

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.

STATISTICAL DATA

VOLATILITY³ 24.1%

NUMBER OF STOCKS 15

BETA⁴ 0.64

MAXIMUM DRAW DOWN -32.1%

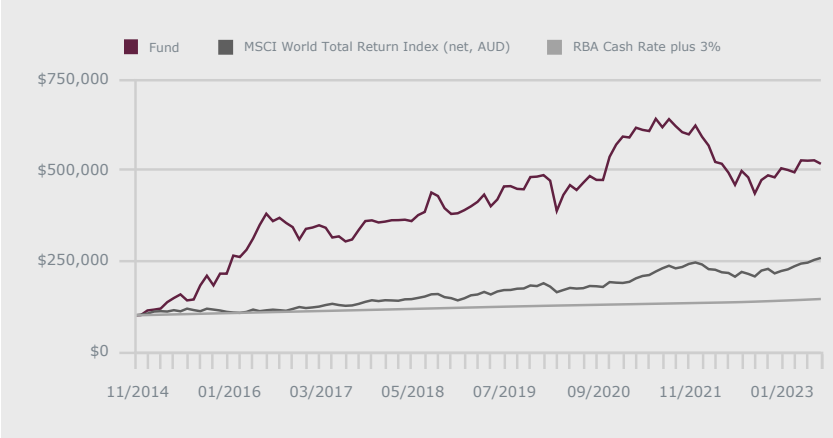
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jul 2023¹

	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	-1.8%	4.0%	-8.5%	3.6%	6.1%	20.9%
MSCI World Total Return Index (net, AUD)	2.1%	17.5%	6.0%	14.0%	11.3%	11.6%
RBA Cash Rate plus 3%	0.6%	6.2%	4.7%	4.2%	4.1%	4.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Eckert & Ziegler Strahlen- und	Health Care
Immutep Ltd ADR	Health Care
IperionX Ltd	Materials
Telix Pharmaceuticals Ltd	Health Care
Tenet Healthcare Corp	Health Care

SECTOR BREAKDOWN

Health Care	41.9%
Information Technology	14.2%
Materials	13.9%
Communication Services	12.3%
Cash	17.7%

CAPITALISATION BREAKDOWN

Under 5bn USD	63.3%
In between 5bn - 10bn USD	9.7%
In between 10bn - 100bn USD	9.3%
Cash	17.7%

REGION BREAKDOWN

North America	20.6%
Europe ex-UK	21%
Australia/New Zealand	38.7%
Middle East / Africa	2%
Cash	17.7%

JULY REPORT

COMMENTARY

The Fund fell 1.8% in July.

Positive news was reported by Australian-listed molecular diagnostic company **Genetic Signatures**, which was up 16%. The company has suffered delays in commercializing its lead test for enteric protozoans (ie gut bugs) but in its quarterly financial release highlighted it will file for approval with the US FDA in August. Approval is likely to take between three to nine months. There is a high unmet need for the product, which the company conservatively forecasts could generate USD40mln per annum of revenue.


US hospital operator **Tenet**, down 9%, reported excellent results for the June quarter as it delivered on high surgical volume expectations due to joint replacements and raised guidance for the full year. Peers however reported more moderate case growth, which raised questions about the sustainability of elective surgery growth. We remain comfortable owning the stock given the improving contract nurse labour costs and growing procedure volumes at its ambulatory day care centres, which offer considerable savings over hospitals.

Spotify, down 8%, also gave up gains from the prior month when it was boosted by several brokers upgrading their earnings and price targets. The result delivered positively on many fronts, with monthly active users, gross margin, and advertising revenue exceeding expectations, although average revenue per user (ARPU) was below expectations due to a large number of customer additions in emerging markets. As recent subscription price increases flow through to Q3 and Q4 revenue, concerns over the ARPU decline in Q2 should dissipate. Revenue guidance for Q3 appears conservative. We believe the market is underestimating Spotify's medium-term earnings power.


Swiss listed German solar cell and module producer **Meyer Burger** fell 11% during the month despite announcing a very large capacity increase and subsidies from both the European and US governments. Short term earnings are being impacted with full year guidance being withdrawn, due to a glut of solar modules globally. Chinese companies continue to increase supply, while rising interest rates make panels less affordable for European consumers. Recently module prices have started to rise again although it is unclear how sustained this will be. We believe Western governments will ensure a profitable local supply chain is built for strategic purposes and subsidies will increase accordingly. Meyer Burger is one of the few Western companies with differentiated technology and established production expertise that can benefit from this largesse.

FEATURES	
APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 0.9991
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\$ 37.71m
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

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

Pengana Capital Limited (ABN 30 103 800 568, AFSL 226566) ("Pengana") is the issuer of units in the Pengana High Conviction Equities Fund (ARSN 602 546 332) (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team or website. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in the Fund.