

**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**
**VOLATILITY<sup>3</sup>** 25.3%

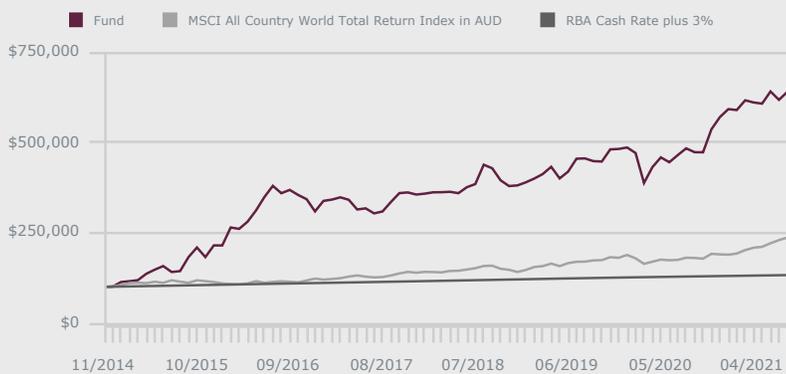
**NUMBER OF STOCKS** 20

**BETA (USING DAILY RETURNS)<sup>4</sup>** 0.59

**MAXIMUM DRAW DOWN** -20.2%

**PERFORMANCE TABLE**
**NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2021<sup>1</sup>**

	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	3.6%	32.4%	18.5%	13.5%	12.2%	31.8%
MSCI All Country World Total Return Index in AUD	3.1%	31.3%	18.2%	14.6%	15.5%	13.6%
RBA Cash Rate plus 3% p.a.	0.3%	3.1%	3.3%	3.7%	4.0%	4.3%

**PERFORMANCE CHART**
**NET PERFORMANCE SINCE INCEPTION<sup>2</sup>**

**TOP HOLDINGS (ALPHABETICALLY)**

Dave & Buster's Entertainment	Consumer Discretionary
Photocure	Health Care
Rakuten Inc	Consumer Discretionary
Renesas Electronics Corp	Information Technology
Telix Pharmaceuticals Ltd	Health Care

**SECTOR BREAKDOWN**

Consumer Discretionary	14.1%
Consumer Staples	4.6%
Health Care	38.1%
Industrials	2.6%
Information Technology	22.7%
Real Estate	4.6%
Communication Services	3.7%
Cash	9.7%

**CAPITALISATION BREAKDOWN**

Under 5bn USD	43.2%
In between 5bn - 10bn USD	12.7%
In between 10bn - 100bn USD	30.5%
Above 100bn USD	3.9%
Cash	9.7%

**REGION BREAKDOWN**

North America	41.4%
Europe ex-UK	15.9%
Australia/New Zealand	18.9%
Japan	14.2%
Cash	9.7%

## A STRONG MONTH FOR HEALTHCARE AND DIAGNOSTICS

### COMMENTARY

The fund rose 3.6% in the month of August.

Australian radiotherapy developer **Telix** rose 21% after reporting half year results and several product announcements, the most important of which was a collaboration with German pharmaceutical company Merck KGA (also a portfolio holding) to study the combined use of Telix's prostate and kidney cancer treatments with a new class of drug from Merck called DNA Damage Response Inhibitors. Targeted radiation therapy is likely to be combined with other drugs in future and this will likely be the first of many such announcements.

Covid vaccine producer **Novavax** rose 33% after reporting the European Union bought 100mln doses of the vaccine with an option to buy another 100mln. In total, the company has pre-orders of more than 500mln doses from advanced economies including Europe, US, Australia, Canada and the UK, while Japan and Korea will make 200mln doses under licensing agreements. A further 1.1bn doses have been secured by the COVAX consortium. The company will have the capacity to produce 2bn doses in 2022. We expect the company to file for registration and their vaccine be approved in many jurisdictions including Australia and the USA in the forth quarter.

Cancer immunotherapy developer **Immutep** rose after reporting Chinese partner EOC Pharma intends to commence a clinical trial of the company's lead drug commencing in 2022. The company also highlighted that it continues to recruit patients in its major lung cancer study being conducted with Merck USA. We expect further data by year end.

German healthcare company **Merck KGA** rose 10% after announcing results which were buoyed by strong demand for its biological drug manufacturing equipment business. Covid vaccines are boosting demand for such equipment in the short term, but longer-term many new treatments such as gene therapies will require similar equipment such as bioreactors, filters and bags. The industry has high barriers to entry and is dominated by four companies Merck KGA, Danaher, Thermo Fisher and Sartorius.

Australian Molecular diagnostic company **Genetic Signatures** rose 18% after benefitting from a surge in Covid cases in NSW and Victoria. The company is aiming to complete clinical studies in the US for a new product to detect Enteric Protozoa (gut microbes) by year end. The current standard of care involves a lab technician using a microscope to analyse stool samples, so the company's simple molecular test should see rapid growth when approved by the middle of 2022.

On the negative side Israeli discount retailer **Max group** fell 10% after reporting disappointing results that were impacted by rising shipping costs.

Norwegian Bladder cancer diagnostic producer **Photocure** reported better than expected results but highlighted increased Covid hospitalisations were likely to slow growth in the second half, pushing the shares down 5%. We still expect the company will return to strong revenue growth in 2022 as the pandemic wanes.

US health insurer **Cigna** fell 7% after reporting results and highlighting the fact that Covid would increase medical expense claim costs in the second half.

## ✓ FEATURES

APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 1.2328
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\$ 47.18m
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. 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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### PENGANA.COM

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