PENGANA
CAPITAL GROUP

MONTHLY REPORT
DECEMBER 2025

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 Dec 2025 [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	5.5%	30.1%	64.6%	48.5%	22.5%	28.3%
MSCI World Total Return Index (net, AUD)	-0.9%	12.4%	21.2%	21.8%	15.5%	13.1%
RBA Cash Rate plus 3%	0.6%	6.9%	7.1%	7.0%	5.7%	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	5.0%	30.7%	64.1%	48.5%	23.1%	25.1%
MSCI World Total Return Index (net, AUD)	-0.9%	12.4%	21.2%	21.8%	15.5%	15.5%
RBA Cash Rate plus 3% p.a.	0.6%	6.9%	7.1%	7.0%	5.7%	5.5%

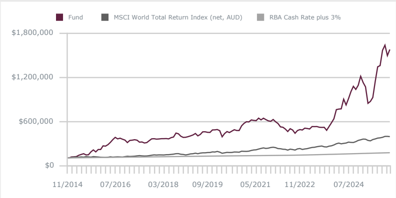
Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Performance figures are calculated using net asset values after all fees and expenses, and assume reinvestment of distributions. No allowance has been made for buy/sell spreads. Please refer to the 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.

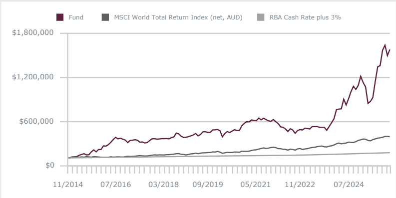
PERFORMANCE CHART

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	48.4%
Information Technology	3%
Materials	45.2%
Options	0.3%
Cash	3%

CAPITALISATION BREAKDOWN

Under 5bn USD	96.7%
Derivatives	0.3%
Cash	3%

REGION BREAKDOWN

North America	5.7%
Australia/New Zealand	91%
Options	0.3%
Cash	3%

STATISTICAL DATA

VOLATILITY [3]	27%
NUMBER OF STOCKS	20
BETA [4]	0.86
MAXIMUM DRAW DOWN	-32.1%

DECEMBER REPORT

COMMENTARY

- The Fund gained **5.5% in December** and **30.1% in 2025**, following a standout **109% in 2024**. Key contributors included **Artrya** (+524%) and **Metallium** (+309%).
- Positioning remains steady with **50% in healthcare** and **45% in critical minerals**, supported by strong macro tailwinds and upcoming catalysts across core holdings.
- The Fund is well placed heading into 2026, with a robust pipeline of events in biotech, rising M&A, and favourable geopolitical dynamics driving demand for critical minerals.

Critical minerals and gold processing company **Metallium** was the largest contributor, up 309%, along with AI cardiac CT scan reading company **Artrya**, up 524%. **Brazilian Rare Earths** rose 67%, **Greatland Gold** rose 52% (we sold too early), and pancreatic cancer biotech **Amplia** rose 68%.

The failure of **Opthea**'s Phase 3 trials in wet age-related macular degeneration (wet AMD) shaved 7% from returns.

We are excited about the outlook for 2026. Fund positioning remains unchanged, with 50% in healthcare and 45% in critical minerals processing.

We note that the US biotech market recovered sharply in 2025, with a large amount of deal flow now occurring, which is supportive for our small-cap holdings. In addition, many of our fourteen healthcare holdings have significant catalysts in the coming months.

The backdrop for critical minerals continues to be very favourable due to rising geopolitical tensions, Western governments driving reshoring, and strong demand driven by electric vehicle adoption, defence applications, and robotics. Western critical mineral prices have rocketed over the last twelve months due to Chinese export restrictions; however, we expect a major global supply shortage to emerge over the next two to three years, which could represent another leg up in pricing, including in China.

In January, US-China relations deteriorated further following the US capture of Venezuelan dictator Maduro. President Trump has also proposed raising US defence spending by 50% to USD 1.5 trillion in 2027, which would likely be very supportive for the sector.

Our key holdings continue to be **IperionX** (US low-cost titanium producer), **Brazilian Rare Earths** (the world's richest rare earth deposit), and **Metallium** (a US recycler of various metals, including gold, gallium, and germanium). Gallium is a metal of particular interest given its use in lower-power-consumption semiconductors for AI data centres, lasers for data centres, and, in the near future, 1 MW laser weapons capable of defeating drones, aircraft, and missiles.

It is pleasing to note that the Fund's largest holding, **IperionX**, which has highly patented technology to lower the cost of producing titanium products, has risen 45% since the release of a short-seller report in mid-November to the time of writing on 8 January.

Turning to December, AI cardiac CT scan software company **Artrya** rose 43% after adding two new customers, Northeast Georgia and Cone Health. We expect approval of its final software module, Salix Coronary Flow, in January, as well as further customer additions, to act as catalysts. Artrya has a market value of AUD 730 million, which compares favourably to larger US rival HeartFlow, capitalised at USD 2.8 billion. As discussed in prior monthly reports, Artrya's offering requires no human intervention, allowing faster turnaround times and better economics for hospitals than HeartFlow. We also note that another Australian medical software company and former holding, **4DMedical**, has risen 20× in six months to an AUD 2.8 billion market capitalisation for its lung scan software, which does not use AI, after signing several major US academic hospitals, offering a glimpse of how Artrya may perform upon signing larger deals.

US biotech **CalciMedica** rose 58% as it approaches a readout of its Phase 2 study in acute kidney injury. With a market capitalisation of just USD 83 million in a potential multi-billion-dollar market, we believe a significant re-rating is possible with positive data. We also note that there has been major M&A activity in kidney disease in recent years.

Australian biotech **Immutep** rose 38% after signing a regional licensing deal for its lead cancer immunotherapy drug Eftilagimod with Indian pharmaceutical company Dr Reddy's, covering all countries outside the US, Europe, Japan, and Greater China. The deal includes USD 20 million of upfront cash and USD 349 million of milestone payments (so-called "biobucks"), plus double-digit royalties. The transaction highlights the significant value of the remaining rights in the excluded territories relative to Immutep's market value of USD 450 million.

It should also be noted that **Immutep** has been working closely with Merck, which produces the leading immunotherapy drug Keytruda, currently generating approximately USD 35 billion per annum but coming off patent in 2028. We believe it is quite likely that Merck will acquire Immutep, enabling a combination therapy that could potentially extend its franchise until 2041, making it highly valuable.

The company also announced it has recruited 38% of the 756 patients required for its Phase 3 lung cancer study, with a futility analysis expected in Q1 next year and top-line data expected in late 2026, but more likely in 1H 2027. Finally, the company released positive Phase 1 data for IM761 in autoimmune diseases. Autoimmune assets often attract very high valuations even at early stages, and it may be an option for Immutep to monetise this product to help fund the remainder of its lung cancer Phase 3 study. Immutep represents 4.5% of the Fund.

Brazilian Rare Earths fell 9% despite releasing an 85-page scoping study for its Amargosa bauxite project, which showed an NPV of USD 630 million at current spot prices. The project has excellent economics, with a 1.2-year payback due to a low-cost direct-ship strategy using trucks for haulage, generating annual EBITDA of USD 100 million. The project can be significantly expanded in the future using rail.

The current market value of **Brazilian Rare Earths** is just USD 760 million, with USD 130 million of cash. Effectively, the market is valuing the remainder of the company—namely, the world's richest rare earth deposit—at zero. We look forward to the scoping study for the rare earth project in mid-2026.

FEATURES

APIR CODE	Class A: HHA0020AU Class B: PCL9196AU
REDEMPTION PRICE	Class A: A$ 5.4539 Class B: A$ 2.3347
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$10,000
FUM AT MONTH END	A$ 172.2m
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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