

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.

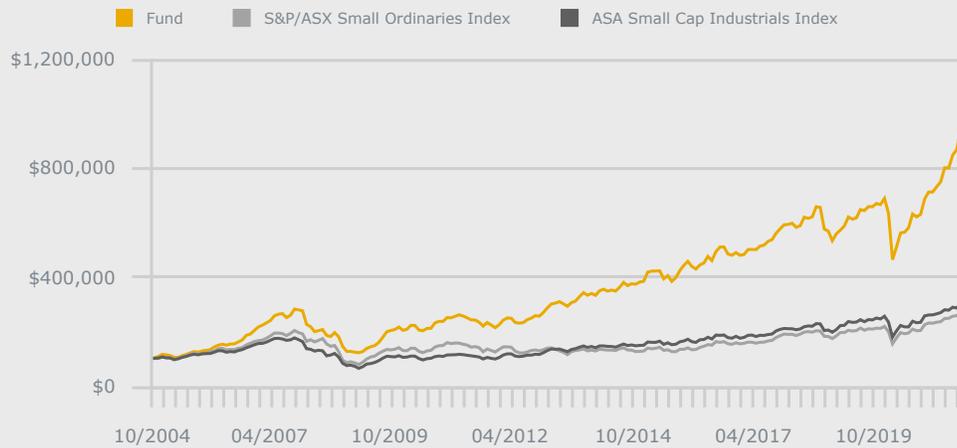
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2021¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	-1.3%	49.6%	12.3%	12.7%	15.5%	14.1%
S&P/ASX Small Ordinaries Index	-2.1%	30.4%	9.4%	10.2%	7.7%	5.9%
Outperformance	0.8%	19.2%	2.9%	2.5%	7.8%	8.1%
ASA Small Cap Industrials Index**	-1.3%	29.1%	9.5%	9.8%	11.6%	6.7%
Outperformance	0.0%	20.6%	2.8%	2.9%	3.8%	7.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



SEPTEMBER REPORT

COMMENTARY

The fund fell 1.3% in September, in line with the Small Industrials and outperforming the Small Ordinaries by 0.8%. For the 12 months to September, the Fund was up 49.6%, outperforming the Small Industrials Index by 20.6% and outperforming the Small Ordinaries Index by 19.2%.

Breaking a long upward trend, markets were weak in September with a range of issues distracting investors: the near-collapse of major Chinese developer Evergrande, concerns over the US debt ceiling, shortages in energy, supply chain disruptions, and a rise in bond yields as the US warned of a waning QE program. This drove the US market down 4.7%, and the MSCI World Index down 3.5%.

The Australian market fell 1.9% with a wide dispersion in performance by sector. Energy stocks rose 16.7% due to shortages, while mining stocks fell 9.3% due mainly to lower iron ore prices. Stocks that have suffered from the border closures such as Star Entertainment, Flight Centre, Webjet, Helloworld, etc rallied strongly following the announcement of the likely opening of international borders by November.

Our best-performing stocks in September were: **Lifestyle Communities** (+13%) and **Johns Lyng** (+5%) rallied following a weaker August, with the high-quality earnings profiles largely unaffected by the current uncertainty. **Aussie Broadband** (+22%) reacted well to a \$100m capital raising with the implied likelihood of a meaningful strategic acquisition. **Technology One** (+15%) was re-rated following the acquisition of education software company Scientia which enhances the company's opportunity in the UK. **Integral Diagnostics** (+8%) recovered from a sell-off after its result in August, which looked like an over-reaction to us at the time.

Our key detractors in September were: **Uniti Wireless** (-11%) fell following the announcement of an insider trading case being brought against a director relating to an unrelated company. **Hansen Technologies** (-10%) was sold down following the withdrawal of a takeover proposal by BGH Capital – allowing us to boost our investment at more favourable levels.

Financial stocks, with earnings leveraged to the markets, underperformed due to the market volatility – for example, **MA Financial** (-10%), **Pinnacle Investments** (-9%), and **Netwealth** (-7%).

TOP HOLDINGS (ALPHABETICALLY)

AUB Group	Financials
Carslaes Com LTD	Communication Services
Charter Hall Group	Real Estate
City Chic Collective	Consumer Discretionary
Hansen Technologies	Information Technology
Healius Limited	Health Care
Johns Lyng Group Ltd	Industrials
Lifestyle Communities	Real Estate
Pinnacle Investment Management	Financials
Uniti Wireless Ltd	Communication Services

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.9857
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 892.9m
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. 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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