

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.

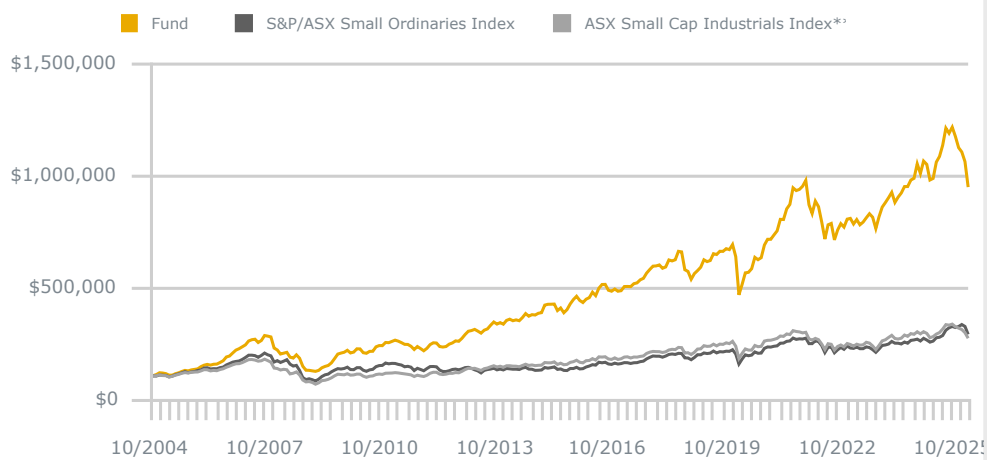
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Mar 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	-10.7%	-3.2%	6.6%	4.7%	7.8%	8.9%	9.6%	11.1%
S&P/ASX Small Ordinaries Index	-11%	13.7%	8.5%	4%	7.3%	4.1%	3.7%	5.1%
Outperformance	0.2%	-16.9%	-1.9%	0.7%	0.5%	4.8%	5.9%	6%
ASX Small Cap Industrials Index**	-8.4%	-0.8%	4.7%	0.0%	4.7%	5.7%	3.7%	4.8%
Outperformance	-2.3%	-2.4%	1.9%	4.7%	3.1%	3.2%	5.9%	6.3%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION ²



MARCH REPORT

COMMENTARY

The Fund fell 10.7% in March, underperforming the Small Industrials by 2.3% and outperforming the Small Ordinaries by 0.2%.

For the 12 months to March, the Fund was down 3.2%, underperforming the Small Industrials by 2.4% and underperforming the Small Ordinaries by 16.9%.

March was especially volatile globally, which saw chaotic price action in many stocks, with lower liquidity exacerbating the moves in the small-cap sector.

Global markets were rocked by the military action in Iran and the consequent restriction on oil supplies. Oil prices rose by over 60% in the month as access to the Strait of Hormuz was interrupted, and there appeared to be no sign of a simple solution. Markets quickly embraced the risk of another spike in inflation driven by oil prices, with higher fertiliser prices, transport costs, etc. likely to feed into broader consumer prices.

The US market fell 5%, dragging down most other regions, while bonds also tanked, implying likely higher interest rates and weaker economic growth. Gold prices fell 11%, with Copper also falling sharply. The Australian sharemarket tumbled 8%, with the mining sector down over 14%. Domestic smallcap stocks corrected 11%, with mining stocks dramatically underperforming.

Predicting the short-term outcome in markets is highly speculative. All global markets are inextricably linked to oil prices, and there is no way to determine how quickly the military situation will abate. Beyond this, there is the risk of a more permanent disruption to the economics of oil transport should Iran seek to capitalise on its strategic advantage in the supply chain. An extended period of high oil prices brings the real risk of stagflation, which could result in higher interest rates at a time when economies are challenged. This risk would abate quickly if the military situation normalises in the shorter term.

Our strategy in times of elevated macro risk is to limit our exposure to the risk until more certainty arises. We have very low exposure to cyclical businesses and maintain discipline on valuations. Having invested through major market disruptions over the past 21 years, we are also reminded that the best opportunities often arise when markets are focused on the short term, and investors lose their nerve.

Our positive contributors in March included:

Our best contributors, in a market where very few stocks showed any positive gains, have defensive earnings streams, including **Nanosonics** (+10%), **Channel Infrastructure** (+2%), and **Technology One** (+3%), and **Worley** (+1%), which derives around 40% of its revenues from the oil & gas sector, with the current disruptions in supply chains likely to see an increase in exploration and development of alternative fields.

Our negative contributors in March included:

Stocks with earnings streams derived from asset values, such as **Charter Hall** (-16%), **HUB 24** (-16%), **MA Financial** (-24%), and **Netwealth** (-16%), were a drag on our performance in March, which is not surprising given the overall market's performance. **ALS Corp** (-19%) gave up ground in sympathy with the sharp correction in gold prices.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Charter Hall Group	Real Estate
Generation Development Group Limited	Financials
HUB24 Limited	Financials
Regis Healthcare Ltd.	Health Care

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.1239
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 778.33m
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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