

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.

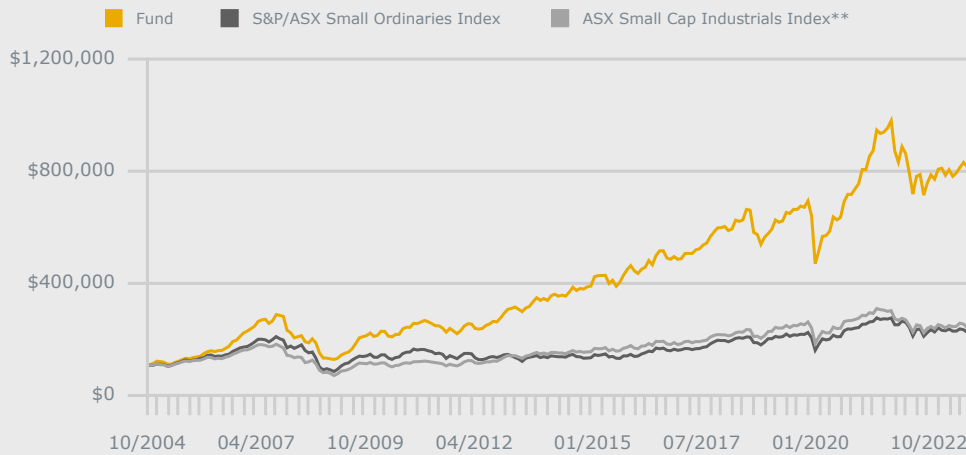
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 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	-1.9%	14.3%	9.3%	4.3%	9.4%	10.5%	11.7%
S&P/ASX Small Ordinaries Index	-4.0%	6.8%	2.6%	1.6%	5.1%	3.7%	4.3%
Outperformance	2.2%	7.4%	6.7%	2.7%	4.3%	6.8%	7.4%
ASX Small Cap Industrials Index**	-5.0%	8.4%	0.5%	0.7%	5.1%	5.4%	4.7%
Outperformance	3.2%	5.8%	8.8%	3.7%	4.3%	5.1%	7.0%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



SEPTEMBER REPORT

COMMENTARY

The Fund fell 1.9% in September, outperforming the Small Industrials by 3.2% and outperforming the Small Ordinaries by 2.2%. For the 12 months to September, the Fund was up 14.3%, outperforming the Small Industrials Index by 5.8% and outperforming the Small Ordinaries Index by 7.4%.

The US market fell 4.8% in September, following a weak August, due to concerns over inflation and interest rates. Bond yields spiked, and the Fed indicated that future rate rises are likely to be needed. Further, concerns over China's economy, especially its fragile property market raised concerns over global growth. The domestic market fell 2.8% over the month, and smallcap stocks fared worse posting a drop of 4.0%. The resources sector was insulated from the shorter term weakness partly in response to a 7% rise in oil prices, while interest rate sensitive sectors such as property underperformed markedly. The A\$ drifted further due to concerns over global growth (esp China) and the fact that Australian interest rates have not risen as fast as other regions such as the US and Europe.

Our positive contributors in September included:

Aussie Broadband (+15%) resumed its rise following a strong bounce in August after revealing a strong earnings result – the stock is now up over 50% in two months after being well oversold. **Seven Group** (+12%) continues to rally following consistently solid earnings outcomes, the potential recovery in Boral's margins, and buoyant non-residential construction activity. **Gentrack** (+7%) has extended its strong gains as the earnings recovery potential finds a new audience now the company is valued at over \$400m. **EQT Group** (+5%) is a relatively defensive financial stock, showing medium term earnings growth potential through outsourced trustee operations. **HUB 24** (+1%) is another relatively defensive financial services stock with very impressive longer term earnings growth potential.

Our negative contributors in September included:

Praemium (-17%), in contrast to HUB 24, has been caught up in the shorter term overall market volatility, which we believe overlooks a superior earnings growth opportunity. **Ardent Leisure** (-13%) has been volatile due to its exposure to discretionary spending which, in the short term, potentially provides a headwind to the longer term recovery. **Charter Hall** (-12%) is highly exposed to property values, and the S&P Property Index fell 8% on higher bond rates. **NIB Holdings** (-9%) and **Lifestyle Communities** (-7%) have defensive earnings streams, which are often marked down in stock market corrections which are precipitated by higher bond rates.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group Ltd	Financials
carsales.com Ltd	Communication Services
EQT Holdings Ltd	Financials
Hansen Technologies Ltd	Information Technology
Lifestyle Communities Ltd	Real Estate
Propel Funeral Partners Ltd	Consumer Discretionary
Seven Group Holdings Ltd	Industrials
Webjet Ltd	Consumer Discretionary
Worley Ltd	Industrials

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.1129
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 672.41m
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.

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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.