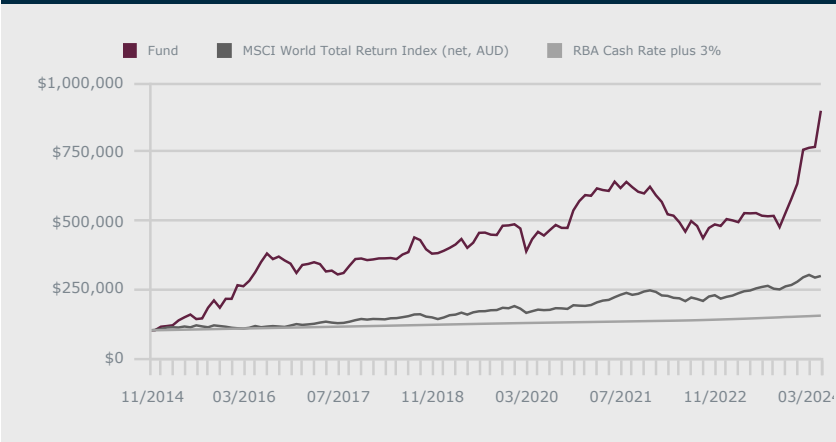


PENGANA HIGH CONVICTION EQUITIES FUND
DESCRIPTION

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 May 2024¹

	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	17.1%	71.0%	35.0%	14.0%	17.6%	26.1%
MSCI World Total Return Index (net, AUD)	2.0%	21.6%	17.3%	12.2%	13.7%	12.2%
RBA Cash Rate plus 3%	0.6%	7.2%	6.4%	5.3%	4.6%	4.6%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

Brazilian Rare Earths Ltd.	Materials
Clarity Pharmaceuticals Ltd	Health Care
Genetic Signatures Ltd	Health Care
IperionX Ltd	Materials
Iperionx Ltd. Sponsored ADR	Materials

SECTOR BREAKDOWN

Consumer Discretionary	2.9%
Health Care	47.5%
Materials	36.9%
Communication Services	8.1%
Options	0.5%
Cash	4.1%

CAPITALISATION BREAKDOWN

Under 5bn USD	89.1%
In between 5bn - 10bn USD	3.5%
In between 10bn - 100bn USD	2.7%
Derivatives	0.5%
Cash	4.1%

REGION BREAKDOWN

North America	9.3%
Europe ex-UK	3.5%
Australia/New Zealand	82.5%
Options	0.5%
Cash	4.1%

STATISTICAL DATA
VOLATILITY³ 24.9%

NUMBER OF STOCKS 14

BETA⁴ 0.63

MAXIMUM DRAW DOWN -32.1%

STRONG GAINS AMID CAPITAL RAISES AND KEY PARTNERSHIPS

COMMENTARY

The Fund rose a very pleasing 17% during May and is now up 71% over twelve months.

- **Clarity Pharmaceutical** rose 81% after announcing a significant clinical response in a cancer patient post-capital raise, demonstrating strong clinical promise.
- **IperionX** increased 14.6% following a new partnership with Vegas Fasteners and a solid capital raise, highlighting market confidence.
- **Magnite** surged 36.4% after being selected by Netflix for ad-serving, indicating robust future revenue growth, while **Brazilian Rare Earths** rose 8.7% with the addition of an experienced director.

All major holdings in the portfolio have used the last two months to strengthen their balance sheets by raising capital, which we have supported including **Clarity Pharmaceutical**, **IperionX**, **Brazilian Rare Earths**, **Genetic Signatures**, **Immutep**, and **Opthea**. This has weighed on performance in the first few weeks of June (18th at the time of writing) with the Fund down 6.4%. We would highlight however that Clarity, which was the first to raise capital on the 8th of April at \$2.55, is now trading at \$5.22. Although we cannot expect such short term performance from other holdings, capital raises do absorb short term demand for shares in these companies, which depresses their share prices temporarily.

We should also highlight that inflation has remained stubbornly high in many countries with interest rate cuts not materializing as fast as hoped. US and French elections are now also starting to weigh on markets. Tensions over Ukraine and Taiwan persist. Despite these concerns, we remain excited about the prospects for our investments over the next year with high exposure to healthcare and companies that will benefit from geopolitical tensions.

Only one holding, representing 2.5% of the Fund, has any debt. Although many holdings are burning cash they now have sufficient funds to either reach breakeven or to back value creation events such as the read-out of major clinical study results.

Clarity Pharmaceutical rose 81% after reporting a patient with metastatic castrate-resistant prostate cancer (mCRPC) who had undergone many other treatments with other drugs, had been completely cleared of the disease with two doses of Clarity's radiation therapy using an 8GBq dose (Giga Becquerel is a measure of radioactivity). The patient had few side effects. Although this is a great result, complete responses do occur in some cancer studies in a small percentage of patients, so the share price reaction was surprisingly positive, however, it came just three weeks after the company completed a capital raising which had temporarily suppressed the share price. The company continues to increase the dose of the drug in the ongoing SECURE study with more data likely in the next two months from the latest cohort of 3 patients receiving two doses of 12GBq (up from 8GBq in the patient with the complete response).

Titanium metal producer **IperionX** rose 14.6% after announcing a partnership with Vegas Fasteners. Vegas Fastener is a global leader in the development and manufacturing of high-performance fasteners including precision nuts and bolts. The company serves a diverse array of customers in the defense, marine, power generation, oil & gas, nuclear, chemical, and water infrastructure sectors. Vegas Fastener develops and manufactures precision high-performance fasteners using specialized alloys including titanium to meet demanding quality specifications. Nuts and bolts may not sound exciting but they offer a huge potential market given the high price of titanium metal and its alloys. The company also completed an AUD50mln capital raise which the Fund participated in. Chairman Todd Hannigan is

contributing \$6mln which is a great vote of confidence in the company.

US advertising technology company **Magnite** rose 36.4% after Netflix announced it will use the company's technology to serve advertisements on its new lower cost tier that requires subscribers to watch a limited number of advertisements. Netflix had previously used a solution from a company acquired by Microsoft last year called Xandr but it seems Magnite's superior technology ultimately triumphed. The company now serves most major streaming and free to air television companies, facing real competition from only one company, Freewheel, a subsidiary of Comcast. We expect strong growth in streaming TV advertising in the coming years as consumers move away from analogue and cable TV. Netflix will likely become the largest customer of the company over the next few years and should boost revenue substantially.

Brazilian Rare Earths rose 8.7% after announcing that highly experienced rare earth industry executive Mr Eric Noyrez was appointed as a Non-Executive Director. He brings over twenty years of senior executive and board experience across the global rare earths industry and is currently the Lead Director of Neo Performance Materials Inc, a manufacturer of advanced industrial materials including magnetic powders and magnets, specialty chemicals, metals, and alloys. Previously, Mr Noyrez was the Chief Executive Officer of Serra Verde Mineracao, a leading Brazilian rare earths company, from 2018 to 2021 which is backed by former Glencore CEO Sir Mick Davis. From 2010 to 2014, Mr Noyrez held a range of senior roles at Lynas Corporation, including Chief Operating Officer, Managing Director, and Chief Executive Officer. We view his addition as bringing a huge amount of commercial experience to the company. The company also raised capital in June, which the Fund supported. We expect further drilling results over the months, which will allow the company to prove its world-leading resource.

On the negative side, the main detractor was ophthalmic drug developer **Opthea**, which fell 18% ahead of a capital raising that occurred in June. The Fund supported the capital raising. The company expects to read out results from its two major phase 3 studies, which are now fully recruited and funded, likely in Q2 and Q3 of next calendar year.

FEATURES

APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A\$ 4.1064 Class B: A\$ 1.6989
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\$ 61.68m
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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