

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.

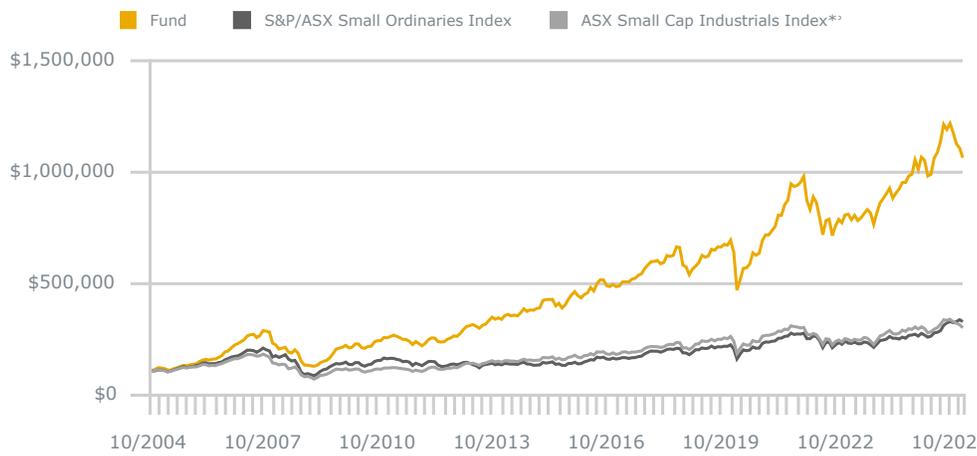
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2026 ¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	15 YEARS P.A.	20 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	-3.9%	1.2%	9.5%	7.7%	9.4%	9.9%	10.5%	11.7%
S&P/ASX Small Ordinaries Index	-2.6%	23%	12.5%	6.6%	9.1%	4.9%	4.7%	5.7%
Outperformance	-1.3%	-21.9%	-3%	1.1%	0.3%	5%	5.8%	6%
ASX Small Cap Industrials Index**	-4.5%	1.1%	6.8%	2.2%	6.3%	6.5%	4.4%	5.2%
Outperformance	0.6%	0.1%	2.8%	5.5%	3.2%	3.5%	6.1%	6.5%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION ²



FEBRUARY REPORT

COMMENTARY

The Fund fell 3.9% in February, outperforming the Small Industrials by 0.6% and underperforming the Small Ordinaries by 1.3%. For the 12 months to February, the Fund was up 1.2%, outperforming the Small Industrials by 0.1% and underperforming the Small Ordinaries by 21.9%.

The phenomenal rise in gold stocks during 2025 boosted the Small Ordinaries, and we remind our investors that we do not invest in that asset class due to the elevated risk. It is also worth noting that whilst the global rout in software stocks impacted our performance over January and February, this was not material from a portfolio perspective given our deliberate diversification across industry sectors.



February saw global markets reasonably firm, notwithstanding weakness in the US, caused primarily by a correction in tech stocks, as investors take a more sober approach to the potential returns on large AI-based capex budgets. Software companies were sold aggressively on fears that AI threatens their long term viability, a picture which remains far from clear. However, elevated valuations provided little protection once the fear kicked in.

The US market fell 0.9%, with NASDAQ down 3.4%. However, other markets, such as the UK (+6.7%) and Japan (+10.4%), were sharply higher as investors shifted out of US equities. US bond markets were firmer, following a correction over Dec/Jan.

The Australian market rose 3.7%, driven by the mining sector, which rallied 9.3% as gold and silver prices enjoyed double-digit gains. Small-cap stocks fell 2.6%, with industrial stocks off 4.5%, driven primarily by weakness in the tech sector. We have been busy with company results and management meetings during the month.

The conflict in Iran began at the end of the month, hence it did not affect price action in February. Whilst this event has potentially dramatic implications for oil prices, inflation, and hence interest rates, we are not heavily exposed to the sector and do not believe it is useful to make definitive predictions at this stage, given the range of potential outcomes.

Our positive contributors in February included:

Wagners (+30%) upgraded its earnings based on robust demand for concrete in the Queensland market, with net migration boosting housing activity. **Aussie Broadband** (+12%) revealed 25% profit growth and upgraded full year expectations. **Imdex** (+12%) also upgraded its earnings outlook after a 32% rise in first-half profits, noting increased confidence in exploration-based products and services, given the recent boom in capital raising by smaller gold companies. This effect also rubbed off on **ALS Corp** (+4%) in the absence of a specific update from the company. **Netwealth** (+5%) grew earnings 20% in the first half and remains well positioned to take further market share over the medium term.

Our negative contributors in February included:

Generation Development (-14%) continued to drift despite hitting profit expectations and growing first half profits by 63%, perhaps on fears AI would impact their business negatively – we believe AI is actually more likely to be an opportunity in this regard. **Zip Co** (-28%) grew earnings 86%. However, the market was disappointed by an increase in reported bad debt statistics, which were largely due to a change in customer mix. However, February was not a month for nuance given global skittishness. **Lovisa** (-23%) reported 20% profit growth. However, there was mild weakness in sales momentum in Australia in a patchy retail environment. **Symal** (-17%) achieved its forecast earnings. However, retraced after the stock had doubled in CY25.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Aussie Broadband Ltd.	Communication Services
Charter Hall Group	Real Estate
Generation Development Group Limited	Financials
Regis Healthcare Ltd.	Health Care

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.3793
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 870.59m
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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