

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.

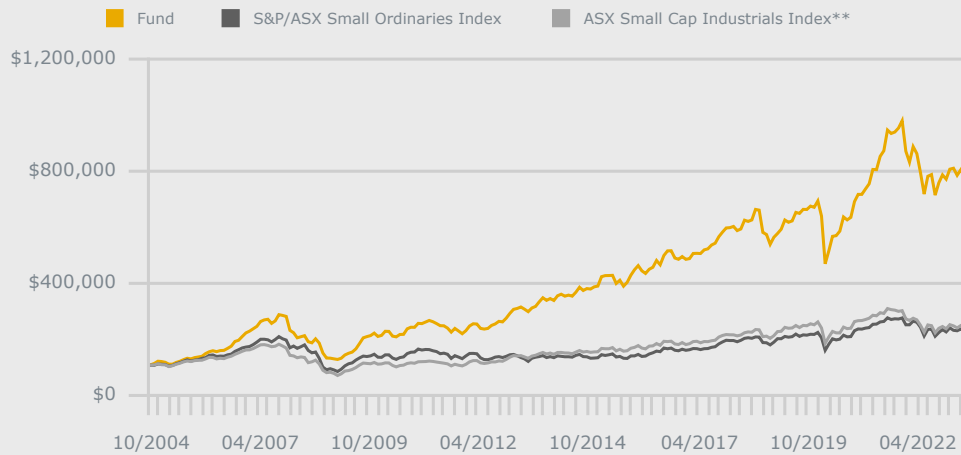
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Jun 2023¹

	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	1.5%	10.6%	11.8%	5.1%	10.4%	10.1%	11.7%
S&P/ASX Small Ordinaries Index	0.0%	8.4%	5.2%	2.3%	6.8%	2.5%	4.4%
Outperformance	1.5%	2.1%	6.6%	2.8%	3.6%	7.6%	7.3%
ASX Small Cap Industrials Index**	0.5%	9.5%	3.4%	1.7%	6.6%	5.3%	4.8%
Outperformance	1.0%	1.1%	8.3%	3.3%	3.8%	4.8%	6.9%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



JUNE REPORT

COMMENTARY

The Fund rose 1.5% in June, outperforming the Small Industrials by 1.0% and outperforming the Small Ordinaries by 1.5%. For the 12 months to June, the Fund was up 10.6%, outperforming the Small Industrials Index by 1.1% and outperforming the Small Ordinaries Index by 2.1%.

Markets in June were reasonably strong, with the US up 6.5% and China rising 4.5%. This was despite further “surprise” interest rate increases and perhaps reflects the hope that inflation has peaked. Markets remain balanced between the negatives of rapid rate rises and the potential for a hard economic landing weighed against the positives that we may be near the end of the tightening cycle, that inflation will temper, and that the economic outcome will be mild. Inflation remains the obvious wild card, with the potential for wage based secondary inflation still presenting a challenge to policy makers and central banks.

Our positive contributors in June included:

PSC Insurance (+18%) and **AUB** (+16%) rose as the market digests the likelihood of further dramatic rises in the price of insurance, following a range of natural disasters and a tight reinsurance market. **Infomedia** (+14%) moved strongly with no obvious catalyst other than perhaps the sense that underappreciated tech stocks are likely takeover targets following bids for stocks such as Limeade and Tesserent at very large premia. **Pinnacle Investments** (+12%) continued to bounce from a dramatic sell-off in the March quarter where we believe it was oversold. **Seven Group** (+5%) had a strong end to the financial year, during which it has risen by 48% due to its exposure to non-residential construction and mining production, both of which have a positive outlook.

Our negative contributors in June included:

EBOS (-15%) lost a major contract with Chemist Warehouse, resulting in us selling out of the stock due to concerns that the negative share price reaction may not have fully factored in the disruption to earnings. **Freightways** (-8%) faded as the NZ economic outlook continues to worsen, vindicating our decision to lighten the position. **Ardent Leisure** (-9%) and **Webjet** (-6%) were both weak on the basis of softer consumer demand for domestic travel due to higher interest rates – we believe the long term growth opportunities far outweigh the shorter term potential for earnings pressure. **Genex** (-14%) was sold down as a major shareholder exited the stock aggressively near June 30.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group	Financials
Carsales Com LTD	Communication Services
EQT HOLDINGS LTD	Financials
Hansen Technologies	Information Technology
Lifestyle Communities	Real Estate
NIB Holdings	Financials
Seven Group Holdings	Industrials
Steadfast	Financials
Webjet	Consumer Discretionary

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.1545
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 677.74m
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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Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services license number 226566) is the issuer of units in the Pengana Emerging Companies Fund (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund. An investment in the fund is subject to investment risk including possible delays in repayment and loss of income and principal invested.