

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.

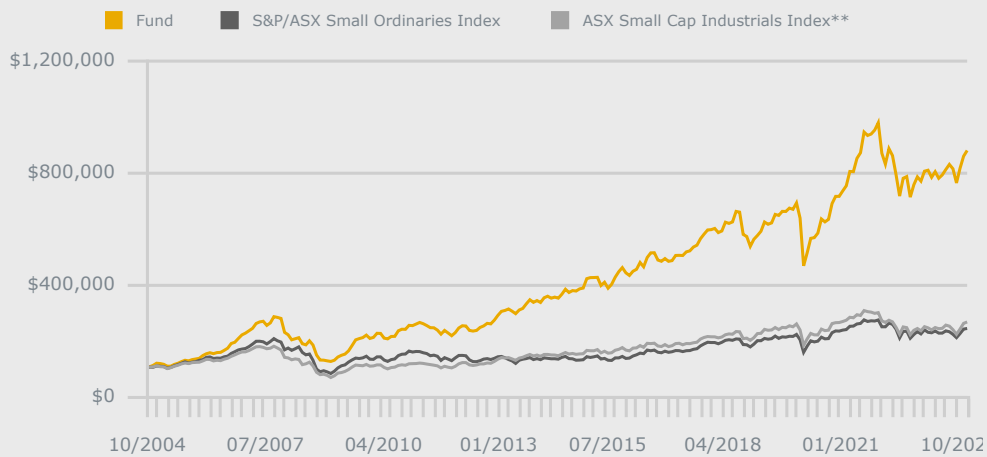
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jan 2024¹

	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	2.4%	9.2%	7.1%	9.4%	10.1%	13.8%	11.9%
S&P/ASX Small Ordinaries Index	0.9%	2.1%	1.3%	5.4%	6.4%	7.1%	4.7%
Outperformance	1.5%	7.1%	5.8%	4.0%	3.7%	6.7%	7.3%
ASX Small Cap Industrials Index**	1.9%	6.8%	0.3%	4.9%	6.4%	8.9%	5.2%
Outperformance	0.5%	2.4%	6.9%	4.5%	3.7%	4.9%	6.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



JANUARY REPORT

COMMENTARY

The Fund rose 2.4% in January, outperforming the Small Industrials by 0.5% and outperforming the Small Ordinaries by 1.5%. For the 12 months to January, the Fund was up 9.2%, outperforming the Small Industrials Index by 2.4% and outperforming the Small Ordinaries Index by 7.1%.

The US market rose 1.6% in January in an extension of the very positive move in December, driven by optimism over inflation and interest rates. Since the October market lows, when US 10-year bond yields spiked to nearly 5%, yields have retraced to below 4%, and the US stock market has risen a remarkable 18%. While the Fed has poured water on the hopes of short-term rate cuts, the market is clearly embracing the notion that rates have peaked, and inflation is largely under control. The fluidity of the situation over the past two years is a reminder that things can change quickly, so we remain reasonably conservative in our assumptions over inflation and pricing power when valuing companies.

Our positive contributors in January included:

Megaport (+38%) released its Q2 results, which showed 31% revenue growth and strong profitability. The market was spooked by a mildly soft Q1 result in October, and this updated release removed fears of a downturn. **AUB Group** (+11%), **NIB Holdings** (+10%), and **EQT Holdings** (+8%) bounced following a marked underperformance in the strong December rally – presumably catching up as December's market was driven by lower-quality stocks. **Jumbo Interactive** (+13%) rallied as the lotto jackpot hit \$200 bringing renewed interest from occasional players.

Our negative contributors in January included:

Perenti (-22%) fell away due to weakness in the nickel price, and the announced closure of Independence Group's Cosmos mine where Perenti provides contract mining services. **Chrysol** (-17%) is a small investment for us and has risen 174% in the past 12 months. The stocks retraced as the company announced a slight delay in the deployment of its photon assay equipment – an event that we do not believe changes the fundamental value of the opportunity. **Worley** (-15%) retraced as press reports emerged of a subcontractor in Ecuador being charged with corruption, which Worley emphatically denies being a party to. **Cosol** (-7%) is a very small investment for us, and, given its low liquidity can move in the absence of news due to shorter-term slows in the stock. **Seven Group** (-2%) drifted as the market focussed on stocks with stronger leverage to lower expected interest rates.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group Ltd	Financials
Aussie Broadband Ltd	Communication Services
CAR Group 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

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.2384
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 718.3m
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

PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com



PENGANA.COM

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.