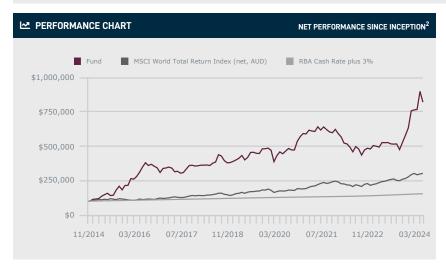


### PENGANA HIGH CONVICTION EQUITIES FUND

#### 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 30 Jun 20					E FOR PERIODS ENDING 30 Jun 2024 1	
	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	-8.7%	55.8%	33.6%	8.6%	14.4%	24.7%
MSCI World Total Return Index (net, AUD)	1.6%	19.8%	21.1%	11.1%	12.9%	12.3%
RBA Cash Rate plus 3%	0.6%	7.2%	6.6%	5.4%	4.6%	4.7%





SECTOR BREAKDOWN		CAPITALISATION BREAK	KDOWN	REGION BREAKDOWN	
Consumer Discretionary	2.5%	Under 5bn USD	94.7%	North America	2.6%
Health Care	48.6%	Derivatives	0.5%	Australia/New Zealand	92%
Materials	41%	Cash	4.8%	Options	0.5%
Communication Services	2.6%			Cash	4.8%
Options	0.5%				
Cash	4.8%				

■ STATISTICAL DATA VOLA	ATILITY <sup>3</sup> 25%	NUMBER OF STOCKS 10	<b>BETA<sup>4</sup></b> 0.63	MAXIMUM DRAW DOWN -32.1%
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#### JUNE REPORT

#### **COMMENTARY**

- The Fund rose 55.8% for the financial year, fell 8.7% in June, but started July with a 7% increase. The Fund also paid a 15% distribution on June 30th.
- Several stocks moved on little news, with Clarity Pharmaceutical and Magnite rising 7%, Alta Global falling 21.5%, and Brazilian Rare Earths announcing a significant new deposit while raising \$80 million.
- Immutep's stock fell 33% due to mixed results from its Phase 2b study, but another cohort showed promising data, and the company plans a Phase 3 lung cancer trial by year-end.

The Fund rose 55.8% for the financial year but fell 8.4% during the month of June. July is off to a strong start up 7% at the time of writing. On the 30th of June, the fund also paid a significant distribution of about 15% of the fund's assets after realising gains on successful investments.

Several stocks moved on little news. Australian radiation therapy company Clarity Pharmaceutical and US advertising technology company Magnite rose 7% while MMA software company Alta Global fell 21.5%.

Many of our holdings have raised capital over the last two months which has pressured their shares prices temporarily. Brazilian Rare Earths fell 12%, IperionX fell 16% and Opthea fell 25%.

Brazilian Rare Earths announced a significant new ultra high grade rare earth deposit at the Sulista project with Total Rare Earth Oxide grades of up to 22.4%. In total the company's tenements cover 1800sqkm. The initial discovery was at Monte Alto on the northern end of the tenement, followed by Pelle in the middle which is believed to be 30x larger than Monte Alto, and Sulista at the southern end which is 10x larger than Monte Alto. Large parts of the tenement remain unexplored. We expect the company to continually release drilling results over the next year to prove the resource. The company raised \$80mln in the month and now has very a strong balance sheet to see it through the exploration phase.

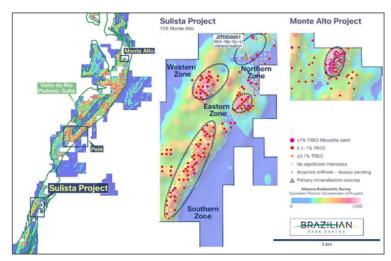


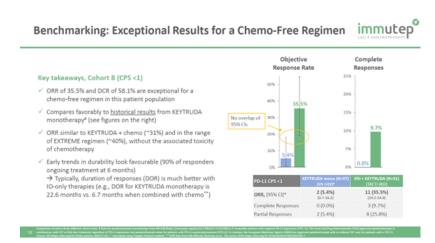
Figure 1: Sulista project location and relative size

One company that deserves special discussion is dual listed cancer immunotherapy developer **Immutep** which fell 33% two days before the end of the month and accounted for 3.7% of the 8.4% decline.

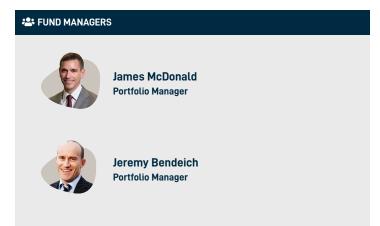
The company reported mixed headline data from its Phase 2b study TACTI-003 study in Head and Neck cancer which is investigating its lead drug Eftilagimod combined with the world's leading immunotherapy drug Keytruda. The study did not reach statistical significance on objective response rate (ORR), a measure of whether tumors have shrunk by 30% or more. This group cohort A was randomized against Keytruda in patients where Keytruda alone is effective. Survival data, the ultimate end point for the study, won't occur until next year and there is still a chance that it will be positive.

Subsequently, in July the company reported at a prestigious online scientific forum another group, cohort B where the company's drug Efti looks to be working very well. This is a group of patients where Keytruda alone doesn't work. As seen in the chart below Efti completely cleared tumors in 9.7% of patients whereas no complete responses are seen using Keytruda alone in historical studies. The objective response rate of 35.5% is also much better than 5.4% for Keytruda alone. Although chemotherapy can be effective in this patient group it generally has worse side effects which often leads to reduced survival even if the initial response rates can be high. Given the company has fast track approval in this indication it may be possible for the drug to be approved without another study, but a larger phase 3 study may be required first.

The company will also start a phase 3 trial in lung cancer by year end (TACTI-004) but that will not have results for three years which is too far off to be of much interest to most healthcare investors. The lung cancer market is ten times larger than the head and neck cancer market at about USD20bn per annum. With a market value of just USD300mln the company may be of interest to large pharmaceutical companies willing to take a longer-term view.



<b>▼</b> FEATURES	
APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A\$ 3.7483 Class B: A\$ 1.5628
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\$ 56.39m
STRATEGY INCEPTION DATE	11 December 2014
BENCHMARK	RBA Cash Rate + 3%



- 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

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# PENGANA CAPITAL GROUP

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