



"AS THE STIMULUS KEEPS COMING YOU CAN ALMOST HEAR THE ECONOMY GOING.... BOOM!" - SHANE ELLIOT CEO ANZ BANK

The Fund's robust return of 3.6% for March reflected the buoyant conditions present in an Australian economy flush with stimulus-induced liquidity. By way of comparison, the market was up 3.9% as investors continued to search for returns against the backdrop of a 0.1% RBA Cash Rate.

Several important themes remain at work in the domestic economy including:

a) Other than for liquidity purposes and nominal capital preservation, investors are not being rewarded for holding cash or even term deposits. Furthermore traditional safe havens – (particularly government) bonds require investors to lock in negative real interest rates with the added duration risk. Likewise property yields, even geared at low-interest rates, are not that attractive. It's no wonder that equities look so enticing, particularly given their recent double-digit return contribution from the combination of dividend yields and capital growth. **The Fund's cash holdings, including a 1% investment in hybrids, was 7% at month-end.**

b) Goods and services demand remains elevated in a supply constrained environment, which has significant implications for companies with pricing power. Most input costs are seeing upward pressure with timber (or lumber), steel, cotton and freight all exhibiting large (and in some cases unsustainable) price rises. **The Fund's iron ore exposures through Rio and Fortesque have been very profitable investments. We have trimmed these into the very recent strength.**

c) Corporate balance sheets remain robust particularly within the Fund's holdings. We anticipate that many companies will choose to apply their surplus equity and access to inexpensive debt for mergers or acquisitions at a level of activity that will remain elevated for some time. CreditCorp, SG Fleet, Accent Group, and Evolution mining are all recent examples of shareholder accretive M&A deals for our Fund.

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d) Importantly, I would be remiss if I didn't mention my very real concerns regarding the frothy valuations present in many of the "meme" sectors. Furthermore, in my opinion, to describe these new and wholly fabricated asset classes as "extremely frothy" is an exuberant euphemism for rampant speculation. To be clear, while I consider blockchain technology an important and valid enabler of sophisticated financial solutions, I cannot explain the enormous valuations being placed on the unlimited amount of products being manufactured and sold by blockchain applications. If and when this unwinds, I suspect there will be significant ramifications across financial markets, potentially leading to a liquidity event. **Accordingly, we have been building a position in Puts against the wider market as insurance against this potential risk.** While we hope and pray that these Puts expire as worthless, we find that we have been sleeping easier since putting them in place.

In conclusion, we retain our long-held view that a focus on capital preservation and a reasonable real return for our investors is best served by a disciplined approach and consistent investment methodology. Good businesses run by honest and competent management at the right price will create a well-diversified portfolio of ever-growing cash earnings streams.

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<https://pengana.com/australianequities/webinar-australian-equities-fund-portfolio-update-insights/>> for CPD points.

TOP HOLDINGS (ALPHABETICALLY)

	Accent Group	Australia	Consumer Discretionary
	Aristocrat Leisure	Australia	Consumer Discretionary
	Credit Corp	Australia	Financials
	CSL	Australia	Health Care
	Evolution Mining	Australia	Materials
	Mirvac Group Property Trust	Australia	Real Estate
	NAB	Australia	Financials
	SG Fleet	Australia	Industrials
	Super Retail Group	Australia	Consumer Discretionary
	Telstra	Australia	Communication Services

SECTOR BREAKDOWN

CAPITALISATION BREAKDOWN

COUNTRY BREAKDOWN

CUSTOM SECTOR BREAKDOWN

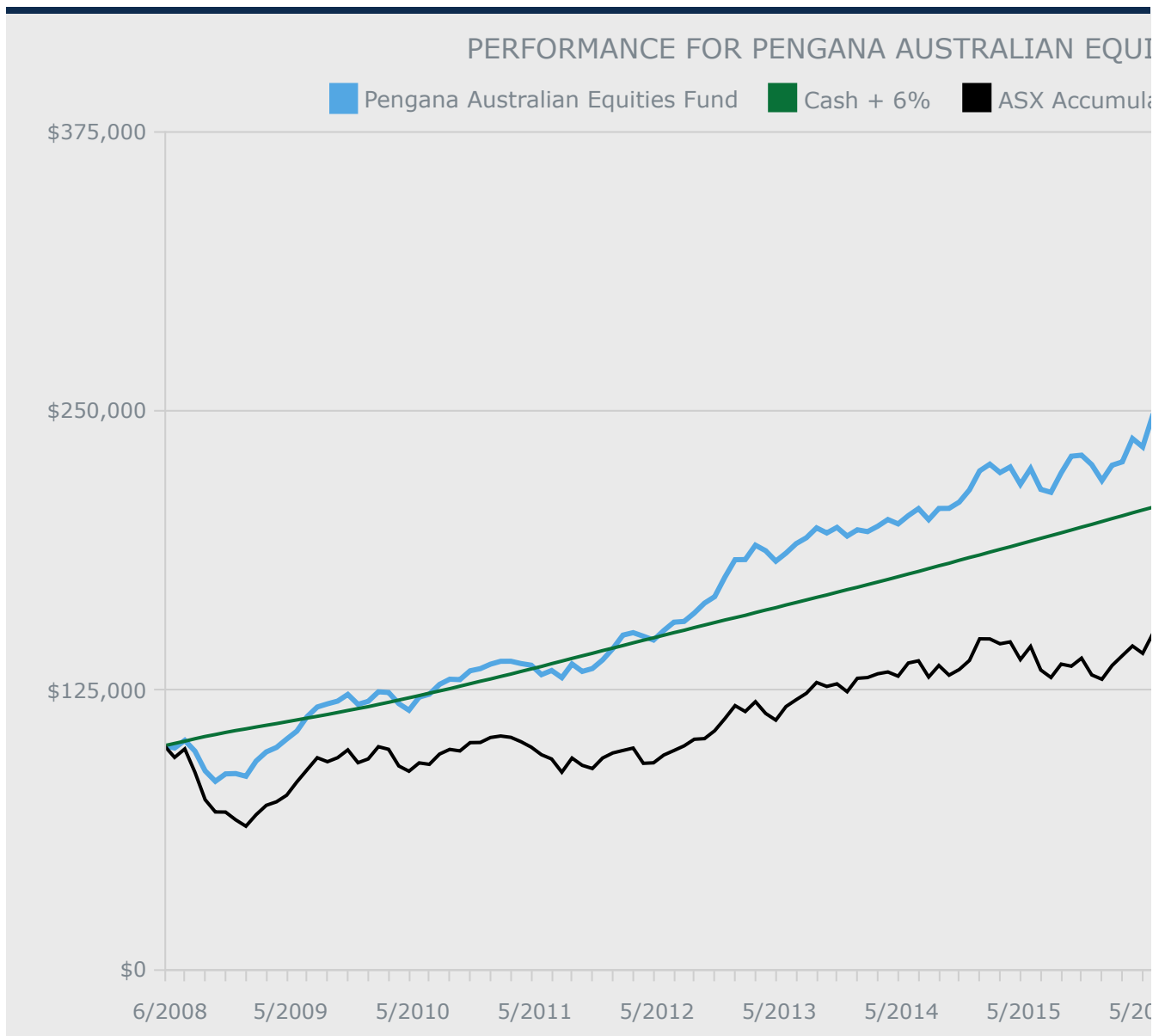
FUND PERFORMANCE

NET PERFORMANCE FOR PERIODS ENDING 30 APR 2021¹

	1 MONTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION
Fund	3.6%	31.0%	8.4%	8.5%	9.5%	10.0%
RBA Cash Rate	0.0%	0.2%	0.8%	1.1%	2.0%	2.5%
ASX Accumulation All Ordinaries Index	3.9%	33.9%	10.2%	10.7%	8.4%	6.8%

FUND PERFORMANCE

NET PERFORMANCE SINCE INCEPTION²



PERFORMANCE TABLE

FUND PERFORMANCE (A\$, NET OF FEES)

YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FUND FYTD	RBA CASH RATE FYTD	ASX ALL ORDS FYTD
2020/2021	1.5%	2%	-2%	1.5%	10.2%	2.3%	-0.9%	0.3%	3.1%	3.6%			23.1%	0.1%	24.6%
2019/2020	3.2%	0.6%	1.4%	-0.5%	3.5%	-3.3%	2.3%	-3.5%	-19.5%	8.5%	6.2%	0.1%	-3.9%	0.7%	-7.2%
2018/2019	1.3%	3.4%	-2.5%	-8%	-1.6%	-2%	2.4%	3.4%	-1.1%	2.9%	4.9%	1.2%	3.6%	1.5%	11%
2017/2018	0.6%	1%	0.1%	1.9%	3.2%	0.1%	1.5%	-1.3%	-3%	-0%	2.5%	1.5%	8.1%	1.5%	13.7%
2016/2017	6.1%	2.3%	0.3%	-3%	-0.3%	3.4%	-0.8%	0.7%	1.8%	1.7%	-4.7%	2.7%	10.2%	1.5%	13.1%
2015/2016	3.3%	-4.2%	-0.6%	4.1%	3.4%	0.2%	-1.8%	-3.2%	3.1%	0.7%	4.6%	-1.6%	7.7%	2%	2%
2014/2015	1.9%	1.5%	-2.4%	2.5%	0%	1.4%	2.6%	4%	1.3%	-1.7%	1.1%	-3.5%	8.9%	2.4%	5.7%
2013/2014	2%	2.3%	1.4%	2.3%	-1.2%	1.3%	-2%	1.4%	-0.4%	1.2%	1.5%	-1%	9.1%	2.5%	17.6%
2012/2013	2.9%	2.5%	0.2%	2.4%	2.8%	1.8%	5.2%	4.4%	0%	3.5%	-1.3%	-2.5%	24%	3.1%	20.7%
2011/2012	-3.1%	1.4%	-2.4%	4.7%	-2.4%	1%	2.9%	3.6%	4.2%	0.7%	-1.1%	-1.1%	8.3%	4.4%	-7%
2010/2011	5.1%	1.1%	3.6%	1.8%	-0.1%	3%	0.7%	1.5%	1%	0%	-0.8%	-0.5%	17.4%	4.7%	12.2%
2009/2010	3.5%	6.1%	3.8%	1.2%	1%	2.5%	-3.6%	1.1%	3.6%	-0.2%	-4%	-2.5%	12.5%	3.7%	13.8%
2008/2009	-1%	3.5%	-4.7%	-9%	-5.3%	3.9%	0.2%	-1.4%	7.9%	4.4%	2.1%	3.8%	3%	4.8%	-22.1%

STATISTICAL DATA

FUND PORTFOLIO SUMMARY

VOLATILITY ³	11.4%	NUMBER OF STOCKS	34
BETA (USING DAILY RETURNS) ⁴	0.63	MAXIMUM DRAW DOWN	-23.1%

FUND MANAGERS



*Rhett
Kessler*

CIO and Senior Fund
Manager



*Anton du
Preez*

Deputy CIO and Fund
Manager

FEATURES

PORTFOLIO MANAGERS Rhett Kessler
Anton du Preez

APIR CODE PCL0005AU

REDEMPTION PRICE A\$ 1.9714

FEES * Management Fee:
1.025%
Performance Fee:
10.25%

MINIMUM INITIAL INVESTMENT A\$10,000

DESCRIPTION

The Pengana Australian Equities Fund aims to enhance and preserve investor wealth over a 5-year period via a concentrated core portfolio of principally Australian listed securities. The Fund uses fundamental research to evaluate investments capable of generating the target return over the medium term.

Essentially, we are in the business of seeking to preserve capital and make money – we are not in the business of trying to beat the market. We remain focused on acquiring and holding investments that offer predictable, sustainable and well-stewarded after-tax cash earnings yields in excess of 6%

FUM AT MONTH END A\$ 963.39m

STRATEGY INCEPTION DATE 1 July 2008

BENCHMARK The RBA Cash Rate Target plus Australian equity risk premium.

earnings yields in excess of 6% that will grow to double digit levels as a percentage of our original entry price in five years. We believe that building a well-diversified portfolio of these “gifts that keep on giving” represents a meaningful way to create and preserve financial independence for our co-investors.

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.
 2. Inception 1st July 2008.
 3. Annualised standard deviation since inception.
 4. Relative to ASX All Ordinaries Index. Using daily returns.
- *(including GST, net of RITC) of the increase in net asset value subject to the RBA Cash Rate & High Water Mark. For further information regarding fees please see the PDS available on our website.

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services license number 226566) is the issuer of units in the Pengana Australian Equities Fund (ARSN 146 346 929) (the “Fund”). A product disclosure statement for the Fund is available and can be obtained from our distribution team. 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 Capital Ltd 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 Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund.

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ABN 30 103 800 568

AFSL 226566

PENGANA AUSTRALIAN EQUITIES FUND

DESCRIPTION

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STATISTICAL DATA

VOLATILITY³ 11.4%

NUMBER OF STOCKS 34

BETA⁴ 0.63

MAXIMUM DRAW DOWN -23.1%

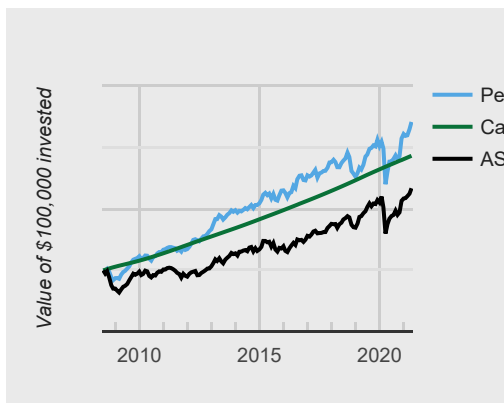
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PERFORMANCE CHART

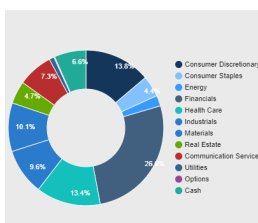
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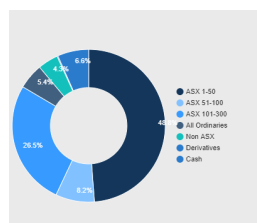
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- Australia Consumer Discretionary
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- Australia Financials
- Australia Health Care
- Australia Materials
- Australia Real Estate
- Australia Financials
- Australia Industrials
- Australia Consumer Discretionary
- Australia Communication Services

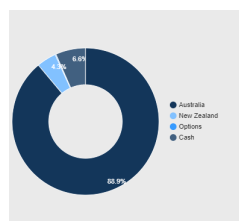
Sector Breakdown



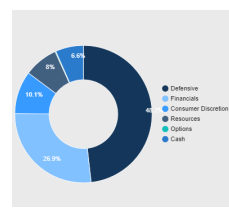
Capitalisation Breakdown



Country Breakdown



Custom Sector Breakdown



CASHED-UP CONSUMERS

COMMENTARY

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Webinar: Investor Conundrums - Pengana Australian Equiti...



FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	AS 1.9714
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
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Anton du Preez
Deputy CIO and Fund Manager

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