

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 24.5%

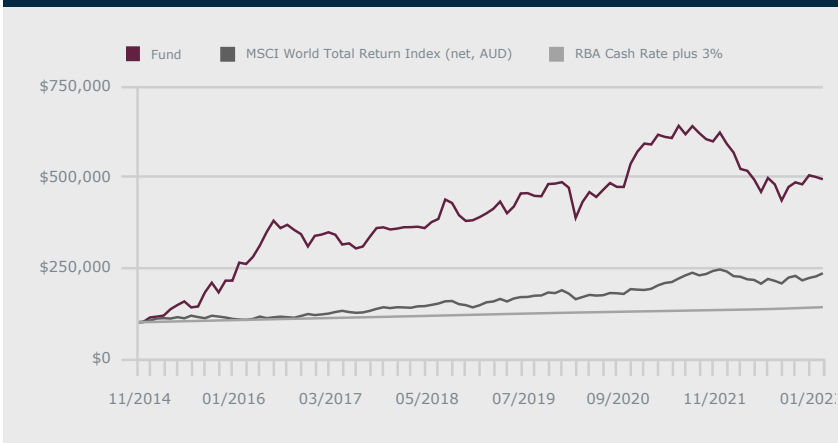
NUMBER OF STOCKS 18

BETA⁴ 0.63

MAXIMUM DRAW DOWN -32.1%

PERFORMANCE TABLE
NET PERFORMANCE FOR PERIODS ENDING 31 Mar 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	-1.3%	-5.5%	-10.5%	8.4%	6.4%	21.2%
MSCI World Total Return Index (net, AUD)	3.8%	4.3%	7.9%	13.0%	11.0%	10.8%
RBA Cash Rate plus 3%	0.5%	5.0%	4.1%	3.8%	4.0%	4.3%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

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

SECTOR BREAKDOWN

Consumer Discretionary	11.7%
Health Care	29.7%
Information Technology	20.1%
Materials	10.4%
Communication Services	15.5%
Cash	12.7%

CAPITALISATION BREAKDOWN

Under 5bn USD	63.9%
In between 5bn - 10bn USD	12%
In between 10bn - 100bn USD	11.5%
Cash	12.7%

REGION BREAKDOWN

North America	33.6%
Europe ex-UK	19.8%
Australia/New Zealand	29.4%
Middle East / Africa	4.6%
Cash	12.7%

MARCH REPORT

COMMENTARY

The Fund fell -1.3% in March.

Music streaming company **Spotify** continues to march higher, up 16% for the month and 70% for the quarter along with market expectations for the company to improve margins after many years of losses. Gradual price increases by the company in line with competitors, cost-cutting measures, and customer growth are all helping to this end.

Optical equipment **Ciena** rose 10% in the month after reporting results that substantially beat expectations as the supply of components used to make the company's products have improved after many months of semiconductor shortages. Demand for optical equipment remains strong as large internet companies continue to invest in data centre capacity and interconnections. Artificial intelligence is expected to greatly increase future data processing requirements.

US software company **Walkme** rose 9% on little news but we continue to see the company as greatly undervalued compared to other software companies. We expect this gap will narrow as the company moves to profitability over the next 12 to 18 months.

Cellnex, one of Europe's largest mobile tower operators rose 4% after activist investor TCI requested that three of the company's 11 directors step down including the Chairman. The stoush centres around the future selection of the CEO. It is hoped that the CFO is focused on improving profitability after many years of acquisitions. The company is also seen as a likely takeover target.

Australian biotech **Immutep** rose 8% after announcing a new phase 2/3 study combining its drug Efti with chemotherapy in a particular type of hard-to-treat metastatic breast cancer. 70 patients will be enrolled in the initial phase 2 study, which will expand into a larger phase 3 study if the results are successful. The company now has clinical studies in two of the largest cancer indications: lung and breast cancer. Other indications include head, neck cancer and recently added soft tissue sarcomas. Expanding the number of indications boosts the company's appeal as a takeover target.

US entertainment company **Dave & Busters** fell 7% despite a very strong quarterly financial report as the market focused on the high comparison base for the quarter ahead. Despite last year's very strong COVID reopening as its comparable period, management expects only a low single digit decline in revenue this year. Management plans to hold an analyst day where longer term growth targets including analysis of venue returns and new venue openings will be announced.

German potash producer **K+S** remained under pressure down 10% as fertilizer prices remain muted ahead of the Northern Hemisphere buying season, which is expected to lift prices over the coming months.

Opthea (also discussed last month) fell 12% after pushing out the completion of enrolment of its major global phase 3 study in Wet Age-related Macular Degeneration (Wet AMD). With a market cap of just USD210mln compared to a market size of USD3-4bn we believe patience will be rewarded over the next 18 months.

FEATURES

APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 0.9619
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\$ 37.23m
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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