

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 24.2%

NUMBER OF STOCKS 16

BETA⁴ 0.64

MAXIMUM DRAW DOWN -32.1%

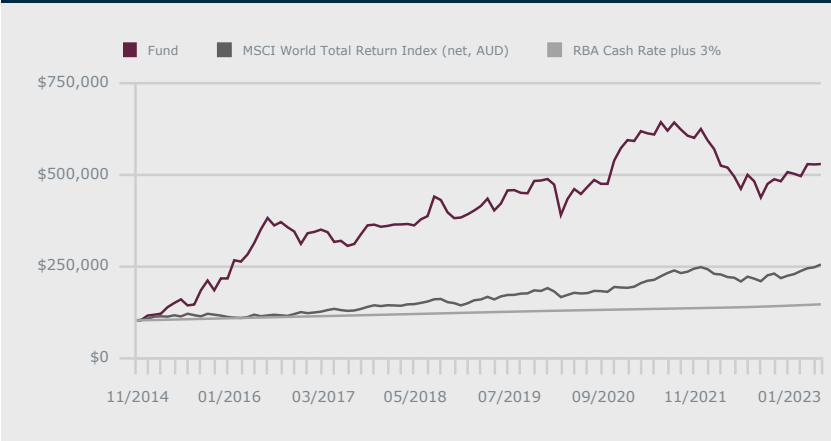
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Jun 2023¹

	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	0.2%	14.7%	-9.4%	5.8%	7.0%	21.4%
MSCI World Total Return Index (net, AUD)	3.1%	22.4%	7.0%	13.5%	11.4%	11.4%
RBA Cash Rate plus 3%	0.6%	5.9%	4.5%	4.1%	4.1%	4.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Eckert & Ziegler Strahlen- und	Health Care
Immutep Ltd ADR	Health Care
IperionX Ltd	Materials
Telix Pharmaceuticals Ltd	Health Care
Tenet Healthcare Corp	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	0.8%
Health Care	41.8%
Information Technology	17%
Materials	14%
Communication Services	15.2%
Cash	11.3%

CAPITALISATION BREAKDOWN

Under 5bn USD	63.2%
In between 5bn - 10bn USD	13%
In between 10bn - 100bn USD	12.5%
Cash	11.3%

REGION BREAKDOWN

North America	27.9%
Europe ex-UK	21.9%
Australia/New Zealand	36.8%
Middle East / Africa	2.1%
Cash	11.3%

JUNE REPORT

COMMENTARY

The Fund had two notable outperformers this month. Overall the Fund rose 0.2% for the month of June.

- Low-cost Titanium producer **IperionX** rose 20% after partnering with Ford Motor Co to develop titanium auto parts for high-performance and racing divisions.
- US hospital operator **Tenet Healthcare** rose 11% as UnitedHealth Group expected higher claim costs due to a return in deferred elective surgeries and increased hospital utilization.
- US optical communications company **Ciena** fell 12% due to telcos delaying order deliveries, but the strong backlog positions the company for future growth. German medical and isotope producer **Eckert and Ziegler** fell 8% on little news.

Low-cost Titanium metal producer **IperionX** rose 20% after announcing a collaboration with Ford Motor Co to develop titanium auto parts for its high performance and racing division. Titanium has superior strength to weight ratios compared to other metals as well as corrosion resistance. Using IperionX's process makes titanium recyclable at the end of life, which cannot be done with other titanium products. We expect further customer announcements in the coming months ahead of increased volume production at the company's new facility in North Carolina early next year.


US hospital operator **Tenet Healthcare** rose 11% after UnitedHealth Group, the largest health insurer in the US, said that claim costs would be higher than anticipated due to elective surgeries and higher hospital utilisation. This signals the return of deferred elective procedures from the height of the pandemic, with specific callouts to unusual demand for joint replacements, all of which should benefit Tenet.

US optical communications equipment company **Ciena** fell 12% last month after reporting disappointing results as telcos push out order deliveries of equipment. The company has an over twelve-month order backlog, putting it in a strong position to ride out this inventory correction. We believe the underlying demand for data transmission is still strong and order growth will continue after several quarters of backlog digestion.


German medical and isotope producer **Eckert and Ziegler** fell 8% on little news. We recently spent several days with the management of the Fund's largest holding radiopharmaceutical producer **Telex** in the US as well as attending the world's largest nuclear medicine conference **SNMMI** in Chicago. We came away with the conviction that the radiopharmaceutical industry will continue to perform very strongly over the coming years with an expected compound annual growth rate of more than 20%. **Eckert & Ziegler** is well positioned to benefit from this trend, supplying both medical isotopes and developing its own radiopharmaceutical and diagnostic products. The company has built strategic stockpiles of various high purity metals that are required to produce medical isotopes in the future. These will likely be in short supply if expected demand materializes, particularly for **Lutecium** and **Actinium** use in prostate cancer therapeutics.

FEATURES	
APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 1.0282
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\$ 38.73m
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.

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