

PENGANA AUSTRALIAN EQUITIES FUND
DESCRIPTION

The Pengana Australian Equities Fund aims to enhance and preserve investor wealth over a 5-year period via a concentrated core portfolio of principally Australian listed securities. The Fund uses fundamental research to evaluate investments capable of generating the target return over the medium term. Essentially, we are in the business of seeking to preserve capital and make money – we are not in the business of trying to beat the market. We remain focused on acquiring and holding investments that offer predictable, sustainable and well-stewarded after-tax cash earnings yields in excess of 6% that will grow to double digit levels as a percentage of our original entry price in five years. We believe that building a well-diversified portfolio of these “gifts that keep on giving” represents a meaningful way to create and preserve financial independence for our co-investors.

STATISTICAL DATA
VOLATILITY³ 11.2%

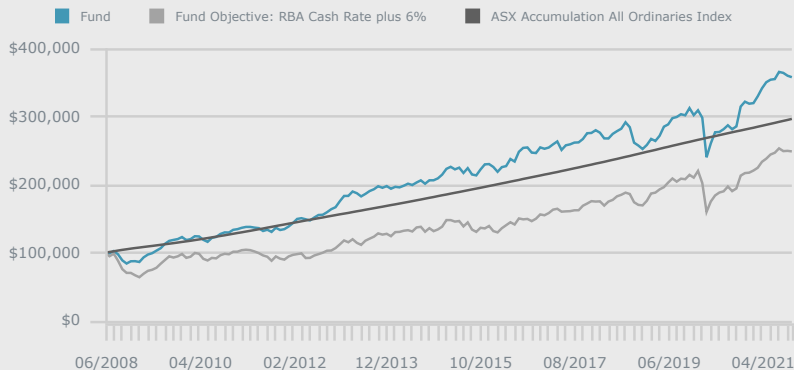
NUMBER OF STOCKS 31

BETA (USING DAILY RETURNS)⁴ 0.63

MAXIMUM DRAW DOWN -23.1%

PERFORMANCE TABLE
NET PERFORMANCE FOR PERIODS ENDING 30 Nov 2021¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Australian Equities Fund	-0.6%	13.7%	11.6%	7.7%	10.4%	10%
Fund Objective: RBA Cash Rate plus 6%	0.5%	6.1%	6.6%	6.9%	7.8%	8.4%
ASX Accumulation All Ordinaries Index	-0.3%	16.7%	13.6%	10.8%	10.5%	7%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

Amcor PLC	Materials
Aristocrat Leisure	Consumer Discretionary
Credit Corp	Financials
CSL	Health Care
Evolution Mining	Materials
Mirvac Group Property Trust	Real Estate
NAB	Financials
ResMed	Health Care
Super Retail Group	Consumer Discretionary
Telstra	Communication Services

SECTOR BREAKDOWN

Consumer Discretionary	12.4%
Consumer Staples	3.5%
Energy	1.4%
Financials	26.8%
Health Care	17.2%
Industrials	8.4%
Materials	10.9%
Real Estate	4%
Communication Services	7%
Utilities	2%
Options	0.3%
Cash	6.1%

CAPITALISATION BREAKDOWN

ASX 1-50	51.6%
ASX 51-100	5.6%
ASX 101-300	21.5%
All Ordinaries	5.4%
Non ASX	9.5%
Derivatives	0.3%
Cash	6.1%

CUSTOM SECTOR BREAKDOWN

Defensive	52.1%
Financials	26.4%
Consumer Discretionary	8%
Resources	7.2%
Options	0.3%
Cash	6.1%

CAUTION REQUIRED AS VOLATILITY RETURNS

COMMENTARY

The Fund generated a -0.6% return in the month of November. By way of comparison, the (annual) return of the RBA cash rate + 6% equated to approximately +0.5% for the month, whilst the Australian stock market fell for the third month in a row, by -0.3% in November.

Volatility appears to have returned as the market digests what we describe as a potent mix of i) highly inflated asset prices; ii) enormous stimulus coming to an end; iii) supply constraints and resulting inflation, partially offset by iv) record levels of household savings rates. Furthermore, investor "twitchiness" continues to escalate, particularly in tech names, cryptocurrencies and meme stocks. In response we have been focusing our attention on the underlying drivers of the cash flows within the portfolio and identifying where exposures and opportunities exist in light of these market factors.

The market started the month in positive territory, led by the materials sector which benefited from recovering prices of key commodities, in particular iron ore. Communication Services also led the index higher with an ongoing solid contribution from Telstra throughout the month. However early gains were erased by signs of margin pressure amongst the banks, a deterioration in the oil price which impacted the energy sector, and the global emergence of the Omicron variant of COVID at the end of the month.

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We believe core holdings in the Private Health Insurance Space, Telstra and New Zealand Aged Care are examples of positions that have earnings exposures falling outside of the factors above, whilst our selective discretionary retail and resource holdings are well positioned to benefit and remain attractively valued.

At a Fund level, our holdings in **Telstra, Evolution Mining, Woolworths and Credit Corp** were the main positive contributors to performance in the month, whilst Ryman Healthcare, Commonwealth Bank, and Pepper Money impacted negatively.

We continue to be selective in our participation of the many capital raisings that have come to market in recent months, establishing a position in Macquarie Group in November. Notable additions to the portfolio also included BHP, Arvida Group (NZ) and Medibank. We trimmed our positions in financials, disposing of our stake in **ANZ and taking some profits in Credit Corp, Rio Tinto and Telstra.**

We remain focused on our primary objectives of capital preservation and generating a reasonable real return for our investors. We continue to believe this is best served by a disciplined approach and consistent investment methodology. A variety of good businesses run by honest and competent management teams at the right price will create a well-diversified portfolio of ever-growing cash earnings streams.

FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	A\$ 2.0276
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 954.21m
STRATEGY INCEPTION DATE	1 July 2008
BENCHMARK	The RBA Cash Rate Target plus Australian equity risk premium.

FUND MANAGERS



Rhett Kessler
CIO and Senior Fund Manager



Anton du Preez
Deputy CIO and Fund Manager

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

2. Inception 1st July 2008.

3. Annualised standard deviation since inception.

4. Relative to ASX All Ordinaries Index. Using daily returns.

*(including GST, net of RITC) of the increase in net asset value subject to the RBA Cash Rate & High Water Mark. For further information regarding fees please see the PDS available on our website.

PENGANA AUSTRALIAN EQUITIES FUND

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