

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.

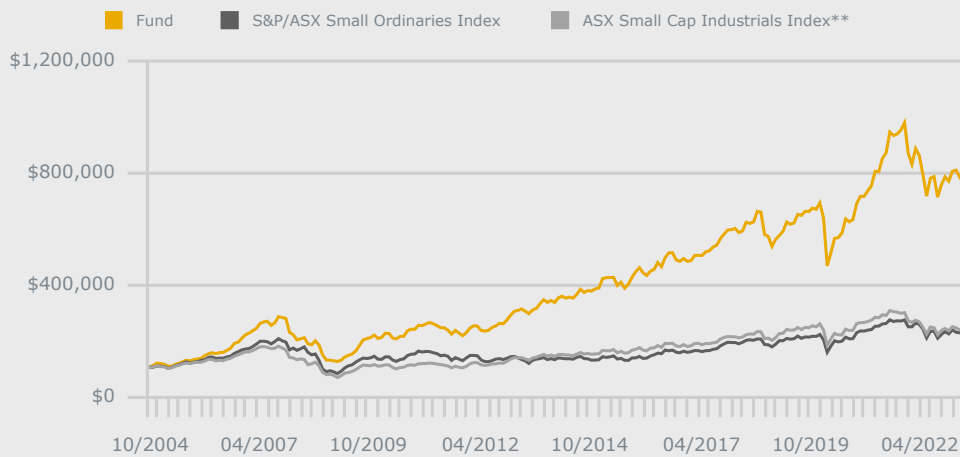
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 May 2023¹

	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	-2.9%	-1.6%	11.4%	4.6%	9.9%	9.2%	11.7%
S&P/ASX Small Ordinaries Index	-3.3%	-5.8%	4.5%	2.5%	6.0%	1.7%	4.4%
Outperformance	0.3%	4.2%	6.9%	2.1%	3.9%	7.5%	7.2%
ASX Small Cap Industrials Index**	-1.7%	-2.0%	2.5%	1.9%	6.2%	4.2%	4.8%
Outperformance	-1.2%	0.4%	8.9%	2.7%	3.7%	5.0%	6.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



MAY REPORT

COMMENTARY

The Fund fell 2.9% in May, underperforming the Small Industrials by 1.2% and outperforming the Small Ordinaries by 0.3%. For the 12 months to May, the Fund was down 1.6%, outperforming the Small Industrials Index by 0.4% and outperforming the Small Ordinaries Index by 4.2%.

Markets were mixed in May, with the US market up 0.7% despite falling markets in Europe and Asia. Chinese economic activity is spluttering following the bounce enjoyed following the re-opening in late 2022, driving the Chinese market down over 8% in the month. Offsetting this was a 6% rise in the tech sector (NASDAQ) in the US following a mini-boom in AI related stocks. The Australian market fell 2.6% as resources stocks felt the pain of the Chinese data, notwithstanding a 10% rise in local tech stocks. Consumer discretionary stocks were the worst performing sector following trading updates from Wesfarmers, and a range of smallcap retailers, who have noted a sharp contraction in activity as inflation and higher interest rates bite. We remain highly wary of this sector.

Our key contributors in May included:

Gentrack (+30%) rose sharply following another upgrade to earnings forecasts posted with the recent strong results. **Kelsian** (+11%) continues to rally based on its defensive revenue profile and natural hedge against inflation. **Hansen Technologies** (+10%) found new buying support in a month where NASDAQ outperformed the broader market. **NIB Holdings** (+9%) confirmed the earnings upside from the recent NDIS services operation. **Technology One** (+8%) posted a strong result including 25% profit growth and high confidence in future growth as its customers migrate to cloud based software packages.

Key detractors during May included:

Aussie Broadband (-16%) was soft without any obvious catalyst. **G8 Education** (-14%) has retraced recently, perhaps due to concerns over the rising wage levels in childcare given the current inflationary environment (which we believe can be offset with price increases). **Lifestyle Communities** (-11%) drifted after disclosing short term softness in new settlements, despite maintaining very strong medium term growth forecasts. **ALS Group** (-12%) posted a reasonable result however noted a slight softening in demand from the resources sector given a slowdown in Chinese economic activity. **HUB 24** (-12%) has softened lately due to anaemic flows into managed funds given a broader risk aversion among domestic investors.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group	Financials
Carsales Com LTD	Communication Services
EQT HOLDINGS LTD	Financials
Hansen Technologies	Information Technology
NIB Holdings	Financials
Propel Funeral Partners Ltd	Consumer Discretionary
Seven Group Holdings	Industrials
Steadfast	Financials
Webjet	Consumer Discretionary

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.1218
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 671.57m
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.