

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.

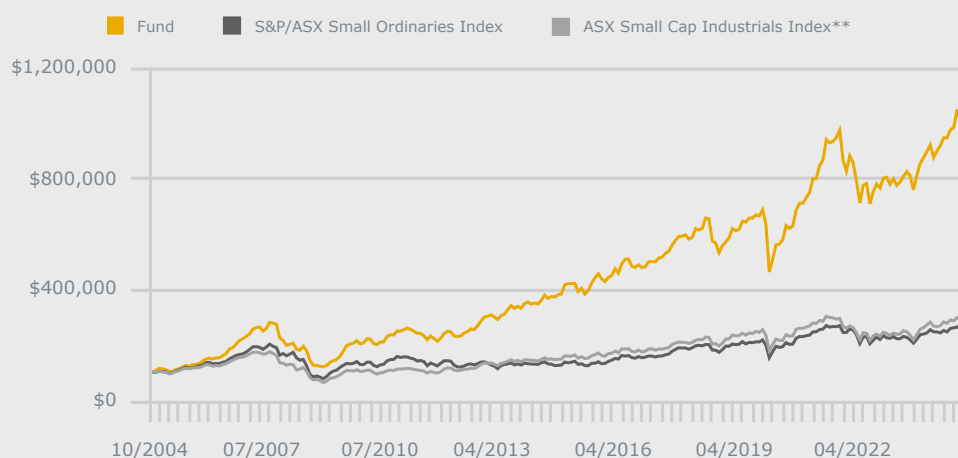
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2025 ¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	15 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	-1.4%	16.5%	8.1%	10.5%	9.6%	11.3%	12.2%
S&P/ASX Small Ordinaries Index	-2.8%	7.3%	2.1%	5.6%	6.5%	4.8%	4.9%
Outperformance	1.4%	9.2%	6%	4.9%	3.1%	6.6%	7.4%
ASX Small Cap Industrials Index**	-2.5%	6.6%	3.7%	4.4%	6%	6.9%	5.4%
Outperformance	1.1%	9.9%	4.5%	6.1%	3.5%	4.4%	6.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION ²



FEBRUARY REPORT

COMMENTARY

The Fund was down -1.4% in February, outperforming the Small Industrials by 1.1% and outperforming the Small Ordinaries by 1.4%. For the 12 months to February, the Fund was up 16.5%, outperforming the Small Industrials Index by 9.9% and outperforming the Small Ordinaries Index by 9.2%.

The US market retraced 1.4% in February as tech stocks corrected 4% following a 29% rally during 2024. This weakness was primarily caused by escalating tariffs placed by the new US leadership and retaliation from its trading partners. The picture remains highly fluid and will, therefore, continue to distract markets where some investors fear either a resurgence of inflation, economic weakness or a combination of both. Gold continues to make all-time highs, further reflecting this uncertainty. Bond markets were firm in February, with US ten year rates falling by 0.3%, suggesting investors saw the risk around lower economic growth, perhaps increasing the chances of further interest rate cuts.

We have witnessed many periods of short term volatility in the past, and remain steadfast in our longer term investment focus, noting that volatility is often a source of opportunity as some investors panic while distracted.

The Australian market fell 4.2%, with mining stocks faring slightly better due to the higher gold price. Banks and property stocks, which enjoyed a strong rally in 2024, were hit harder.

We were busy in February with companies releasing results and we were broadly pleased with the outcomes for most of our investments during this critical period.

Our key positive contributors in February were:

Generation Development (+15%) posted profits above expectations, with all divisions growing and showing long runways of opportunity. **Charter Hall** (+9%) upgraded its earnings forecasts after a relatively stable first half result and showed confidence that the company is positioned to grow FUM through capital deployment following a period of consolidation. **Seven Group** (+7.5%) posted 8% profit growth, with the Boral and Westrac divisions offsetting mild weakness in the Coates Hire operation. **Imdex** (+15%) posted a 10% fall in EBITDA as smaller mining companies have struggled to raise capital to fund exploration. The share price rallied, however, due to emerging signs that this cycle should turn positive, especially given stronger gold prices. **MA Financial** (+26%) posted 7% higher earnings, however shorter term profits are currently impinged by investment for medium term growth, and the 12% increase in assets under management is a good sign of future profit growth.

Our key negative contributors in February were:

CAR Group (-9%) revealed a 12% profit rise and warned of a slightly slower growth rate in the second half due to a delay in passing through price rises in the US market. **Propel Funerals** (-9%) delivered a 9% profit boost with an underlying volume growth of 1%, reflecting a slower rate of deaths compared to prior periods. The founding CEO announced his retirement, which took some investors by surprise (we note the remaining founders are all still with the operation hence, we do not see this development as a major concern). **Praemium** (-20%) posted a 48% increase in underlying profit which was broadly as expected, however the resignation of the well regarded CFO created some selling pressure. **Catapult** (-9%) retraced after a 170% gain in 2024, perhaps caught up in the recent weakness in global tech stocks. **Jumbo Interactive** (-12%) fell as the slower run of jackpots detracted from lotto ticket sales,

creating a shorter term headwind for sales and earnings.

🏆 TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Breville Group Limited	Consumer Discretionary
CAR Group Limited	Communication Services
Charter Hall Group	Real Estate
Generation Development Group Limited	Financials
HUB24 Limited	Financials
Netwealth Group Ltd.	Financials
Propel Funeral Partners Ltd.	Consumer Discretionary
SGH Limited	Industrials
Technology One Limited	Information Technology

☑️ FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.5661
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 858.84m
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. 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 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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