

## 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.

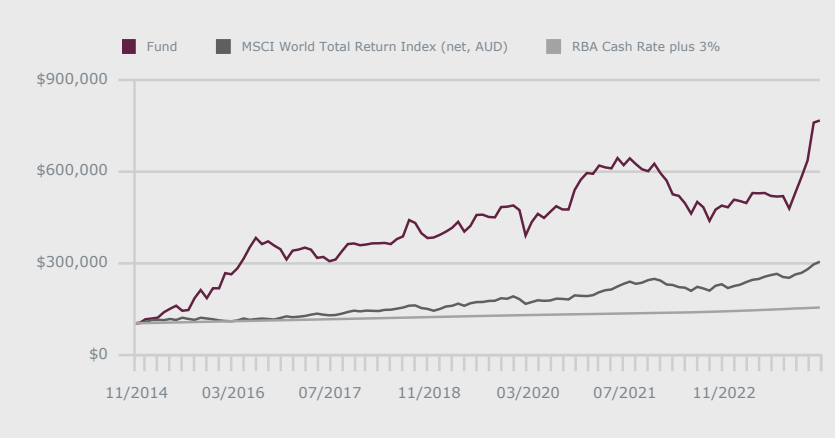
### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Mar 2024<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	0.9%	54.8%	21%	7.4%	13.1%	24.4%
MSCI World Total Return Index (net, AUD)	3%	28.4%	15.7%	14.3%	14%	12.6%
RBA Cash Rate plus 3%	0.5%	7.1%	6%	5.1%	4.5%	4.6%

### PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



### TOP HOLDINGS (ALPHABETICALLY)

Brazilian Rare Earths Ltd.	Materials
Clarity Pharmaceuticals Ltd	Health Care
Genetic Signatures Ltd	Health Care
Immutep Ltd	Health Care
IperionX Ltd	Materials

### SECTOR BREAKDOWN

Consumer Discretionary	4.3%
Health Care	44.1%
Materials	32.1%
Communication Services	14.2%
Options	0.7%
Cash	4.6%

### CAPITALISATION BREAKDOWN

Under 5bn USD	82.7%
In between 5bn - 10bn USD	5.6%
In between 10bn - 100bn USD	6.2%
Derivatives	0.8%
Cash	4.8%

### REGION BREAKDOWN

North America	11.1%
Europe ex-UK	9.4%
Australia/New Zealand	74.2%
Options	0.7%
Cash	4.6%

### STATISTICAL DATA

VOLATILITY<sup>3</sup> 24.6%

NUMBER OF STOCKS 14

BETA<sup>4</sup> 0.63

MAXIMUM DRAW DOWN -32.1%

## MARCH REPORT

### COMMENTARY

The Fund rose 0.9% during March, taking the return for the last 12 months to 54.8%.

Portfolio Managers James McDonald and Jeremy Bendeich recently featured in the AFR's latest article '[Top fundies list reveals turnaround for ESG, mid-cap investors](#)'. The feature highlights the Fund's exceptional 32.1% return in the first quarter of 2024, contrasting the recent struggles of global and Australian-listed small-cap stocks. The Fund's success stemmed from strategic investments in Australian-listed healthcare and biotech companies, as well as commodity-exposed firms, leveraging geopolitical tensions to its advantage.

Australian molecular test company **Genetic Signatures** rose 21% after fund manager Regal announced a 5% holding in the company. The company is awaiting approval of an enteric protozoan test (gut bugs) by the US FDA which could come out by mid-year. This event will be a major catalyst for the company as we expect rapid uptake of the product in an underserved market. We have written more extensively on this product over recent months.

Australia and US dual-listed company **Opthea** rose 16% on expectations that it will soon complete enrollment of its two major phase 3 studies for lead product OPT-302, with topline results due by mid 2025. The company also presented at several healthcare conferences in the USA.



US listed hospital operator **Tenet Healthcare** rose 16.5% during the month and 45% over the last three months after announcing the sales of five hospitals for USD 3bn, which has allowed it to significantly pay down its debt and buy back shares. The company had previously traded at a significant discount to larger rival HCA due to its high gearing.

Last month we wrote that German listed event ticketing agency **CTS Eventim** (the Live Nation of Europe) reported strong preliminary Q4 figures, which significantly exceeded already upgraded 2023 forecasts. In late March, the company reported its full results which provided more details and an outlook for 2024. Notably, the guidance for 2024 exceeded analyst forecasts and still looks conservative given underlying momentum in the business. We continue to hold the stock due to very positive consumer demand across all price points. In addition, their strong balance sheet has and is likely to enable strategic value-additive acquisitions. The stock is still trading on a depressed multiple compared to history with potential further upgrades.

Australian listed radiation therapy company **Clarity Pharmaceutical** fell 5% after announcing a successful \$121m capital raising in which we participated. The funding allows the company to continue to develop its product pipeline with particular interest being on the on-going Secure study, a dose escalation study of the company's prostate cancer therapeutic product, where we expect further data from the next three patients by mid-year.

**Brazilian Rare Earths** fell 15% in March on little news after a strong start to the year but have performed very strongly in April after Hancock Prospecting (Gina Rhinehart) announced 5% stakes in Australian listed Lynas, the world's largest non Chinese rare earth producer, and US listed MP Materials, the second largest. Hancock Prospecting owns 6% of Brazilian Rare Earths. Much media coverage is being given to the situation and the possibility of M&A.

FEATURES	
APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 1.4708
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\$ 53.14m
STRATEGY INCEPTION DATE	11 December 2014
BENCHMARK	RBA Cash Rate + 3%

FUND MANAGERS	
	<b>James McDonald</b> Portfolio Manager
	<b>Jeremy Bendeich</b> 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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