

**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**
**VOLATILITY<sup>3</sup>** 23.9%

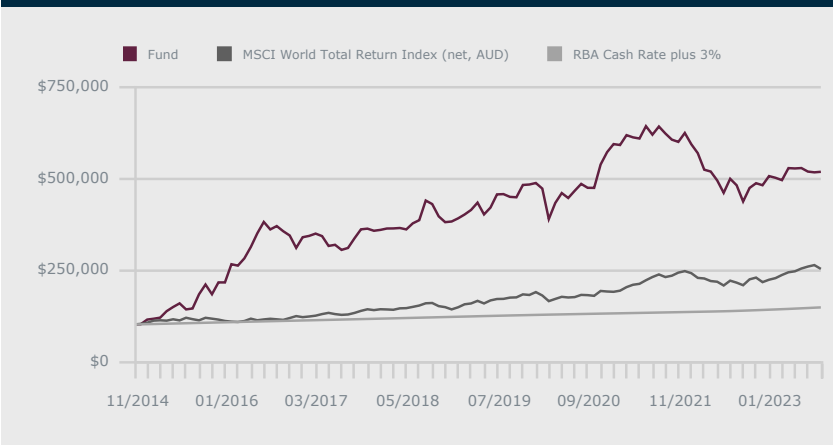
**NUMBER OF STOCKS** 16

**BETA<sup>4</sup>** 0.64

**MAXIMUM DRAW DOWN** -32.1%

**PERFORMANCE TABLE**
**NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2023<sup>1</sup>**

	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	0.3%	18.6%	-8.8%	3.0%	3.8%	20.5%
MSCI World Total Return Index (net, AUD)	-4.0%	21.5%	4.7%	11.9%	9.7%	11.0%
RBA Cash Rate plus 3%	0.5%	6.5%	5.0%	4.4%	4.2%	4.4%

**PERFORMANCE CHART**
**NET PERFORMANCE SINCE INCEPTION<sup>2</sup>**

**TOP HOLDINGS (ALPHABETICALLY)**

Clarity Pharmaceuticals Ltd	Health Care
Eckert & Ziegler Strahlen- und	Health Care
Immutep Ltd	Health Care
IperionX Ltd	Materials
Telix Pharmaceuticals Ltd	Health Care

**SECTOR BREAKDOWN**

Health Care	42.6%
Information Technology	12.5%
Materials	18%
Communication Services	11.9%
Cash	15%

**CAPITALISATION BREAKDOWN**

Under 5bn USD	65.2%
In between 5bn - 10bn USD	10.3%
In between 10bn - 100bn USD	9.5%
Cash	15%

**REGION BREAKDOWN**

North America	19.5%
Europe ex-UK	16%
Australia/New Zealand	47.2%
Middle East / Africa	2.3%
Cash	15%

## SEPTEMBER REPORT

### COMMENTARY

The Fund returned 0.3% in September.

- IperionX's stock rose 24% after entering a testing agreement with the US Army and gaining additional attention from Apple's new titanium iPhone.
- Genetic Signatures saw a 17% stock increase after submitting an FDA application for a new gut health test, with potential approval by year-end.
- Opthea, Tenet Healthcare, Cellnex, Meyer Burger, and Lumentum fell due to various factors such as rising bond yields, new wage laws, and market conditions.

Titanium refining technology company **IperionX** rose 24% after entering an agreement with the US Army to supply quantities of their titanium plates for testing. If successful, these tests could lead to future agreements to supply other US defence companies. Apple also launched a titanium iPhone model, which highlighted the use of the metal in consumer electronics applications due to its light weight and strength.

Australian molecular testing company **Genetic Signatures** rose 17% after submitting an application with the FDA for a new enteric test, which screens for eight pathogens in the gut. Approval could occur by year-end.

On the negative side ophthalmic drug developer **Opthea** fell 23% on little news despite successfully completing a capital raising. We expect the company to fully recruit its two major phase 3 studies for WetAMD in Q1 with results one year later.



US hospital operator **Tenet Healthcare** fell 15% due to its high sensitivity to rising bond yields. Despite its high leverage, nearly all its debt is fixed rate with no maturities until 2026. Recently enacted laws increasing minimum wages for healthcare workers in California also weighed on the stock. Despite this, we feel the company is well placed, particularly in daycare facilities, which are taking share from hospitals due to their lower cost of treatment.

European mobile tower operator **Cellnex** also fell 9% due to rising bond yields weighing on the stock. The company only has 20% of its debt floating rate with manageable maturities. The group's organic cash-flow generation combined with asset sales should cover all of the 4.8 billion euros in bond maturities due by 2028E. Further, Cellnex could de-lever to 3x by 2030E if interest rates remain high. Our investment thesis is that Cellnex's robust recurring cash flow will enable deleveraging and an equity rerating.

European solar panel producer **Meyer Burger** fell 9% due to weak global solar panel prices driven by a glut of 100GW of Chinese solar panels sitting in European warehouses. We expect European governments to announce support packages for the domestic industry over the coming months following the US lead in protecting this important supply chain.

Optical component producer **Lumentum** fell 16% on little news.

FEATURES	
APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 0.9991
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\$ 36.62m
STRATEGY INCEPTION DATE	11 December 2014
BENCHMARK	RBA Cash Rate + 3%

FUND MANAGERS	
	<b>James McDonald</b> Portfolio Manager
	<b>Jeremy Bendeich</b> 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.

## PENGANA HIGH CONVICTION EQUITIES FUND

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### PENGANA.COM

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