

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.

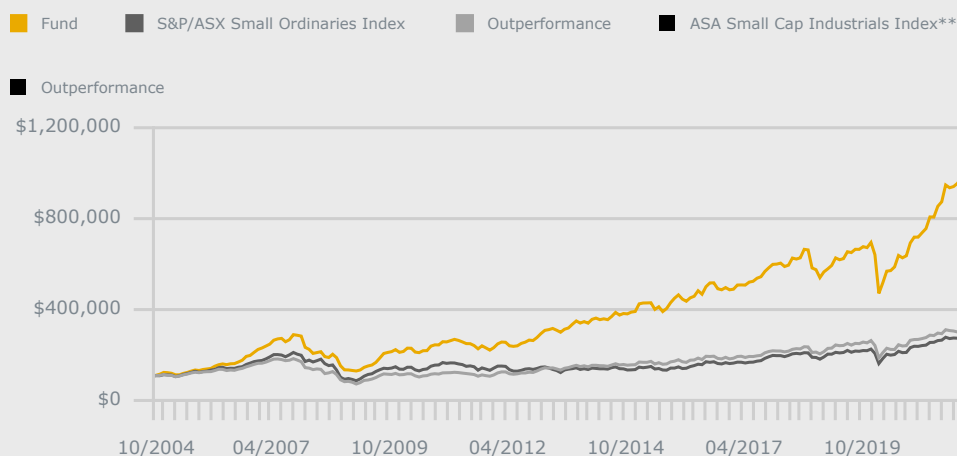
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Mar 2022¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	6.7%	17.7%	14.5%	12.0%	13.4%	13.3%
S&P/ASX Small Ordinaries Index	5.3%	9.7%	9.6%	9.9%	6.0%	5.6%
Outperformance	1.5%	8.0%	4.9%	2.1%	7.4%	7.7%
ASA Small Cap Industrials Index**	3.0%	0.0%	6.5%	7.7%	8.5%	5.9%
Outperformance	3.8%	17.7%	8.0%	4.3%	4.9%	7.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



MARCH REPORT

COMMENTARY

The Fund rose 6.7% in March, outperforming the Small Industrials by 3.8% and outperforming the Small Ordinaries by 1.5%. For the 12 months to March, the Fund was up 17.7%, outperforming the Small Industrials Index by 17.7% and outperforming the Small Ordinaries Index by 8.0%.

Below is a recording of our recent webinar in which Senior Portfolio Manager Ed Prendergast provides performance, portfolio, and stock-specific updates for the Fund. Financial planners may also complete a short questionnaire available [HERE](#) for CPD points.



Markets bounced in March after two poor months driven by strength in commodity markets and encouraging earnings reports from the Q4 reporting season in the US. This strength was despite the obvious dislocation from the Russia/Ukraine conflict, and further evidence of higher inflation and interest rate rises. Neither situation (Russia or inflation) is settled so will remain a source of focus and volatility for some time.

The Australian sharemarket rose by 7.3%, which was well ahead of other global markets (US up 3.5%). This was due to a 10% rise in mining and bank stocks. Smallcap stocks lagged (rising 5.3%) with resources companies again outperforming.

Our key positive movers in March were:

Uniti Group (+44%) received two takeover offers. The stock had curiously fallen heavily in February due to a minor disruption to earnings growth, which enabled us to increase our position at highly favourable prices. The stock is our largest position, hence a key driver of shorter-term performance. **Hansen Technologies** (+17%) and **Technology One** (+16%) both bounced after being oversold in Jan/Feb – caught up with the global rout in higher risk tech stocks during the prior volatility. **Johns Lyng Group** (+14%) rallied as the disastrous floods in NSW created opportunities for its catastrophe response teams. **Australian Clinical Labs** (13%) was another stock that bounced following a poor price trend in Jan/Feb. Overall the March quarter was especially volatile in our sector which created wider swings in prices based on shorter-term emotions rather than genuine changes in the outlook for specific companies.

Our key negative movers in March were:

City Chic (-13%) continued to slide as investors questioned the recent build-up in inventories. We have a small position in the stock, and believe the inventory build is reasonable given the damaged supply chains, however, volatile markets often shoot first, and ask questions later. **PSC Insurance** (-8%) retraced following a capital raising to fund future acquisition opportunities – a wise long-term strategy that often creates short-term indigestion. **Capitol Health** (-5%) drifted following a solid result in February, with no discernible catalyst other than selling pressure in a relatively illiquid stock. **IPH Group** (-4%) relies heavily on billing in USD hence fell back as the A\$ rallied 3% during March.

🏆 TOP HOLDINGS (ALPHABETICALLY)

AUB Group	Financials
Aussie Broadband Pty Ltd	Communication Services
Carsales Com LTD	Communication Services
Charter Hall Group	Real Estate
EBOS Group Ltd	Health Care
EQT HOLDINGS LTD	Financials
Hansen Technologies	Information Technology
Healius Ltd	Health Care
MA Financial Group Ltd	Financials
Uniti Wireless Ltd	Communication Services

☑️ FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.7501
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 855.45m
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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