

PENGANA HIGH CONVICTION PROPERTY SECURITIES FUND

DESCRIPTION

A Property Fund focussed on capital security, income yield, and sustainable growth.

The Fund believes each security has an underlying or intrinsic value and that securities become mispriced at times relative to their value and each other.

The Fund seeks to exploit such market inefficiencies by employing an active, value based investment style to capture the underlying cashflows generated from real estate assets and/or real estate businesses.

The Fund believes that responsible investing is important to generate long term sustainable returns. Incorporating ESG factors along-side financial measures provides a complete view of the risk/return characteristics of our property investments.

The Fund is benchmark unaware. All positions are high conviction and assessed on a risk-reward basis, resulting in a concentrated portfolio of 10-20 securities.

STATISTICAL DATA

VOLATILITY³

NUMBER OF STOCKS 15

BETA⁴

MAXIMUM DRAW DOWN -31.4%

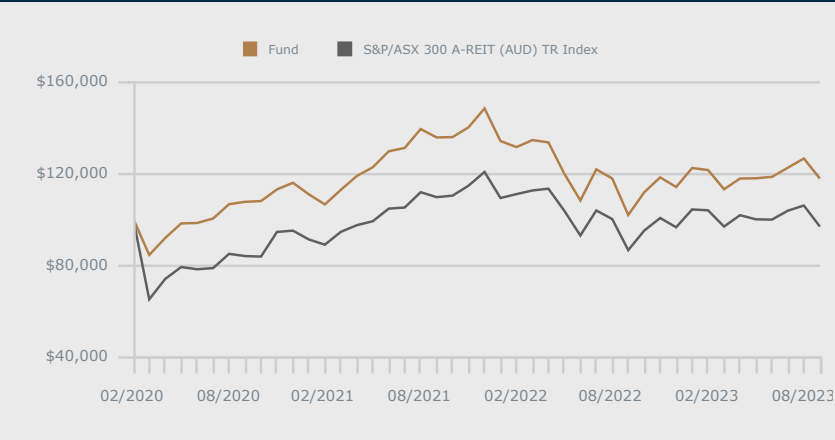
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2023¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Property Securities Fund	-6.9%	15.6%	-6.9%	3.1%	4.6%
S&P/ASX 300 A-REIT (AUD) TR Index	-8.7%	11.9%	-6.0%	4.9%	-1.0%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Arena REIT	Real Estate
Goodman Group	Real Estate
NEXTDC Ltd	Information Technology
Scentre Group	Real Estate
Stockland	Real Estate

SECTOR BREAKDOWN

Retail REITs	4.1%
Diversified REITs	35.8%
Specialized REITs	5.1%
Industrial REITs	32.6%
Real Estate Management & Development	10.1%
IT Services	5.2%
Health Care REITs	4.8%
Cash	2.2%

THE AREIT SECTOR IN A HIGHER-FOR-LONGER INTEREST RATE ENVIRONMENT

COMMENTARY

The AREIT sector fell -8.66% in September, leading to a material 5.80% underperformance against the broader equities market. Macro factors weighed on performance with the Australian 10-year bond yields rising from 4.0% to 4.5% as markets digested the possibility that local and global rates would be 'higher for longer'.

In comparison, the Fund returned -6.93%, outperforming the benchmark by +1.73%. This was attributed to our large position in non-index stocks, with the majority driven by secular trends, such as healthcare, data centers, and retirement living.

The yield-sensitive AREIT sector was negatively impacted during the month with Australian CPI back up at 5.2% and a US strong job print meaning that rates will likely stay higher for longer in order to keep inflation at bay.

However, we believe the sector is looking attractive for the following reasons;

1. The sector is providing an attractive average yield of 6.3%, and trading at large discounts to valuations (-16% discount to NAV and -21% discount to NTA ex GMG and CHC).
2. The higher for longer has already been factored into REIT's earnings growth with the majority of REITs increasing their interest rate hedging profile from 60% to now over 70%.
3. In addition, property trust earnings, which are based on contracted leases, can prove relatively more resilient as volatility increases due to geopolitical risks and a softening economy.

The sector remains volatile and very much driven by the steepness of the yield curve. Whilst we believe rates should stabilise from here, we expect inflation to remain elevated and rate cuts are unlikely in the near future.

We continue to favour stocks with strong balance sheets and in sub-sectors that have strong operational metrics, providing earnings growth in order to offset the rise in the cost of capital and inflation.

FEATURES

APIR CODE	PCL8246AU
REDEMPTION PRICE	A\$ 0.9991
FEES *	Management Fee: 0.70% Performance Fee: 15%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 15.86m
STRATEGY INCEPTION DATE	11 March 2020
BENCHMARK	S&P/ASX 300 A-REIT Total Return Index

FUND MANAGERS



Amy Pham
Portfolio Manager



Jade Ong
Investment Specialist

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. The Fund inceptioned on March 11th 2020. Index performance calculations include a complete month's performance for March 2020. 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 11 March 2020.

3. Annualised standard deviation since inception.

4. Relative to S&P/ASX 300 A-REIT TotalReturn Index.

* For further information regarding fees please see the PDS available on our website.

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