

**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.

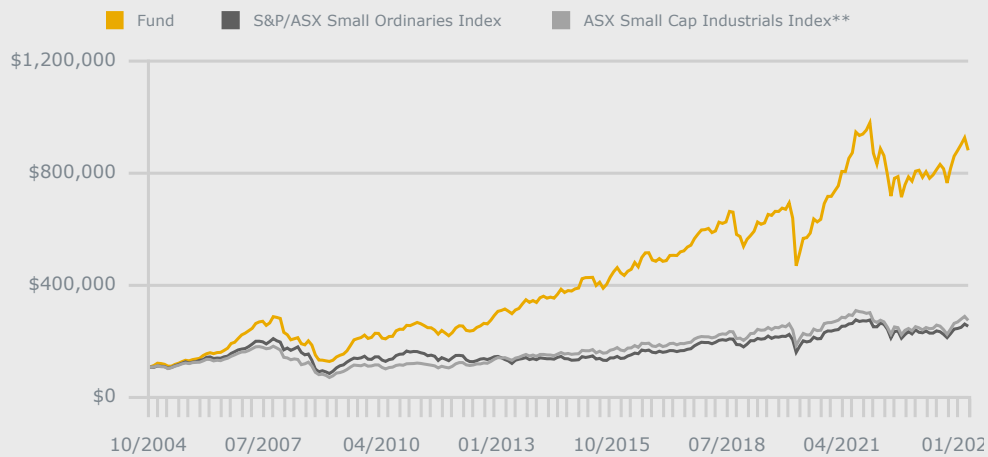
**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2024<sup>1</sup>

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	15 YEARS P.A.	SINCE INCEPTION P.A.
<b>Emerging Companies Fund</b>	-4.9%	9.6%	3.0%	7.1%	9.6%	13.1%	11.8%
<b>S&amp;P/ASX Small Ordinaries Index</b>	-3.1%	7.4%	0.0%	3.9%	6.5%	6.3%	4.8%
<b>Outperformance</b>	-1.8%	2.2%	3.0%	3.2%	3.2%	6.8%	7.0%
<b>ASX Small Cap Industrials Index**</b>	-5.0%	10.4%	-1.3%	2.6%	6.3%	8.3%	5.2%
<b>Outperformance</b>	0.1%	-0.9%	4.4%	4.6%	3.3%	4.8%	6.6%

**PERFORMANCE CHART**

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



## APRIL REPORT

### COMMENTARY

The Fund fell 4.9% in April, slightly outperforming the Small Industrials by 0.1% and underperforming the Small Ordinaries by 1.8%. For the 12 months to April, the Fund was up 9.6%, underperforming the Small Industrials by 0.9% but outperforming the Small Ordinaries Index by 2.2%.

After a remarkable five month rally, global markets corrected sharply in April as the expectation of rate cuts waned. The US market fell 4.2% as 10 year bond yields rose from 4.2% to 4.6%, edging towards levels which precipitated the dramatic market correction in October last year. The Australian market fell by 3.0% with interest rate sensitive sectors such as property (down 7.8%) underperforming and mining stocks rallying as the gold price reached new highs.

Markets clearly remain tied to the outlook for interest rates. While inflation has fallen from its peaks in 2022, there remains the risk that wage rises keep pressure on prices, especially given tight labour markets in both the US and Australia. Further, there seems to have been little economic damage caused by the rate rises so far, which in itself may suggest that rate cuts would only serve to boost demand with attendant inflationary effects.

#### Our positive contributors for April included:

**Equity Trustees (+3%)** improved after hosting a well-attended investor day that helped demonstrate the resilience of the company's earnings. Equity Trustees receives little broker attention and accordingly is underappreciated.

**Genex Power (+10%)** entered a binding transaction with J-Power to acquire the company at 27.5 cents.

**Aussie Broadband (+4%)** continued to rally after posting a strong result during the February reporting season. The share price will remain hostage in the shorter term to news flow relating to their takeover target SuperLoop Limited, which they own 11.9% of.

**Praemium (+11%)** released their March quarterly result which demonstrated an improvement in fund flows to their platform.

#### Our negative contributors for April included:

**Lifestyle Communities (-23%)** continued to drift lower as the market digests their surprise March capital raising. We did materially lighten our holding in the company at the beginning of the month before the share price fell.

**Charter Hall Group (-13%)** reacted negatively to rising bond yields. As a fund manager of property Charter Hall is well placed to strongly grow funds under management when investor appetite returns to the sector.

**Chrysos Corp (-17%)** fell after reporting delays in the commissioning of their contracted PhotonAssay machines with mine owners. We have been reducing our holding in the company over the last quarter and now no longer own it.

**Australian Clinical Labs (-10%)** has continued to underperform after posting a disappointing profit result during February. Inflationary cost pressures and a downturn in referrals from doctors have been contributing factors.

## 🏆 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\$ 2.24
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 725.36m
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

<sup>1</sup> 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.

<sup>2</sup> 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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### PENGANA.COM

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