

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.

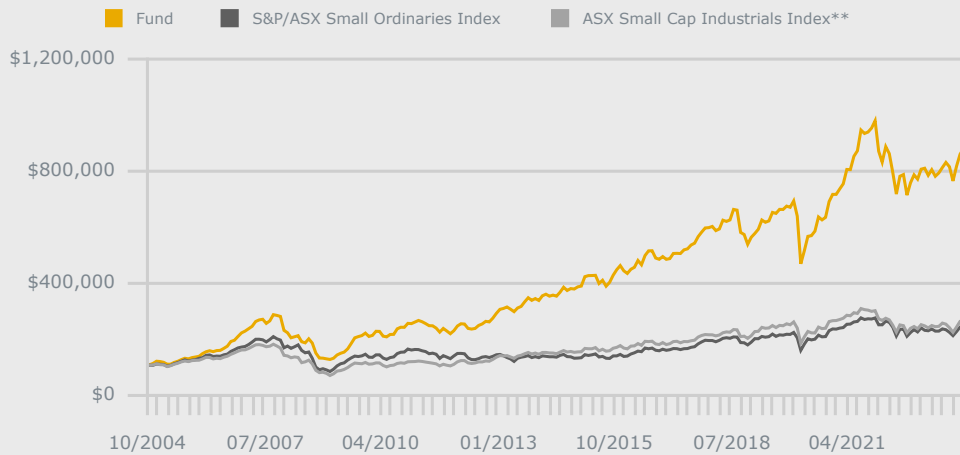
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 29 Feb 2024¹

	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	2.5%	11.5%	7.1%	9.4%	9.9%	14.2%	12.0%
S&P/ASX Small Ordinaries Index	1.7%	7.8%	1.4%	4.4%	6.1%	7.7%	4.7%
Outperformance	0.8%	3.6%	5.7%	5.0%	3.8%	6.4%	7.3%
ASX Small Cap Industrials Index**	3.9%	12.9%	1.1%	4.3%	6.4%	10.0%	5.4%
Outperformance	-1.4%	-1.4%	6.0%	5.1%	3.5%	4.2%	6.7%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



FEBRUARY REPORT

COMMENTARY

The Fund rose 2.5% in February, underperforming the Small Industrials by 1.4% and outperforming the Small Ordinaries by 0.8%. For the 12 months to February, the Fund was up 11.5%, underperforming the Small Industrials Index by 1.4% and outperforming the Small Ordinaries Index by 3.6%.

We recently recorded an [interview](#) between Business Development Associate Lana Ward and Portfolio Manager Ed Prendergast, where they discuss the Fund's strategic insight and resilience amid 2023's market dynamics.

The US market rose 5.2% in February, rounding out a very strong four month bounce from the lows in October 2023 when bond markets collapsed. From the lows, the US market is now up 24%. The Australian market rose 1.0% in February, with industrials outperforming resources stocks. From the lows in October the Australian market has bounced 14% – the primary difference between the Australian and US market is a lack of largecap tech stocks (which have been very strong in the US), and a higher weight to resources, which have only bounced 2.8%. Domestic smallcap stocks saw strong industrials performance and a 4.6% fall in resources stocks due to weaker nickel, lithium and copper prices.

Takeover activity in domestic smallcaps continues with bids in February for Adbri, Ansarada, Altium, APM Human Services, and CSR Ltd (plus Genex in early March).

We were busy with results season, and were happy with most of the outcomes with some exceptions.

Our positive contributors in February included:

Audinate (+40%) posted accelerating revenue and EBITDA growth (up 48% and 137% respectively), which was above expectations. **Gentrack** (+22%) did not post a specific earnings result (September year end), however continued to find favour given its impressive growth profile. **Aussie Broadband** (+19%) released profit growth of 13% with consumer broadband growth rates improving following some interruption during FY23. **Propel Funeral** (+9%) released revenue growth of 23% and profit growth of 19% with acquisitions and price increases offsetting a mild softening in case volumes. **Jumbo Interactive** (+17%) showed revenues up 18% and profits up 16%, and an improved outlook based on improved penetration of online lotto tickets, and a more favourable jackpot profile.

Our negative contributors in February included:

Lifestyle Communities (-14%) fell due to a softening in settlement volumes and a capital raising which surprised the market in the short term. **Kelsian Group** (-16%) released EBITDA growth of 64% which was in line with expectations, however the market was slightly surprised by higher depreciation and interest expense. **NIB Holdings** (-10%) posted 23% profit growth however the underlying operating trends were slightly disappointing compared to market forecasts. **ALS Group** (-6%) drifted due to lower volumes of capital raising from smaller mining companies which creates a funding shortfall for exploration spend. We would anticipate a rebound given the recent gold price rally to all time highs.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group Ltd	Financials
Aussie Broadband Ltd	Communication Services
CAR Group Ltd	Communication Services
EQT Holdings Ltd	Financials
HUB24 Ltd	Financials
Jumbo Interactive Ltd	Consumer Discretionary
Propel Funeral Partners Ltd	Consumer Discretionary
Seven Group Holdings Ltd	Industrials
Webjet Ltd	Consumer Discretionary

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.294
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 737.14m
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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