

## 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> 24.9%

NUMBER OF STOCKS 19

BETA<sup>4</sup> 0.59

MAXIMUM DRAW DOWN -20.2%

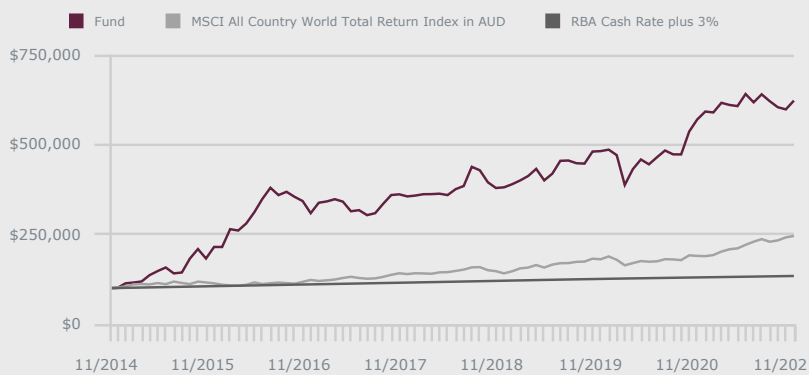
### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Dec 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	4.1%	9.2%	13.7%	17.8%	15.0%	29.6%
MSCI World Total Return Index (net, AUD)	1.7%	29.3%	16.8%	20.4%	14.9%	13.6%
RBA Cash Rate plus 3% p.a.	0.3%	3.1%	3.2%	3.5%	3.9%	4.2%

### PERFORMANCE CHART

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



### TOP HOLDINGS (ALPHABETICALLY)

Ciena Corp	Information Technology
F45 Training Holdings Inc	Consumer Discretionary
Lamb Weston Holdings Inc	Consumer Staples
Lumentum	Information Technology
Telix Pharmaceuticals Ltd	Health Care

### SECTOR BREAKDOWN

Consumer Discretionary	24.3%
Consumer Staples	6.4%
Health Care	28.2%
Industrials	1.9%
Information Technology	22.4%
Real Estate	5.2%
Communication Services	3.2%
Cash	8.4%

### CAPITALISATION BREAKDOWN

Under 5bn USD	40.3%
In between 5bn - 10bn USD	17.7%
In between 10bn - 100bn USD	33.6%
Cash	8.4%

### REGION BREAKDOWN

North America	37.7%
Europe ex-UK	10.1%
Australia/New Zealand	20%
Japan	19.5%
UK	4.2%
Cash	8.4%

## TELIX RECEIVES FDA APPROVAL FOR ITS PROSTATE CANCER DIAGNOSTIC

### COMMENTARY

The Fund rose 4.1% in December, compared to the index return of 1.7%.

Australian radiotherapy producer **Telix** rose 17% after receiving its long-awaited approval from the US Federal Drug Administration for its prostate cancer diagnostic product Illucix. We expect further positive news from the company's phase 3 study of TLX-250CDX, a renal cancer diagnostic in the next few months.

US optical networking company **Ciena** reported pleasing quarterly results pushing the shares up 25%. Data growth is driving demand for optical networks globally. In addition, the company is benefitting from many telecom operators replacing their Huawei equipment.

US-French Fry producer **Lamb Weston** rose 19% after reporting strong results. The company is benefitting from price hikes for its products to offset potato price increases caused by hot weather in the USA earlier in the year which pressured margins. We expect the company will benefit from a rebound in restaurant demand as the Omicron pandemic passes.

Optical component producer **Lumentum** rose 19% after its major customer Ciena reported strong results, as discussed above.

US real estate company **Howard Hughes** rose on the back of strengthening real estate prices in the US, particularly in its key states of Texas and Las Vegas.

Australian molecular diagnostic producer **Genetic Signatures** rose 36% as Covid testing volumes soared in NSW and Victoria, its largest markets.

On the negative side, US Covid vaccine producer **Novavax** somewhat surprisingly fell 33% after receiving approval from the European Union for its vaccine. We expect a strong year ahead for the company as there are still many unvaccinated people who are concerned about RNA and viral vector vaccines who have been waiting for protein-based vaccines. The market for booster doses will also be large in 2022 although it is unclear how long boosters will be required. Israel is now offering a fourth booster shot.

US utility-scale battery management software company **STEM** fell 13% along with many non-profitable businesses in December however we remain encouraged by the company's acquisition of Also Energy which will allow it to extend its software offering to utility-scale solar operators and generally improve its scale.

Japanese car producer **Subaru** fell on little news. We expect strong sales and margins over the next two years as Semiconductor supply issues abate, and pricing stays firm. Their newly launched EV should also help them position for the transition away from the internal combustion powertrain.

## ✓ FEATURES

APIR CODE	HHA0020AU
REDEMPTION PRICE	A\$ 1.2018
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\$ 47.54m
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

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.