

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.

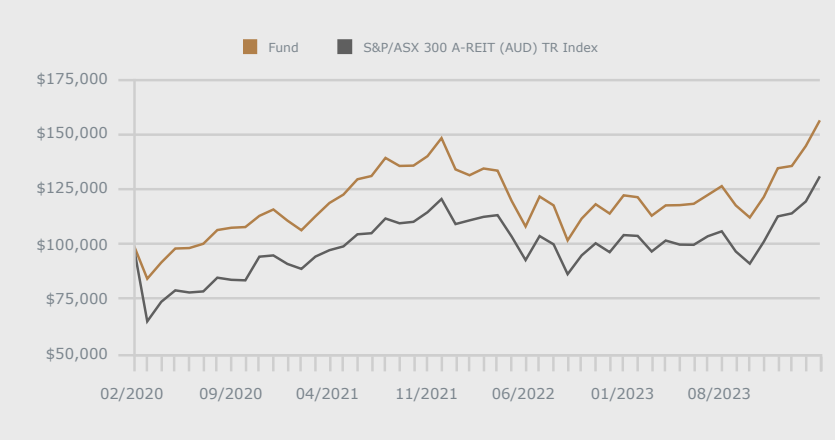
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Mar 2024¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Property Securities Fund	8.1%	38.4%	7.8%	11.5%	11.5%
S&P/ASX 300 A-REIT (AUD) TR Index	9.6%	35.4%	7.9%	11.5%	6.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Goodman Group	Real Estate
Ingenia Communities Group	Real Estate
National Storage REIT	Real Estate
Scentre Group	Real Estate
Stockland	Real Estate

SECTOR BREAKDOWN

Retail REITs	20.6%
Diversified REITs	16.3%
Specialized REITs	6.9%
Industrial REITs	37%
Real Estate Management & Development	1.8%
IT Services	3.1%
Health Care REITs	3.2%
Residential REITs	5.2%
Capital Markets	2.7%
Cash	3.1%

STATISTICAL DATA

VOLATILITY³ 21.5%

NUMBER OF STOCKS 14

BETA⁴ 0.73

MAXIMUM DRAW DOWN -31.4%

NORMALITY RETURNS AS TRANSACTIONS, M&A AND DEBT ISSUANCE PICKS UP

COMMENTARY

A-REITs performed exceptionally well through the month of March, delivering a +9.56% return and outperforming the broader equities market by +6.26%. This was driven by the view that rates have peaked, together with the continued strong performance from Goodman Group (+13.1%) following its FTSE EPRA NAREIT index inclusion on 18 March.

As a comparison, the Fund returned +8.07% over the month, underperforming the benchmark by 1.49%, mainly as a result of the Fund's significant allocation to non-index stocks.

For the March quarter, the Fund returned +16.19%, in line with the benchmark. For the 1 year, the fund returned 38.38%, outperforming the benchmark by 3.03%.

Portfolio Manager Amy Pham was recently featured in an episode of the 'Inside the Rope' Podcast with Koda Capital Adviser & Partner David Clark. During the episode, David and Amy discuss the changing property investment scene amidst fluctuating interest rates and remote work trends. You can access the full episode [here](#).

With rates stabilising, we are starting to see an increase in transaction volumes with \$2.2bn in assets changing hands including the recent sale of Mirvac Wholesale Office Fund's 50% stake in 255 George Street at 9% below book value to Singaporean Keppel REIT for A\$364m. This trade is important for several reasons; 1) it is the first major transaction that has occurred in the A-grade office sector in Australia in a long time; 2) the investor is institutional and 3) the transaction sets a supportive backdrop to the intended partial sell down of Mirvac's 55 Pitt Street development.

M&A activity continued during the month with **Bunnings Warehouse Trust (BWP)** progressing its acquisition of **Newmark Property REIT (NPR)**. **Charter Hall Group (CHC)** and its managed vehicle **Charter Hall Retail Trust (CQR)** also jointly acquired a 14.8% strategic stake in **Hotel Property Investments (HPI)**


March also saw a return of bond issuance with **Stockland Group (SGP)** and **Region Group (RGN)** raising \$400m and \$300m respectively.

So where to from here – how much more is in the tank for REITs? We believe sector outperformance still prices in improving NTA and earnings momentum, which continue to rely on a fall in interest rate expectations.


Strong economic data from the US and the RBA's March 2024 Financial Stability Review highlight the resilience of most borrowers, who are able to continue to service their debts and other essential spending notwithstanding the recent rate hikes. This points to a higher for longer thesis, which pans well for the Fund's strategy that does not rely on rate cuts and continues to favour companies with a strong balance sheet and high visibility in earnings growth.

☑ FEATURES	
APIR CODE	PCL8246AU
REDEMPTION PRICE	A\$ 1.3053
FEES *	Management Fee: 0.70% Performance Fee: 15%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 20.92m
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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