PENGANA
CAPITAL GROUP

MONTHLY REPORT
JUNE 2026

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 2026[1]

High Conviction Equities Fund Class A

	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	-10.6%	3.8%	20.1%	31.0%	13.1%	23.8%
MSCI World Total Return Index (net, AUD)	3.1%	14.8%	16.6%	17.6%	13.3%	13.0%
RBA Cash Rate plus 3%	0.6%	6.8%	7.0%	7.1%	6.1%	5.1%

High Conviction Equities Fund Class B

	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 B	-10.5%	4.2%	21.0%	31.0%	13.4%	17.2%
MSCI World Total Return Index (net, AUD)	3.1%	14.8%	16.6%	17.6%	13.3%	15.2%
RBA Cash Rate plus 3% p.a.	0.6%	6.8%	7.0%	7.1%	6.1%	5.6%

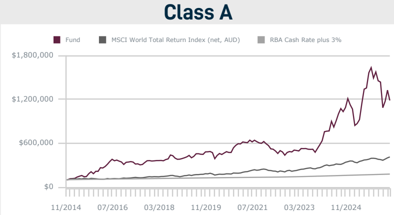
Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

Fund inception date Class A: December 2014, Class B July 2020.

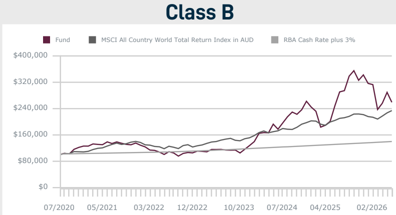
PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]

Class A



Class B



TOP HOLDINGS (ALPHABETICALLY)

Artrya Limited	Health Care
Brazilian Rare Earths Limited	Materials
Clarity Pharmaceuticals Ltd.	Health Care
Iperionx Ltd.	Materials
Metallium Limited	Materials

SECTOR BREAKDOWN

Health Care	51.3%
Information Technology	2.7%
Materials	43.1%
Communication Services	1.9%
Options	0.6%
Cash	0.4%

CAPITALISATION BREAKDOWN

Under 5bn USD	99%
Derivatives	0.6%
Cash	0.4%

REGION BREAKDOWN

North America	3.5%
Australia/New Zealand	95.5%
Options	0.6%
Cash	0.4%

STATISTICAL DATA

VOLATILITY[3]	NUMBER OF STOCKS	BETA[4]	MAXIMUM DRAW DOWN
28.2%	20	0.95	-33.5%

JUNE REPORT

COMMENTARY

1. The Fund fell 10.6% in June, with weakness in critical minerals outweighing strong gains from healthcare holdings.
2. Healthcare remains a key source of conviction, with **Artrya** and **OncoSil** delivering positive regulatory, clinical, and commercial developments.
3. Critical minerals holdings declined despite strong fundamentals, and the managers remain confident in the long-term outlook for **IperionX**, **Brazilian Rare Earths** and **Metallium**.

Australian AI cardiac CT angiogram company **Artrya** rose 23% after EchoIQ, another Australian-listed AI-based echocardiogram company (and not a competitor), rose 42% on the back of a $10 million investment from Australian medical software leader Pro Medicus. Pro Medicus made a 20x return on a previous investment in yet another Australian medical software company, 4DX. On the back of this news, EchoIQ raised $110 million from institutional investors.

It is interesting to note that Artrya hired Pro Medicus' former CFO the month before. Going forward, we expect Artrya to sign more commercial customers and submit and receive approval for its final software module, which analyses the flow of blood through coronary arteries, whereas the key prior module analyses plaque. The plaque module is expected to account for 60% of revenue, while the flow product is expected to account for 30%.

Australian pancreatic cancer radiotherapy company **OncoSil** rose 39% after receiving approval from Australia's healthcare regulator, the Therapeutic Goods Administration (TGA), as well as the US FDA, providing what amounts to preliminary approval, with final approval expected in August following further submissions from the company. In addition, the company reported positive data from its randomised TRIPP-FXX study. The study had 85 patients, 40 of whom received the OncoSil device. Detailed data released in July showed that these patients lived, on average, 5.7 months longer (21.3 months versus 15.6 months).

In the coming few months, we expect the German Government (G-BA) to fund a Phase 3 study recruiting 250 patients. The unique feature of this arrangement is that it not only allows OncoSil to sell doses into the study, but also allows the approximately 40 hospitals involved in the study to treat and be reimbursed for patients outside the study. The company estimates the value of the study, including the cost of the study and the benefit of selling doses into it, at AUD47 million, while the commercial opportunity from selling doses outside the study to the 40 largest pancreatic centres, which account for 40% of all cases, is $168 million per annum.

Although OncoSil has been approved and has been on the market for some years, it has struggled to gain traction due to labelling with an outdated chemotherapy and a lack of clinical data. The company has addressed these issues and now has a clear plan to move forward, particularly in Germany, where we expect much more rapid commercial uptake. Finally, in June, the EU announced funding for a 120-person Phase 2 study called PULSE, comparing a single dose of OncoSil with multiple doses, which could potentially greatly expand the company's market opportunity.

We believe all of this good news leaves the company deeply undervalued. The company has 30.7 million shares on issue, giving it a market value of AUD46 million. In addition, 12 million options with a 90-cent strike price are now in the money and expire in June 2027, while a further 7.7 million options with a $1.20 strike price expire in July 2027. The fully diluted market value is therefore 50.5 million shares at $1.50, or $75 million.

We estimate the company has $6–7 million in cash, with a further $20 million of cash to be received from option exercises over the next 12 months. The enterprise value, or cost to acquire the company, is therefore approximately $50 million ($75 million market capitalisation less cash and proceeds from in-the-money options). This is clearly far too low. The Fund owns 20% of the shares outstanding, and the holding now represents 9% of Fund assets. We believe it has the potential to drive significant gains in the Fund over the coming year.

On the negative side, our critical minerals processing and mining stocks were all weak, with IperionX down 30%, Brazilian Rare Earths down 32% and Metallium down 28%.

The decline was particularly puzzling in the case of IperionX, which released two very positive news items. First, the company announced the acquisition of the assets of Covia Solutions out of administration for USD3 million. The acquisition of the former silica mine included mineral, mining and infrastructure assets. As part of Covia's former sand mining operations, the company had created large, mineral-rich tailings stockpiles that now require much less processing than a conventional mineral sands mine. Not only are these stockpiles rich in titanium, but they also contain rare earths and other critical minerals. The upfront capex required to process this material is very modest and could generate hundreds of millions of dollars of free cash flow over a few years.

On 1 July, the company also announced a US Government grant of USD6.6 million from the Office of the Secretary of War – Submarine Workforce and Industrial Base program (OSW-SWIB). The award is part of a larger multi-organisation program to scale up the production of titanium alloys, including ballistic-grade titanium plate for land and maritime operations. If successful, this would allow the company to sell into a very large segment of the titanium market and scale the business more rapidly than in other areas, which require prototype parts to be produced before larger orders are placed. Finally, the company also received an order from the US Army for fasteners for JLTV combat vehicles. Subsequently, in July, the company raised USD50 million in a US placement to US investors. Although the price of USD22, equivalent to AUD3.20 per share, was disappointing, we view the raise positively as it significantly extends the company's cash runway and removes what was clearly a concern for some investors.

Chairman Todd Hannigan announced to the market that he bought AUD1.9 million of shares, while CEO Taso Arima bought $500,000. Todd Hannigan has bought shares in, or soon after, every capital raising the company has conducted and owns 7.5% of the company, while Taso Arima owns 3.5%. We continue to like founder-led companies and believe that management buying significant holdings is an important vote of confidence.

Brazilian Rare Earths fell despite announcing drilling results from its fourth major area, called Velhinhas, on its vast 1,800 sq km tenement. The highest-grade intercept was 19% total rare earth oxide (TREO), although most intercepts were in the single digits, which is still world-class. For reference, Lynas currently operates the richest rare earth deposit, with grades of approximately 6%.

The company's current focus is the Monte Alto deposit, where we expect the mine scoping study to be released in the next few months and highlight the incredible economics of the project. We also expect the spin-out of the Alurion bauxite asset to unlock value in the company.

Metallium fell despite announcing positive testing results from three combined Flash Joule Heating units. PCB recycling requires 20 units to be combined, so further work is needed to reach this level; however, high-value gallium and germanium processing requires only four units. The units were also not operating with chlorine gas due to permitting issues. We expect further testing results to be released over the coming months, validating the use of chlorine and further scale-up, both of which are important de-risking events.

FEATURES

APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A$ 4.1052 Class B: A$ 1.7648
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
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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