

**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.

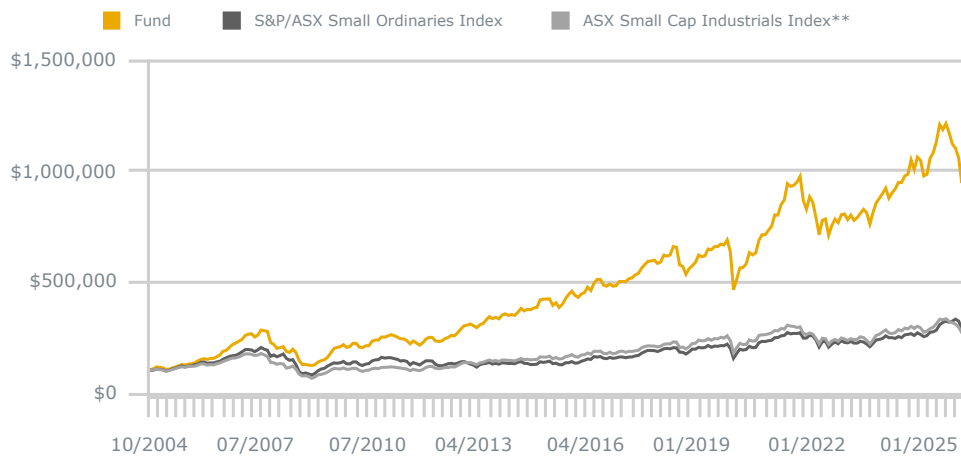
**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 31 May 2026<sup>1</sup>

	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.
<b>Emerging Companies Fund</b>	1.2%	-5.6%	8.7%	4.5%	7.7%	9.6%	9.9%	11.2%
<b>S&amp;P/ASX Small Ordinaries Index</b>	2%	11.2%	10.7%	4%	7.1%	4.8%	4.2%	5.3%
<b>Outperformance</b>	-0.8%	-16.8%	-1.9%	0.5%	0.6%	4.9%	5.7%	6%
<b>ASX Small Cap Industrials Index**</b>	1.7%	-2.4%	5.6%	0.2%	4.6%	6.2%	4.2%	4.9%
<b>Outperformance</b>	-0.5%	-3.2%	3.1%	4.3%	3.1%	3.4%	5.7%	6.3%

**PERFORMANCE CHART**

NET PERFORMANCE SINCE INCEPTION<sup>2</sup>



## MAY REPORT

### COMMENTARY

The Fund rose 1.2% in May, underperforming the Small Industrials by 0.5% and the Small Ordinaries by 0.8%.

For the 12 months to May, the fund was down 5.6%, underperforming the Small Industrials by 3.2% and underperforming the Small Ordinaries by 16.8%, which includes the mining sector, which is outside our investable universe.

US markets rose 5.2% in May, continuing the very strong run in April and driven primarily by AI-related stocks, which boosted the NASDAQ up 8.4%. This was despite a slightly weaker bond market, which implied less enthusiasm for future rate cuts. This sentiment will be tested by the upcoming SpaceX IPO and likely follow-up IPOs from Anthropic and OpenAI. The US economy is benefiting from AI due to higher productivity and a capex boom in data centre capacity, with expectations for data centre capex continually upgraded to capitalise on the theme.

The Brent crude oil price retraced 19% on confidence that a satisfactory resolution in the Middle East is likely. Negotiations have dragged on without a firm resolution, and markets seem to be looking beyond the short-term uncertainty. This theme remains a source of potential future volatility.

The Australian market rose 1.2% with resources stocks strongly outperforming (up over 10%). The May budget contained tax changes that may put pressure on domestic house prices and on investor demand for mortgages. Hence, bank stocks drifted over 10% on fears that this could impact mortgage volume growth.

#### Our best contributors in May included:

**ALS Corp** (+11%) posted 24% profit growth in May, and indicated confidence in further volume growth in the mining division in response to higher gold prices. **Mader** (+11%) and **Freightways** (+9%) rallied in the absence of any stock-specific news. **Mainfreight** (+12%) released its full year results, showing a solid rebound in activity in the key New Zealand and Australian markets. **Symal** (+18%) held an investor day highlighting a confident outlook in energy, data centres, defence and infrastructure.

#### Our detractors in May included:

**TUAS** (-65%) revealed the regulator in Singapore alleges the company's mobile operations had used radio frequency bands for which it was not authorised. Limited information was provided, and there is no way of measuring the impact of this allegation. Hence, we sold our relatively small position. **APE Eagers** (-13%) fell in line with other consumer discretionary stocks. We note that its exclusive agreement with BYD cars provides a hedge against any fuel-related downturn in the auto market. **Energy One** (-12%) released a slightly soft update, with ARR growth of 13%, slightly below its 15-20% target. **Gentrack** (-29%) provided a disappointing earnings update (we had sold most of our position last year on valuation grounds, so the impact was minimal). **Netwealth** (-9%) drifted in the absence of any specific news.

## TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Aussie Broadband Ltd.	Communication Services
Charter Hall Group	Real Estate
Generation Development Group Limited	Financials
Regis Healthcare Ltd.	Health Care

## FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.242
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 807.39m
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

<sup>1</sup> 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.

<sup>2</sup> 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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### PENGANA.COM

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