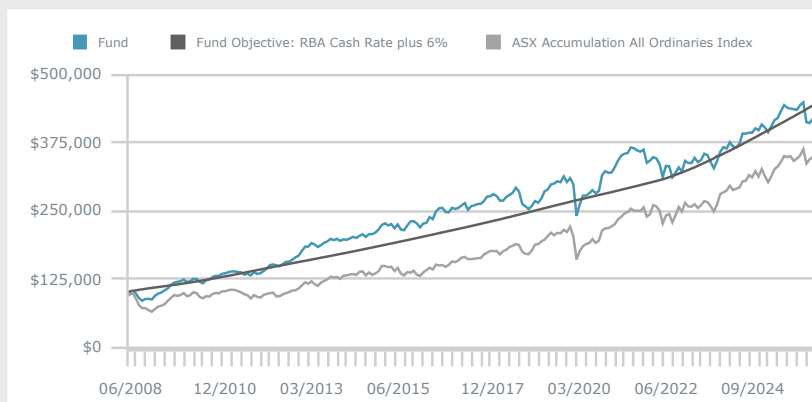


PENGANA AUSTRALIAN EQUITIES FUND
DESCRIPTION

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 2026¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Australian Equities Fund	2.0%	0.6%	7.3%	3.6%	5.8%	8.3%
Fund Objective: RBA Cash Rate plus 6%	0.8%	9.8%	10.1%	9.0%	8.0%	8.7%
ASX Accumulation All Ordinaries Index	1.2%	6.8%	11.0%	7.9%	9.2%	7.2%

PERFORMANCE CHART
NET PERFORMANCE SINCE INCEPTION²

TOP HOLDINGS (ALPHABETICALLY)

Amcor PLC Shs Chess Depository Interests	Materials
Ampol Limited	Energy
Aristocrat Leisure Limited	Consumer Discretionary
BHP Group Ltd	Materials
Bluescope Steel Limited	Materials
Evolution Mining Limited	Materials
Metcash Limited	Consumer Staples
National Australia Bank Limited	Financials
NIB Holdings Ltd	Financials
ResMed Inc	Health Care

SECTOR BREAKDOWN

Consumer Discretionary	7.6%
Consumer Staples	4.1%
Energy	4.1%
Financials	21%
Health Care	10.6%
Industrials	1.9%
Materials	27.2%
Real Estate	7.2%
Communication Services	3.8%
Utilities	2.9%
Cash	9.5%

CAPITALISATION BREAKDOWN

ASX 1-50	50.6%
ASX 51-100	22.9%
ASX 101-300	13.2%
All Ordinaries	0.9%
Non ASX	2.9%
Cash	9.5%

CUSTOM SECTOR BREAKDOWN

Defensive	50.3%
Financials	12.4%
Consumer Discretionary	6.5%
Resources	21.2%
Cash	9.5%

STATISTICAL DATA
VOLATILITY³ 11.1%

NUMBER OF STOCKS 27

BETA⁴ 0.7

MAXIMUM DRAW DOWN -23.1%

STOCK PICKING DELIVERS IN MAY

COMMENTARY

May was a strong month for the Fund, which was up 2.0% against the ASX All Ordinaries Accumulation Index +1.2% and the RBA cash rate +6% benchmark, at +0.8%. Resources led the market in Australia.

For the Fund, **BHP**, **Metcash**, **Orica**, and **Aristocrat** provided positive contributions while **CSL** and **Ampol** detracted.

Australian headlines in May were dominated by the Federal Budget and interest rate expectations. Globally, however, markets remained focused on AI enablers, a theme that was expressed here through mining stocks. Copper and lithium exposures were particularly strong with the portfolio benefiting from its holding in **BHP**. Gold remained weak, although central bank selling moderated, and we see scope for the sector to rebase and provide stability against geopolitical uncertainty again.

Comfortingly, stock specifics still matter. **Metcash** delivered a solid trading update despite the continuing structural tobacco decline. Liquor margins were higher and the Hardware business has stabilised defying the bears and highlighting the value at 10x PE and 6.5% fully franked dividend yield.

Similarly, **Orica** delivered a result that drove upgrades and showed its value as a “picks and shovels” play for those transition metals as well as coal which is in greater demand with rising LNG prices.

On the downside **CSL** continues to struggle but now trades on 11x PE for double digit earnings growth. **Ampol** suffered weakness that was more short term as refining margins and oil prices drifted off on hopes of a resolution in Iran.

The housing market came into question post the Budget changes to CGT and negative gearing. Whilst we don't see a material impact on the banks earnings, the share price corrections highlight that the record multiples they trade on are based on the market's supreme confidence in the domestic macro economy and not their growth.

During the month we reacted to share price strength in **Medibank** and **Macquarie Group** by reducing our holdings. Our only significant buy was to participate in the discounted sell down of **Contact Energy** by NZ infrastructure investor Infratil to top up our holding in an indirect beneficiary of AI and the rush for data centre power in Australian and New Zealand. We have raised cash levels to over 9% ready to take advantage of what this current volatility throws up.

There are some incredible developments coming for global capital markets as AI companies open themselves up to the scrutiny of public listing. This global event will undoubtedly impact our market too and we expect opportunities to arise from both greed and fear. For us, those opportunities will continue to be found in high-quality businesses led by proven management teams and supported by resilient cash flows that can flourish regardless of the thematic.

FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	A\$ 1.6869
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 412.55m
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
Senior Fund Manager



Michael Maughan
Senior 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.

PENGANA AUSTRALIAN EQUITIES FUND

PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com



PENGANA.COM

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