

PENGANA EMERGING COMPANIES FUND

DESCRIPTION

The Pengana Emerging Companies Fund combines the skills of highly experienced small company investors (collectively over 45 years' experience) with a limited fund size and an objective of providing above market returns over the medium term. Our benchmark is the S&P/ASX Small Ordinaries Accumulation Index. The fund managers Steve Black and Ed Prendergast are part owners of the business and investors in the Fund, providing a strong incentive to perform. The Fund has strong research ratings from all major research houses and over the period since its inception has delivered returns well above benchmark.

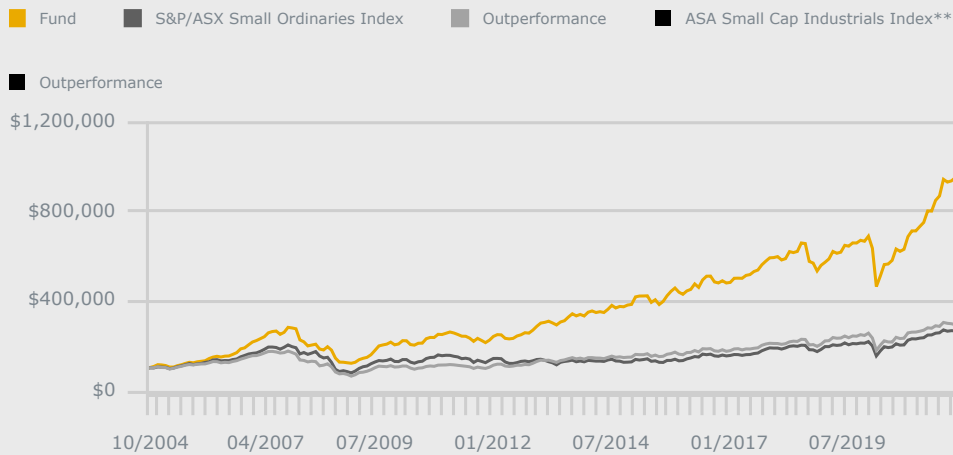
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2022¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	-4.5%	13.1%	13.0%	11.4%	13.1%	13.0%
S&P/ASX Small Ordinaries Index	0.0%	5.0%	7.7%	9.4%	5.5%	5.4%
Outperformance	-4.5%	8.0%	5.3%	2.0%	7.6%	7.6%
ASA Small Cap Industrials Index**	-2.1%	-1.2%	5.6%	7.9%	8.6%	5.7%
Outperformance	-2.4%	14.3%	7.4%	3.4%	4.4%	7.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



FEBRUARY REPORT

COMMENTARY

The Fund fell 4.5% in February, underperforming the Small Industrials by 2.4% and underperforming the Small Ordinaries by 4.5%. For the 12 months to February, the Fund was up 13.1%, outperforming the Small Industrials Index by 14.3% and outperforming the Small Ordinaries Index by 8.0%.

Markets remained volatile during February with the Ukraine/Russia situation exacerbating nerves around inflation and higher interest rates. Across all markets, tech stocks underperformed further, with value sectors offsetting this weakness as markets embraced a "risk-off" standing. The US, Chinese and European markets fell 3-4%, while the Australian market actually rose 2.8% driven by gold and oil companies. Gold's safe-haven status saw it rise by 6%, which saw Australian gold stocks rise by 18%. Oil prices also spiked 6% driving that sector higher.

Our Fund does not invest in resources stocks hence the large dispersion between our performance when compared to the Small Ordinaries (which is roughly 25% resources) and Small Industrials.

Results season kept us busy in February, with a large number of company meetings. We were pleased with the results of most of our investments, however there were some disruptive price moves in instances of minor slippage given the volatile nature of markets.

Our key positive movers in February were:

Aussie Broadband (+17%) rose following its result which showed faster than expected customer and profit growth. **PSC Insurance** (+8%) reported profit growth of 61% which was above our expectations. **EQT Holdings** (+5%) posted a 29% profit increase driven by cost control and stronger equity markets. **IVE Group** (+22%) revealed 104% EPS growth following a covid disrupted prior period and including the benefits of recent acquisitions. **Propel Funerals** (+4%) announced 15% revenue and 23% profit growth as volumes and revenue per funeral recovered from 2020's depressed levels.

Our key negative movers in February were:

Uniti Wireless (-21%) was sold down despite revealing a 140% profit rise and maintaining its forecasts for the full year – the market clearly expecting a profit upgrade. **City Chic** (-20%) was dealt with harshly after posting a solid result, which featured a build-up in inventory in order to offset supply chain delays. This strategy is not without merit, however spooked investors who see inventory build-up as a potential overhang. **NZX** (-16%) retraced following a slightly softer result and capital raising in order to finance a minor acquisition and to bolster the balance sheet. **MA Financial** (-9%) drifted despite reporting a 28% increase in FUM and 21% boost to profits. **Integral Diagnostics** (-14%) fell despite a solid result which also included a capital raising and acquisition.

Overall, the dramatic short-term shift in global markets, which favoured value stocks over more stable (premium) earnings streams, added to the skittishness in stocks such as Uniti, NZX, Integral Diagnostics etc.

TOP HOLDINGS (ALPHABETICALLY)

AUB Group	Financials
Aussie Broadband Pty Ltd	Communication Services
Carsales Com LTD	Communication Services
Charter Hall Group	Real Estate
EBOS Group Ltd	Health Care
Hansen Technologies	Information Technology
Healius Ltd	Health Care
Johns Lyng Group Ltd	Industrials
MA Financial Group Ltd	Financials
Uniti Wireless Ltd	Communication Services

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.5772
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 798.74m
STRATEGY INCEPTION DATE	1 November 2004
BENCHMARK	S&P/ASX Small Ordinaries Accumulation Index

FUND MANAGERS



Ed Prendergast
Senior Fund Manager



Steve Black
Senior Fund Manager

¹ Net performance figures are shown 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 1 November 2004.

* For further information regarding fees please see the PDS available on our website.

** The Fund does not invest in resource stocks.

PENGANA EMERGING COMPANIES FUND

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