

PENGANA
CAPITAL GROUP

MONTHLY REPORT
SEPTEMBER 2026

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.

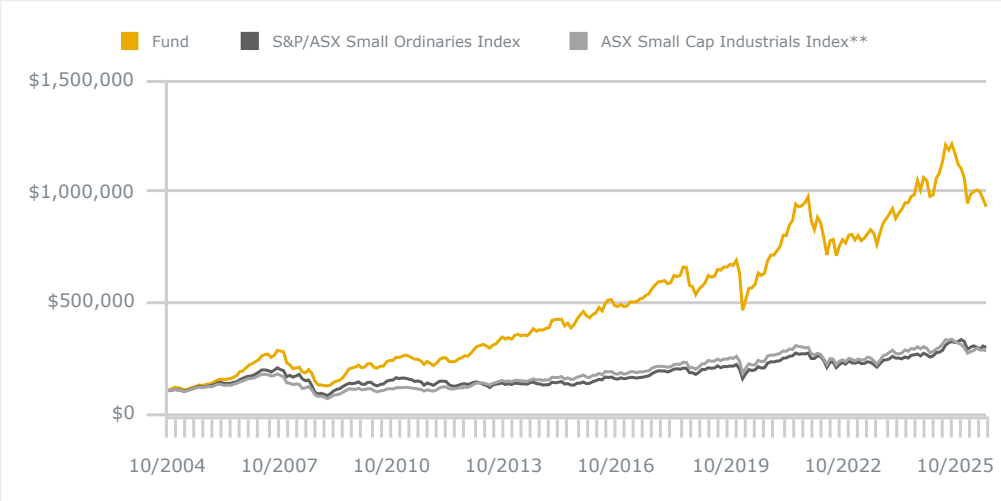
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Sep 2026[1]

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	15 YEARS P.A.	20 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	-3.7%	-21.6%	4.7%	0.0%	6.2%	10.1%	8.8%	10.7%
S&P/ASX Small Ordinaries Index	-2.3%	-6.7%	10.4%	2.2%	6.1%	5.8%	3.7%	5.1%
Outperformance	-1.3%	-14.8%	-5.7%	-2.2%	0.1%	4.2%	5.1%	5.6%
ASX Small Cap Industrials Index**	-1.3%	-14.4%	6.0%	-1.3%	4.1%	7.1%	3.8%	4.8%
Outperformance	-2.4%	-7.2%	-1.3%	1.3%	2.0%	2.9%	5.1%	5.9%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]



SEPTEMBER REPORT

COMMENTARY

The Fund fell 3.7% in September, underperforming the Small Industrials by 2.4% and underperforming the Small Ordinaries by 1.3%. For the 12 months to September, the Fund was down 21.6%, underperforming the Small Industrials by 7.2% and underperforming the Small Ordinaries by 14.8%.

While the 12-month performance is below what we would hope, we note that over 22 years our Fund has outperformed the industrials by 6% p.a, and there are bound to be shorter-term periods where performance varies from the index negatively, which reflects market conditions and not any change in the way we invest.

In September, the US market fell 0.5% despite a mild rally in the NASDAQ, as 10-year bonds continued to slide, with rates now above 5%, which is a near 20-year high. Bond rates globally are rising on fears that inflation is lingering, and ballooning debt has left the global system more finely vulnerable to rising interest rates. As the Iranian conflict drags on, oil prices rose 14%, closing above US$100/bl for the first time in 5 months, adding to the inflationary fears.

Australian stocks fell 2.4% as our bond rates also rose, reaching 5.3%. As opposed to the US market, tech stocks were our worst performers (down 10% in September) as higher bond rates impacted the valuations of longer dated growth stocks. Mining stocks underperformed, falling 7%, due to a similar fall in gold prices.

Our best contributors in September included:

Ventia Services (+12%) bounced after a relatively soft prior two months, after posting in late August a result showing earnings per share growth of 14%. **Cuscal** (+11%) rallied further after its August profit release revealed profits up 20% and a solid medium-term outlook. **Wagners** (+8%) has shown spectacular returns over the past two years, rising over 400% due to strong demand for concrete in SE Queensland, and the expectation of a further boost from pre-Olympics spend in Brisbane ahead of the 2032 games (we have recently taken profits). **Channel Infrastructure** (+7%) owns high-quality assets which also stand to benefit from the need for fuel certainty in New Zealand due to recent oil market disruptions. **Mader Group** (+6%) bounced after a disappointing price drift in the prior 2 months, where a short-term focused market has penalised the stock for higher costs into next year.

Our detractors in September included:

Regis Healthcare (-29%) was heavily sold down after a disappointing federal funding decision, which makes it difficult for the company to offset wage inflation in their aged care facilities. This development is a reminder of the high reliance on government funding, which we had expected to be more favourable given the chronic shortage of beds, and we have significantly reduced our holding to reflect this risk. The financial platforms **Netwealth** (-21%), **HUB 24** (-16%) and **Generation Development** (-13%) were all weak in September, which impacted our performance. The sector was hit by higher bond rates dragging down valuations. Further, flows into the platform industry lagged expectations in the June quarter as financial planners and investors were distracted by the May budget tax changes and impact, which we believe is transitory, but the current market is much shorter term focussed. We see remarkable growth ahead for these companies, and are reminded of prior periods when the market was too heavily focused on short-term trends, which created very attractive buying opportunities. **ALS Group** (-6%) faded in line with lower gold prices.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Charter Hall Group	Real Estate
Cuscal Limited	Financials
Freightways Group Limited	Industrials
Generation Development Group Limited	Financials

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A$ 2.0655
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
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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