

PENGANA
CAPITAL GROUP

MONTHLY REPORT
SEPTEMBER 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 Sep 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	-15.2%	-45.3%	-10.8%	18.3%	6.6%	19.9%
MSCI World Total Return Index (net, AUD)	1.8%	9.8%	16.1%	18.4%	12.7%	12.9%
RBA Cash Rate plus 3%	0.6%	7.0%	7.0%	7.1%	6.3%	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	-15.1%	-44.7%	-9.6%	18.3%	6.9%	10.5%
MSCI World Total Return Index (net, AUD)	1.8%	9.8%	16.1%	18.4%	12.7%	14.8%
RBA Cash Rate plus 3% p.a.	0.6%	7.0%	7.0%	7.1%	6.3%	5.7%

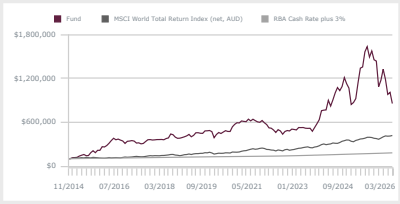
Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the 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.

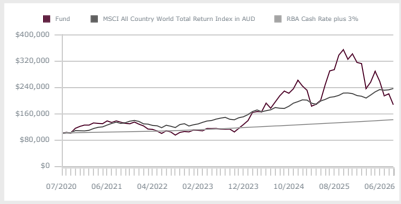
PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]

Class A



Class B



TOP HOLDINGS (ALPHABETICALLY)

Artrya Limited	Health Care
Brazilian Rare Earths Limited	Materials
Iperionx Ltd.	Materials
Metallium Limited	Materials
OncoSil Medical Ltd	Health Care

SECTOR BREAKDOWN

Health Care	49.8%
Information Technology	2.8%
Materials	42.2%
Communication Services	2.5%
Options	0.8%
Cash	2%

CAPITALISATION BREAKDOWN

Under 5bn USD	97.2%
Derivatives	0.8%
Cash	2%

REGION BREAKDOWN

North America	3.2%
Australia/New Zealand	94%
Options	0.8%
Cash	2%

STATISTICAL DATA

VOLATILITY[3] 28.9% | NUMBER OF STOCKS 20 | BETA[4] 0.97 | MAXIMUM DRAW DOWN -47.6%

SEPTEMBER REPORT

COMMENTARY

• The Fund fell 15.2% in September, as small companies fell globally on rising bond yields and several of our largest holdings gave back their August gains, despite positive news from most of them.
• **Actinogen** rose 30% after its expiring options were fully underwritten and the final patient visit was completed in its pivotal Alzheimer's disease trial, with results due in November.
• **Artrya**, **IperionX**, **Metallium** and **OncoSil** were the main detractors. **IperionX** validated its continuous titanium production process, and OncoSil raised capital at a premium, but both shares fell with the rest of the group.

The Fund fell 15.2% in September. In most cases the fall came despite company news rather than because of it: **IperionX** validated its next-generation titanium process, **OncoSil** raised capital from its largest shareholders at a premium to the market price, and Actinogen, our one significant gainer, moved a step closer to its pivotal trial result.

The weakness was not confined to our portfolio. Small companies fell around the world as US bond yields rose sharply: the 10-year Treasury yield climbed 54 basis points to 5.29%, its largest monthly rise in four years, and the Federal Reserve raised rates for the first time in three years. The US Russell 2000 small-cap index fell 5.3%, its worst month since March 2025, with ten of its eleven sectors down. Australian shares moved in the same direction, with the S&P/ASX 300 falling about 3%.

The MSCI World index rose 1.8% only because a small group of large US technology companies carried it. Higher rates weigh most on companies that rely on raising capital to fund growth, which describes most of our holdings.

Index inclusion did not help either. On 4 September, S&P Dow Jones Indices announced that **Artrya** and **Brazilian Rare Earths** would join the S&P/ASX 300 from 21 September, which normally brings buying from index funds. Both shares nonetheless finished the month lower.

Artrya fell 16% and, as our largest position, was the largest detractor. There was no adverse company announcement during the month, but fellow ASX-listed cardiac AI company EchoIQ failed to win FDA clearance for its heart failure software, sending its shares down 48%. We think the read-across is overstated: Artrya's Plaque module, which we expect to generate around 70% of its revenue, is already FDA-cleared and selling, and the company is doing additional work on its Flow submission to avoid a similar outcome.

Since month end, Artrya has signed its fourth and largest US customer, Huntsville Health System, to a five-year commercial agreement. Huntsville runs a 15-hospital network with 58 cardiologists, ranks among the largest 10% of US hospitals and performs 9,000 to 10,000 coronary CT scans a year, a number growing by more than 20% annually. Salix will replace TeraRecon as its base CT reporting platform and be used for plaque analysis, and Huntsville intends to replace HeartFlow with Salix for flow analysis once Coronary Flow is cleared.

Huntsville is the first hospital from Artrya's SAPPHIRE clinical study to become a paying customer. The SAPPHIRE hospitals together perform around 400,000 scans a year, and Huntsville shows the study can move them from clinical partner to commercial customer. Petra Capital estimates those volumes represent more than US$300 million of annual revenue if all convert. Artrya is also working with hospitals outside the study, broadening its pipeline further.

Replacing HeartFlow is a significant opportunity. HeartFlow, the current leader in coronary flow analysis, is valued at about US$4.3 billion. We believe Salix offers hospitals much better economics, and it returns a flow result in around 10 minutes, against about a day for HeartFlow, whose analysis relies on a human reader.

Artrya has a market cap of A$500mln, A$74 million of cash at 30 June and expects about A$20 million more from R&D tax rebates and option exercises. We expect the final Coronary Flow module submission to the FDA by the end of the year, targeting approval around 90 days after submission. Coronary Flow completes the platform, allowing hospitals to assess anatomy, plaque and blood flow from a single CT scan. We also expect further hospital wins to act as a catalyst.

IperionX fell 16% on the ASX and 21% on Nasdaq, in a month in which it reported what we consider its most important technical result to date. On 16 September, the company announced it had validated GenX, its continuous titanium production process. Across four runs totaling 41 hours, GenX produced more than 500 kg of titanium powder at six times the throughput of the existing batch process, while using more than 75% less power, 60% less hydrogen and 45% less magnesium per kilogram. All samples met aerospace Grade 5 oxygen specifications.

Titanium has always been made in batches, and continuous production has long been the industry's goal because it lowers both cost and capital intensity. In the December quarter, IperionX will integrate GenX into a full powder production line and begin engineering the first industrial-scale line.

The company also secured a second US Army task order of up to US$25.4 million on 31 August under its US$99 million SBIR Phase III contract. The order pays for manufacturing equipment at Virginia, including continuous sintering and dehydrogenation furnaces and machinery to finish titanium fasteners in-house, to make components such as track pins and bolts for the Army. With that equipment funded, we believe the logical next step is product orders.

IperionX's market value is now about US$530 million. It holds about US$85 million of cash and is owed around US$37 million in government grants, while its Titan critical minerals project alone has an after-tax NPV of US$813 million. The market is ascribing no value to the Virginia titanium business. Following the US Department of War's USD450mln funding for tungsten producer Elmet in September, we continue to expect further US government support for reshoring the titanium supply chain.

The US government's appetite for this is clear. On 17 September, submissions closed for a Department of War program, run through the Defence Industrial Base Consortium, seeking proposals for domestic production of critical minerals. Titanium, including sponge and sponge substitutes, is one of only four commodities named. The program covers every stage from mining through metal production, alloying and recycling, and contemplates funding beyond grants, including equity stakes, convertible notes, offtake agreements and loans.

IperionX's chairman, Todd Hannigan, has highlighted the opportunity publicly. We see IperionX's HAMR and GenX processes, which produce titanium powder directly as an alternative to sponge, as well placed to benefit.

Gold and critical minerals processing company **Metallium** fell 20%, much of it after releasing its annual report on 30 September. The report restated prior-period accounts, principally to correct the accounting for the Flash Metals acquisition and for share-based payments. The new auditor, BDO, also included a going-concern emphasis despite cash of A$64.7 million at 30 June, reflecting the pace of investment at the Texas campus. The report guides to first metal production in June 2027.

Operationally, chlorinated testing resumed at Gator Point in late August once the site permitting constraint was resolved. The company has since completed its first 12-hour chlorinated campaign running three reactors simultaneously, on platinum group metal-bearing catalytic converter feedstock. It has also appointed Tim Cooper, formerly of Fortescue and Strike Energy, as Chief Financial Officer from 1 October. Cooper will lead the audit to US

standards required for the planned Nasdaq listing, now targeted for the December quarter.

Australian pancreatic cancer radiotherapy company **OncoSil** fell 25%. Company news through the month was positive. On 1 September, it applied to the US Centers for Medicare & Medicaid Services for Transitional Pass-Through reimbursement, seeking US$55,000 per dose for patients treated under its FDA approval in distal cholangiocarcinoma, much higher than the EUR23,000 expected in Europe. As noted last month, it then raised A$5.6 million from its three largest institutional shareholders, including the Fund, through the exercise of options and a placement at a 9.9% premium to the last traded price.

In Europe, OncoSil treated its 100th patient in Spain, where it now has 11 active treatment sites, and its manufacturing partner Cyclotek received ISO 13485 certification, a key step towards commercial production at the company's Macquarie Park facility. OncoSil is now approved in Australia, the US and Europe, and we continue to expect German government funding for a larger study, which would also allow German hospitals to be reimbursed for using the device. The current market cap is just A$26mln with an estimated $10mln of cash.

Brazilian Rare Earths fell 9.2%. On 8 September, the company produced its first rare earth concentrate from the stage one pilot plant at its Camaçari refinery site in Bahia, using feed from Monte Alto. Stage two, a hydrometallurgical plant producing separated NdPr oxide and a heavy rare earth concentrate, is due to be commissioned in the June quarter of 2027, and a pre-feasibility study on Monte Alto is under way.

French refiner Carester, the company's heavy rare earth offtake partner, is providing technical support for the pilot plant. August's drilling results are yet to be included in an updated resource, due by the end of the year. We see the pilot plant as an important step in showing that Monte Alto's exceptional grades can be processed at scale. Drilling results at Sulista, released at the start of October, also support a longer mine life than the scoping study assumed. At a market value of about A$700 million, including around A$130 million of cash, BRE trades at a small fraction of the US$6.0 billion (about A$8.7 billion) after-tax NPV in its August scoping study.

Since month end, two developments have strengthened the case for Brazilian rare earth assets. Right-wing, market-friendly candidate Flávio Bolsonaro, son of the former president, topped the first round of Brazil's presidential election on 4 October with 47% of the vote to President Lula's 45%, and he is now expected to win the run-off on 25 October, with prediction markets pricing his chance at around 84%. Brazil's Ibovespa index rose 7.7% to a record high the following day.

On 1 October, Lynas Rare Earths agreed to acquire Meteoric Resources and its Caldeira project in Brazil for A$968 million (about US$672 million), close to 0.8 times Caldeira's US$847 million NPV at spot prices. That follows USA Rare Earth's agreement in April to buy Brazilian producer Serra Verde for US$2.8 billion. With heavy rare earth prices continuing to rise, we expect Brazilian rare earth assets to remain in demand. By comparison, BRE trades at around a tenth of its scoping study NPV.

On the positive side, Alzheimer's disease drug developer **Actinogen** rose 30%, and its listed options rose 12%. On 1 September, long-standing shareholder Forrest Capital agreed to fully underwrite the company's two tranches of options expiring in mid-September. The underwriting completed on 23 September, delivering A$4.8 million and extending the company's cash runway to late 2027 or early 2028. Actinogen does not need to raise capital before reporting results, which strengthens its hand in any licensing negotiation.

On 22 September, the final participant completed their last visit in the pivotal XanaMIA trial, with topline results confirmed for November. XanaMIA is testing Actinogen's oral drug Xanamem in 247 patients with mild to moderate Alzheimer's disease and elevated levels of the blood biomarker pTau-181, the group in which the drug showed a benefit in an earlier trial. The trial has passed three independent reviews, including an interim efficacy futility analysis in January. The FDA and the European regulator have both agreed that one further pivotal trial would support approval if XanaMIA is positive.

Xanamem works by lowering cortisol inside the brain, a mechanism no other company is pursuing in the clinic, and it carries none of the brain-swelling risk associated with the approved antibody treatments. If the results are positive, we expect the company to license the drug to a large pharmaceutical partner in 2027.

FEATURES

APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A$ 2.963 Class B: A$ 1.2766
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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