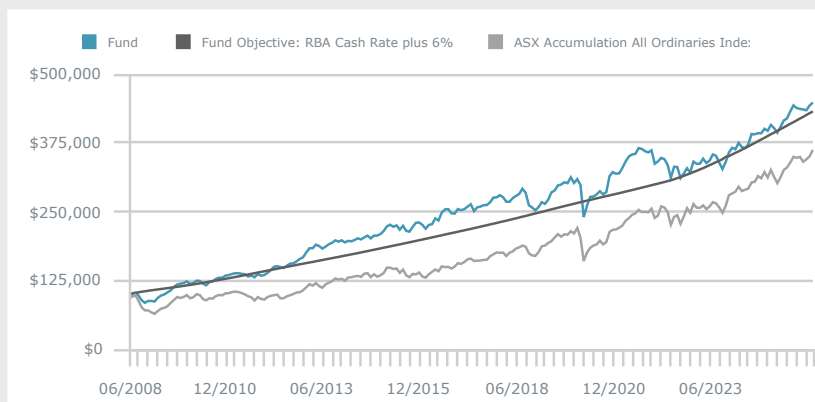


**PENGANA AUSTRALIAN EQUITIES FUND**
**DESCRIPTION**

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% 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.

**PERFORMANCE TABLE**
**NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2026<sup>1</sup>**

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Australian Equities Fund	1.2%	11.6%	10.0%	7.0%	7.4%	8.9%
Fund Objective: RBA Cash Rate plus 6%	0.7%	9.8%	10.1%	8.8%	8.0%	8.6%
ASX Accumulation All Ordinaries Index	3.3%	15.8%	12.1%	10.4%	10.8%	7.6%

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

**TOP HOLDINGS (ALPHABETICALLY)**

Ampcor PLC Shs Chess Depository Interests	Materials
Ampol Limited	Energy
BHP Group Ltd	Materials
Evolution Mining Limited	Materials
Metcash Limited	Consumer Staples
National Australia Bank Limited	Financials
ResMed Inc	Health Care
Stockland	Real Estate
Telstra Group Limited	Communication Services
Westpac Banking Corporation	Financials

**SECTOR BREAKDOWN**

Consumer Discretionary	7.6%
Consumer Staples	4.3%
Energy	3.8%
Financials	22.8%
Health Care	13%
Industrials	2.2%
Materials	24.5%
Real Estate	8%
Communication Services	4.5%
Utilities	2.6%
Cash	6.7%

**CAPITALISATION BREAKDOWN**

ASX 1-50	54.6%
ASX 51-100	21.3%
ASX 101-300	14.2%
All Ordinaries	0.7%
Non ASX	2.6%
Cash	6.7%

**CUSTOM SECTOR BREAKDOWN**

Defensive	53.6%
Financials	14.3%
Consumer Discretionary	7.8%
Resources	17.6%
Cash	6.7%

**STATISTICAL DATA**
**VOLATILITY<sup>3</sup>** 11%

**NUMBER OF STOCKS** 27

**BETA<sup>4</sup>** 0.7

**MAXIMUM DRAW DOWN** -23.1%

## MAINTAINING POSITIVE RETURNS WHILE CALIBRATING FOR RISKS

### COMMENTARY

In a month dominated by reporting season and extreme price reactions, the Fund delivered a **1.2% return**. By way of comparison, the RBA cash rate plus 6% returned approximately 0.7%, while the All Ordinaries Accumulation Index rose 3.3%. Key positives contributors were **BHP, Evolution Mining, NAB** and **Ramsay Healthcare**, which were all up more than 10% in the month.

The market was led up by resources and banks. The top 20 stocks on the ASX rose almost 8%. The portfolio benefited from our holdings in **Evolution Mining** and **BHP** where the copper earnings now surpass the contribution from iron ore. Our **NAB** and **Westpac** positions also performed well with bank net interest margins holding up much better than expected. Credit growth has been good and competitive intensity has dropped again meaning bank earnings remain very dependable albeit not growing particularly fast.

There were some incredible intra-day moves on results days. At Pengana we are looking for evidence of improving returns through higher margins or better capital efficiency. We saw this in **Telstra** with the ultimate proof point delivered in the form of higher dividends and buybacks. **Ramsay Healthcare** was also rewarded as it reached an inflection point achieving margin expansion in the core Australian business and announcing the plan to demerge the French assets. On the negative side **CSL, Credit Corp** and **Maas Group** were all results that were not well received and detracted from performance.

The market volatility provided more opportunities to recycle capital from strong performers to higher upside opportunities. **Aristocrat** and **AUB Group** are two stocks that have been caught up in the AI fear trade. They are very stable businesses with excellent market positions and we have been able to add to our holdings at free cash flow yields of 7% and 10% respectively. We also added industrial exposure by starting to build a position in **Orica**, which is the epitome of a picks and shovels play on global resources demand. Orica is a company transitioning from a cyclical mining explosives business to a high margin mining technology company with durable returns on invested capital and strong free cash flow generation. We continue to take profits in **Evolution Mining** and **Telstra** where strong operating performances were rewarded by the market. The banks are becoming expensive again and we trimmed our holding in **NAB**. We also reduced **Maas Group** where the sale of the construction materials business has left us with exposure to a business with more opaque future cash flows.

Our commitment to high-quality businesses led by proven management teams and supported by resilient cash flows has yielded a productive start to the year. In an environment clouded by short-term “noise” and index-driven volatility, we remain tethered to our absolute-return philosophy, deploying capital only where the risk-adjusted returns are truly compelling.

## FEATURES

APIR CODE	PCL0005AU
REDEMPTION PRICE	A\$ 1.8078
FEES *	Management Fee: 1.025% Performance Fee: 10.25%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 453.86m
STRATEGY INCEPTION DATE	1 July 2008
BENCHMARK	The RBA Cash Rate Target plus Australian equity risk premium.

## FUND MANAGERS



**Rhett Kessler**  
CIO and Senior Fund Manager



**Anton du Preez**  
Senior Fund Manager



**Michael Maughan**  
Senior Fund Manager

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. The benchmark of cash rate plus 6% p.a. is included in the chart as it relates to the Fund's investment objective and performance fee. The Fund may invest up to 100% of its assets in equity securities. The greater risk of investing in equities is reflected in the addition of a margin above the cash rate. 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 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 AUSTRALIAN EQUITIES FUND

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### PENGANA.COM

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