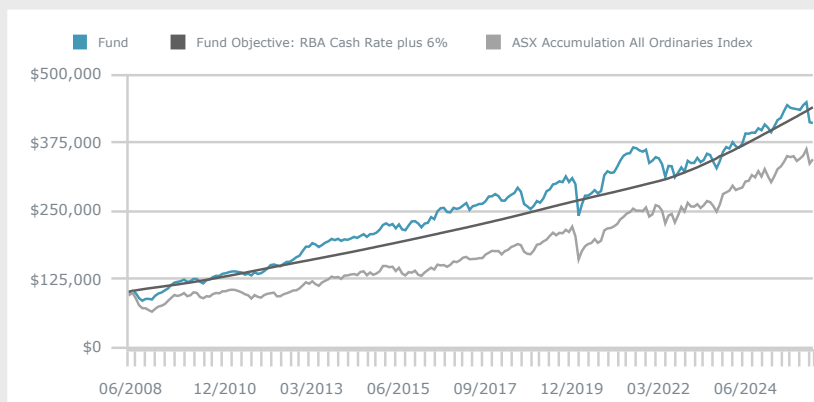
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2026¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Australian Equities Fund	-0.3%	1.5%	5.8%	3.7%	6.1%	8.2%
Fund Objective: RBA Cash Rate plus 6%	0.8%	9.8%	10.1%	8.9%	8.0%	8.6%
ASX Accumulation All Ordinaries Index	2.4%	10.0%	9.5%	8.0%	9.4%	7.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Amcor PLC Shs Chess Depository Interests	Materials
Ampol Limited	Energy
Aristocrat Leisure Limited	Consumer Discretionary
BHP Group Ltd	Materials
Bluescope Steel Limited	Materials
Evolution Mining Limited	Materials
National Australia Bank Limited	Financials
NIB Holdings Ltd	Financials
ResMed Inc	Health Care
Stockland	Real Estate

SECTOR BREAKDOWN

Consumer Discretionary	7.8%
Consumer Staples	4%
Energy	4.7%
Financials	24%
Health Care	12.4%
Industrials	1.9%
Materials	26%
Real Estate	7.3%
Communication Services	4%
Utilities	2.7%
Cash	5.4%

CAPITALISATION BREAKDOWN

ASX 1-50	54.2%
ASX 51-100	23.4%
ASX 101-300	13.3%
All Ordinaries	0.9%
Non ASX	2.7%
Cash	5.4%

CUSTOM SECTOR BREAKDOWN

Defensive	54.1%
Financials	14.2%
Consumer Discretionary	6.5%
Resources	19.8%
Cash	5.4%

STATISTICAL DATA

VOLATILITY³ 11.2%

NUMBER OF STOCKS 28

BETA⁴ 0.7

MAXIMUM DRAW DOWN -23.1%

PATIENCE IN A POLARISED MARKET

COMMENTARY

April was a study in contrasts: the ASX All Ordinaries Accumulation Index rose 2.4%, but the gain was concentrated in a narrow band of AI-linked technology and data-centre names. The Fund returned -0.3%, behind the index, with **Bluescope**, **BHP** and **Ampol** providing positive contributions while defensives **CSL**, **ResMed** and **Metcash** detracted.

The simple story of April was a rally in technology and datacentre exposures as AI infrastructure was in focus. The IT sector was up 12%. Real estate was a great example of the disconnect. The sector was up by 7% but that was almost entirely driven by Goodman Group that was up 16% while the traditional side of the sector was down materially.

The Fund benefited from the strong performance from **BHP**, which illustrated its market power as it resolved the seven month stand-off with Chinese iron ore customers. The company's twin pillars of at-scale copper and iron ore production, and a fortress balance sheet with dependable cash flows remain the core of the investment case. **Aristocrat Leisure** vindicated our March additions at lower prices; the company's defensive cash flows and durable market position continue to compound. **Ampol** was also a positive contributor although nothing like you might expect when oil is hitting US\$120. Refining margins remained elevated and fuel-security policy considerations supported sentiment.

The most challenging exposures were in Health Care, declining 6% in a sector-wide derating precipitated by Cochlear's monster downgrade. **CSL** and **Resmed** both fell but their underlying franchise quality is unchanged. **CSL's** global plasma collection network remains the industry's deepest and, having taken its medicine on Vifor, now pairs a cleaner balance sheet with a free cash flow yield above 10%. **ResMed's** structural tailwinds of an under-treated sleep apnea population and durable margins from a duopoly device market remain intact.

The other area of underperformance was the Real Estate sector where our exposure to residential property names **Stockland** and **Mirvac** suffered from the uncertainty on rates and tax policy going into the Federal budget while Goodman Group spiked on AI euphoria.

At the recent Macquarie Australia Conference we observed that whilst most companies continue to deliver strong resilient earnings the ability to take price to offset cost inflation will be more difficult than it was in the stimulatory times post covid. Those businesses with the strongest franchises and the best industry structures will differentiate themselves in the year ahead.

Against this backdrop we continued to build on positions established earlier in the year. We added to our **Orica** holding, where the company's transition from a cyclical mining explosives business toward a higher-margin mining technology franchise continues to offer durable returns on invested capital and strong free cash flow generation at a reasonable price. We also added to **Aristocrat Leisure** despite April's rally, taking the view that the company's defensive cash flows and proven management discipline remain attractively priced for a business of its quality. We trimmed **Telstra** into strength following sustained outperformance, recycling capital toward opportunities with greater upside relative to risk.

The team remains comfortable with the Fund's positioning. April's narrow, momentum-driven rally in AI infrastructure alongside broad weakness in defensive earners is the kind of market in which our absolute-return philosophy and after-tax cash earnings yield discipline are most easily mistaken for caution. The Fund's average

after-tax cash earnings yield remains comfortably above 6%, a level that has historically signalled attractive entry points. We continue to focus on high-quality businesses led by proven management teams and supported by resilient cash flows, and we are content to forego participation in narrow thematic rallies in order to preserve the durable yield characteristics that have defined the Fund since inception.

FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	A\$ 1.6545
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 409.1m
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
Senior Fund Manager



Michael Maughan
Senior 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.

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