MONTHLY REPORT
MAY 2025

PENGANA AUSTRALIAN EQUITIES FUND

DESCRIPTION

The Pengana Australian Equities Fund aims to enhance and preserve investor wealth over a 5- year period via a concentrated core portfolio of principally Australian listed securities. The Fund uses fundamental research to evaluate investments capable of generating the target return over the medium term. Essentially, we are in the business of seeking to preserve capital and make money – we are not in the business of trying to beat the market. We remain focused on acquiring and holding investments that offer predictable, sustainable and well-stewarded after-tax cash earnings yields in excess of 6% that will grow to double digit levels as a percentage of our original entry price in five years. We believe that building a well-diversified portfolio of these “gifts that keep on giving” represents a meaningful way to create and preserve financial independence for our co-investors.

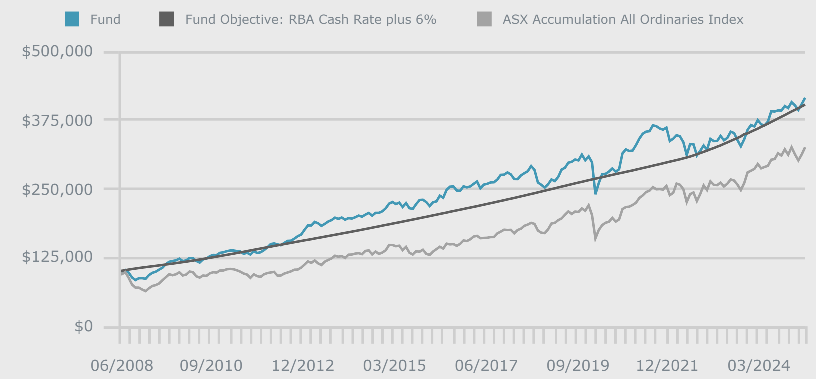
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 May 2025 [1]

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Australian Equities Fund	2.9%	13.8%	7.5%	8.5%	6.3%	8.8%
Fund Objective: RBA Cash Rate plus 6%	0.8%	10.3%	9.7%	8.3%	7.9%	8.6%
ASX Accumulation All Ordinaries Index	4.2%	12.4%	9.3%	12.2%	8.3%	7.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION [2]



TOP HOLDINGS (ALPHABETICALLY)

Amcor PLC Shs Chess Depository Interests	Materials
BHP Group Ltd	Materials
CSL Limited	Health Care
Evolution Mining Limited	Materials
Metcash Limited	Consumer Staples
National Australia Bank Limited	Financials
NIB Holdings Ltd	Financials
ResMed Inc	Health Care
Stockland	Real Estate
Telstra Group Limited	Communication Services

SECTOR BREAKDOWN

Consumer Discretionary	8.2%
Consumer Staples	4.9%
Energy	3.2%
Financials	21.3%
Health Care	15.5%
Industrials	3.1%
Materials	18.7%
Real Estate	8%
Communication Services	6.7%
Utilities	3%
Cash	7.4%

CAPITALISATION BREAKDOWN

ASX 1-50	57.7%
ASX 51-100	17.8%
ASX 101-300	14%
Non ASX	3.1%
Cash	7.4%

CUSTOM SECTOR BREAKDOWN

Defensive	60.2%
Financials	10.4%
Consumer Discretionary	8.7%
Resources	13.1%
Cash	7.4%

STATISTICAL DATA

VOLATILITY[3]	NUMBER OF STOCKS	BETA[4]	MAXIMUM DRAW DOWN
11.2%	26	0.7	-23.1%

RALLY CONTINUES, DELIVERS ROBUST RETURNS

COMMENTARY

The Fund had another strong month, generating a 2.9% return during May 2025. By way of comparison, the ASX All Ords Index and the RBA Cash rate plus 6% benchmark returned 4.2% and 0.8% respectively. On a rolling one-year basis, the Fund continues to comfortably outperform its benchmark, returning 13.8% versus 10.3% for the RBA cash rate +6%.

As would be expected during a robust month, most of the holdings were positive. Key positive contributors included **Evolution Mining** (on the back of the robust gold price), **Ramsay Healthcare** (due to the potential consolidation of the private hospital industry following the demise of Healthscope), **Telstra** (positive strategy day) and **NAB** (banks generally have been very strong). The detractors were minor and included **Aristocrat Leisure**.

Purchases included additional holdings in **Westpac** and **Bluescope Steel**, with the only sale of consequence being that of gaming machine operator **Light and Wonder**, following its investor day.

In past updates, we have written extensively about our search for value created by the significant gap between housing demand and constrained supply. In addition to our **Metcash** exposure, discussed further below, the Fund has exposure to the underserved housing market through **Stockland**, **Mirvac**, **Maas Group**, **BSL** and **James Hardie**.

Metcash, one of the Fund's largest holdings, represents a compelling investment opportunity in our view. It has three earnings streams, namely grocery wholesaling via its IGA brand, Liquor wholesaling and Hardware retail. The latter is the largest division with its combined franchise and company owned stores. Both grocery and Liquor offer non labour or rental intensive distribution business exposure without the commensurate operating leverage (or deleverage). Given the subdued turnover growth environment and high cost growth for both labour and rents, we are attracted to the underlying defensive nature of this business. In addition, Metcash owns a large hardware business, including the Mitre 10 and Total Tools brands. This is the largest business segment of the group and represents exciting upside when residential housing construction activity recovers. Furthermore, being able to acquire **MTS** shares on a sub 14 multiple represents good value in our view.

On an overall basis, the Fund closed the month with approximately 7% in cash. Following the sharp rally from the April lows, opportunities to deploy cash have become increasingly scarce. Furthermore, we have become net sellers of equities on valuation grounds, thereby building cash levels as a consequence.

FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	A$ 1.8827
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
MINIMUM INITIAL INVESTMENT	A$10,000
FUM AT MONTH END	A$ 496.36m
STRATEGY INCEPTION DATE	1 July 2008
BENCHMARK	The RBA Cash Rate Target plus Australian equity risk premium.

FUND MANAGERS

Rhett Kessler
CIO and Senior Fund Manager

Anton du Preez
Deputy CIO and Fund Manager

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. The benchmark of cash rate plus 6% p.a. is included in the chart as it relates to the Fund's investment objective and performance fee. The Fund may invest up to 100% of its assets in equity securities. The greater risk of investing in equities is reflected in the addition of a margin above the cash rate. 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 1st July 2008.
3. Annualised standard deviation since inception.
4. Relative to ASX All Ordinaries Index. Using daily returns.

*(including GST, net of RITC) of the increase in net asset value subject to the RBA Cash Rate & High Water Mark. For further information regarding fees please see the PDS available on our website.

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