

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
VOLATILITY³ 24.7%

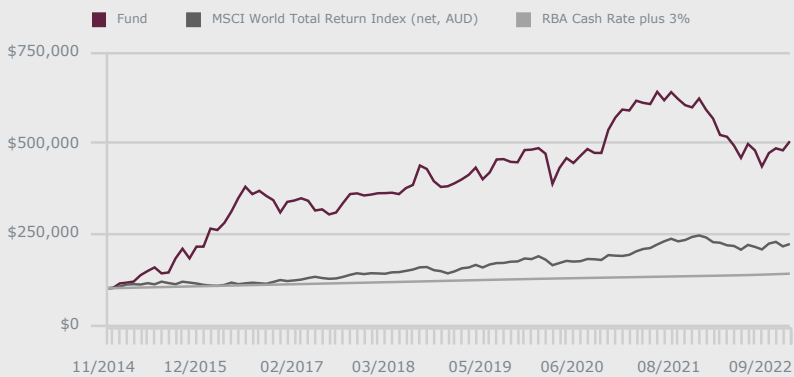
NUMBER OF STOCKS 17

BETA⁴ 0.63

MAXIMUM DRAW DOWN -32.1%

PERFORMANCE TABLE
NET PERFORMANCE FOR PERIODS ENDING 31 Jan 2023¹

	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	5.2%	-14.7%	-7.7%	1.3%	7.1%	22.0%
MSCI World Total Return Index (net, AUD)	3.0%	-7.5%	8.4%	5.8%	9.5%	10.3%
RBA Cash Rate plus 3%	0.5%	4.5%	3.8%	3.6%	3.9%	4.2%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

Ciena Corp	Information Technology
Major Drilling Group Internati	Materials
Opthea Ltd	Health Care
Spotify Technology SA	Communication Services
Telix Pharmaceuticals Ltd	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	7.4%
Health Care	38%
Information Technology	23.8%
Materials	10.8%
Communication Services	9.3%
Cash	10.7%

CAPITALISATION BREAKDOWN

Under 5bn USD	64.3%
In between 5bn - 10bn USD	9.7%
In between 10bn - 100bn USD	15.2%
Cash	10.7%

REGION BREAKDOWN

North America	34.5%
Europe ex-UK	24.7%
Australia/New Zealand	26.3%
Middle East / Africa	3.8%
Cash	10.7%

JANUARY REPORT

COMMENTARY

The Fund rose 5.2% in January.

Spotify rose 38% during the month and, at the time of writing, another 14% month to date in February. Last year Spotify invested heavily to drive revenue growth. In mid-January, the company announced it would reduce headcount by 6% and that it would be more focused on growing revenue in line with costs. When this combined with strong reported user growth, the potential to increase prices and positive FCF guidance the market reacted favourably.

Dave & Busters, a US entertainment company, and **Ardent Leisure**, which owns Dreamworld, both rose 18% and 15% respectively despite no specific news. In general, we attribute this to the market re-evaluating the potential for strong demand for affordable post-COVID entertainment continuing despite higher interest rates. Both companies provide relatively cheap entertainment offerings and have been able to navigate the impact of rising input prices well.

Amadeus rose 16% as some airline customers reported strong passenger numbers and raised guidance for 2023.

German Potash producer **K+S** rose 17% as investors positioned for demand for potash to trough in 1Q23. High prices have reduced 4Q22 demand, but with prices returning to better levels, and the need to replenish global soil potash levels we also see an improvement in 2Q23/3Q23 demand. Pricing may also stabilise as major producers signal reduced capacity expansion despite a global shortfall of 7MT in a typical 70MTPA market caused by sanctions on Belarus and Russian supply.

On the negative side, US software company **Walkme** fell 12% after co-founder Rafael Sweary resigned as President of the company but will remain on the board. The shares have subsequently risen 14% in February after reporting strong results.

FEATURES

APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 0.9821
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\$ 38.52m
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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