PENGANA CAPITAL GROUP

MONTHLY REPORT
MAY 2026

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 2026[1]

High Conviction Equities Fund Class A

	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	12.9%	43.6%	21.5%	36.1%	16.9%	25.3%
MSCI World Total Return Index (net, AUD)	4.5%	14%	15.8%	17.7%	13.6%	12.8%
RBA Cash Rate plus 3%	0.6%	6.8%	7.0%	7.1%	6.0%	5.0%

High Conviction Equities Fund Class B

	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 B	13.0%	44.2%	22.8%	36.2%	17.5%	19.7%
MSCI World Total Return Index (net, AUD)	4.5%	14%	15.8%	17.7%	13.6%	14.8%
RBA Cash Rate plus 3% p.a.	0.6%	6.8%	7.0%	7.1%	6.0%	5.6%

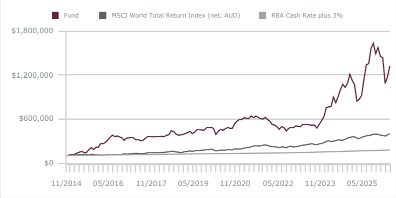
Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the PDS for information regarding risks. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

Fund inception date Class A: December 2014, Class B July 2020.

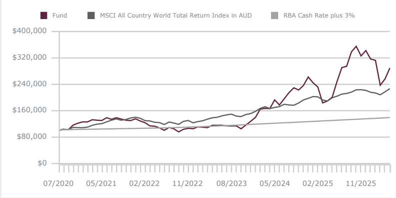
PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]

Class A



Class B



TOP HOLDINGS (ALPHABETICALLY)

Artrya Limited	Health Care
Brazilian Rare Earths Limited	Materials
Clarity Pharmaceuticals Ltd.	Health Care
Iperionx Ltd.	Materials
Metallium Limited	Materials

SECTOR BREAKDOWN

Health Care	**41.3%**
Information Technology	**2.3%**
Materials	**54.2%**
Communication Services	**1.2%**
Options	**0.4%**
Cash	**0.6%**

CAPITALISATION BREAKDOWN

Under 5bn USD	**98.9%**
Derivatives	**0.4%**
Cash	**0.6%**

REGION BREAKDOWN

North America	**2.4%**
Australia/New Zealand	**96.5%**
Options	**0.4%**
Cash	**0.6%**

STATISTICAL DATA

VOLATILITY[3] 28%	**NUMBER OF STOCKS** 21	**BETA**[4] 0.97	**MAXIMUM DRAW DOWN** -33.5%

MAY REPORT

COMMENTARY

- The Fund rose 12.9% in May, supported by improving market sentiment and strong performance from several holdings.
- **IperionX** was the standout contributor, rising 42% following positive operational updates, US Army validation of its titanium fasteners and the release of a feasibility study highlighting the value of its Titan mineral sands project.
- **Brazilian Rare Earths** gained 33% after announcing the demerger and planned IPO of its bauxite project, while **Artrya** rose 25% following the appointment of the former Pro Medicus CFO and expectations of further contract wins and FDA approvals.

The Fund rose 12.9% in May, buoyed by expectations of a peace accord between the US and Iran.

Titanium metal producer **IperionX** rose 42% following several positive announcements and a recovery from depressed levels in prior months. We visited the company's facilities in the US last week and came away more confident than ever about its prospects.

The new GenX continuous process is expected to significantly improve the company's economics, which will not only allow it to gain significant share in the titanium market but also in the high-value stainless-steel applications. The stainless-steel market is approximately 100 times larger than the titanium market due to its much lower price. However, titanium offers compelling advantages, including being around half the weight and significantly more corrosion-resistant than stainless steel.

As discussed in the company's market release on 21 May, IperionX recently commissioned a large six-axis press that enables the mass production of complex-shaped components, along with other equipment that should support a meaningful ramp-up in revenue later this year and into next year.

In early June, the company also announced that the US Army had validated its fasteners as being stronger than equivalent Grade 8 steel bolts and 15% stronger than aerospace-grade titanium benchmark fasteners. This could pave the way for titanium fasteners to be adopted across a wide range of military vehicles and also highlights the potential for broader adoption in aerospace, marine and chemical industry applications.

Finally, the company released a definitive feasibility study (DFS) for its Titan mineral sands project, which also contains heavy rare earth elements. The study highlighted attractive economics, including a net present value (NPV) of US$813 million, which compares favourably with IperionX's total market capitalisation of approximately US$1.1 billion. The company has stated that it will only proceed with the project if it secures external funding, potentially including government grants, which appears quite likely given the strategic importance of the project's critical minerals.

Brazilian Rare Earths rose 33% after announcing the demerger of its bauxite project into a new company, Alurion, which is expected to occur alongside Alurion's IPO in July. Brazilian Rare Earths will retain a 20% stake in the new company, whose tenements are contiguous with its rare earth holdings. Alurion has an estimated NPV of US$630 million (A$940 million) and, over time, could trade at 0.4–0.5x NAV, implying a valuation of approximately A$380–470 million, although it may initially trade below this range. With Brazilian Rare Earths currently valued at around A$1.5 billion, the transaction has the potential to unlock significant shareholder value.

Australian AI-based CT scan software company **Artrya** rose 25% after appointing the former CFO of Pro Medicus as its Chief Financial Officer. Pro Medicus is one of Australia's most highly valued healthcare technology companies, with a market capitalisation of approximately A$17 billion and forecast FY2027 revenue of only around A$330 million. Investors are hopeful that some of the expertise and operational discipline that contributed to Pro Medicus's success can be brought to Artrya. In addition, the market is anticipating further contract wins and FDA approval of the company's final software module in the coming months.

FEATURES

APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A$ 4.5896 Class B: A$ 1.9716
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$10,000
FUM AT MONTH END	A$ 153.76m
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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