

**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>** 24.1%

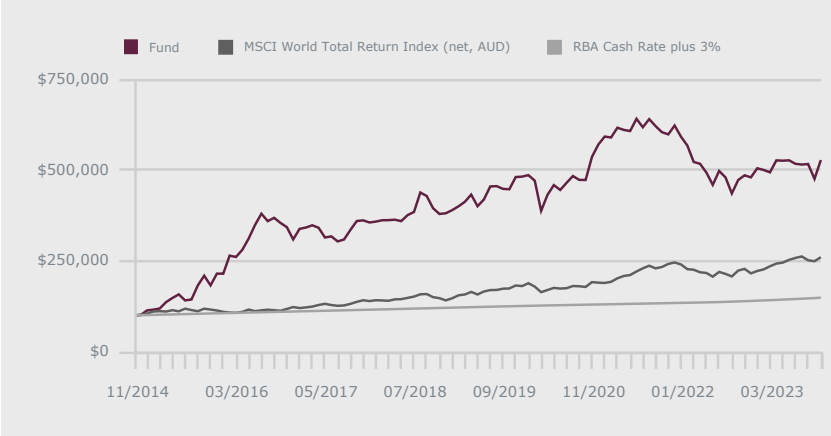
**NUMBER OF STOCKS** 14

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

**MAXIMUM DRAW DOWN** -32.1%

**PERFORMANCE TABLE**
**NET PERFORMANCE FOR PERIODS ENDING 30 Nov 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	10.9%	8.7%	-6.1%	-0.6%	6.8%	20.4%
MSCI World Total Return Index (net, AUD)	4.4%	14.1%	3.8%	10.9%	12.1%	11.2%
RBA Cash Rate plus 3%	0.8%	7.0%	5.5%	4.7%	4.3%	4.5%

**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
Tenet Healthcare Corp	Health Care

**SECTOR BREAKDOWN**

Health Care	42.4%
Materials	20.4%
Communication Services	18.9%
Options	0.4%
Cash	17.9%

**CAPITALISATION BREAKDOWN**

Under 5bn USD	62.5%
In between 5bn - 10bn USD	12.1%
In between 10bn - 100bn USD	7.1%
Derivatives	0.4%
Cash	17.9%

**REGION BREAKDOWN**

North America	10.9%
Europe ex-UK	23.2%
Australia/New Zealand	47.6%
Options	0.4%
Cash	17.9%

## OPTHEA JUMPS 59%

### COMMENTARY

The Fund returned 10.9% in November as global markets bounced strongly from a weak October, driven by falling inflation and bond yields.

- Clarity Pharmaceuticals and Opthea reported significant stock gains of 36% and 59% respectively, driven by promising clinical trial results.
- IperionX, the Fund's largest holding, saw a 12% increase due to capital raising and grants, signaling strong potential for 2024.
- Other notable gains include Stoeer (22%), Cellnex (25%) and Tenet Healthcare (25%), the latter two both rising due to falling bond yields. There were no detractors during the month.

Recent portfolio addition **Clarity Pharmaceuticals**, which produces radiopharmaceuticals and diagnostics, rose 36% during the month and has now returned 70% over the three months since we acquired the holding. The main driver of returns has been a phase I/IIa dose escalation study called SECURE for its prostate cancer therapeutic product SAR-bisPSMA, which is generating substantial signs of efficacy with few side effects albeit in a small number of patients. We expect further data readouts over the coming months will be of great interest to both the medical and investment community.

**Opthea**, which is developing a treatment for the leading cause of blindness in adults, Wet Aged Macular Degeneration (Wet AMD), rose 59% after appointing a highly experienced new CEO and CFO late in October. We and other shareholders met with the new management team and were highly impressed. Dr Frederic Guerard holds a doctorate in pharmacology and was Head of Ophthalmology at Novartis before becoming CEO of Graybug which was also developing a treatment for WetAMD until it failed Phase 3 studies. We believe he brings highly relevant experience in launching new drugs and is an excellent hire. The company is on track to complete enrolment of its two major Phase 3 studies in Q1 and Q2 of 2024 with results due 12 months later. Further capital will be required before the end of 2024. The company currently has a market value of USD200mln but will be worth many billions if the phase 3 study is successful. We would expect the shares will move higher in anticipation of the study results over the course of 2024.

The Fund's largest holding, titanium metal process technology company **IperionX** rose 12% after raising capital, receiving a grant from the US Department of Defence and a loan from the EXIM Bank late in October. The Chairman, Todd Hannigan, also bought shares on market following the raise. We wrote about the company extensively in last month's report, and we believe it is extremely well positioned moving into 2024 as it ramps up production of its new Virginia facility.


German outdoor media company **Stoeer** rose 22% after reporting strong quarterly results despite weak German economic data as billboard advertising takes market share from television and print advertising. Digital billboards allow better advertisement targeting at different times of the day. The company has hidden value in two assets that are likely to be divested over the coming years – online cosmetics retailer Assam Beauty and data aggregation company Statista, which could unlock significant value.

Europe mobile tower owner **Cellnex** rose 25% on the back of falling bond yields and on reports of possible asset sales to reduce debt. US hospital operator **Tenet Healthcare**, up 25%, was similarly buoyed by falling bond yields.


There were no detractors during the month.

FEATURES	
APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 1.0211
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\$ 37.05m
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.

## PENGANA HIGH CONVICTION EQUITIES FUND

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### PENGANA.COM

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