

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.

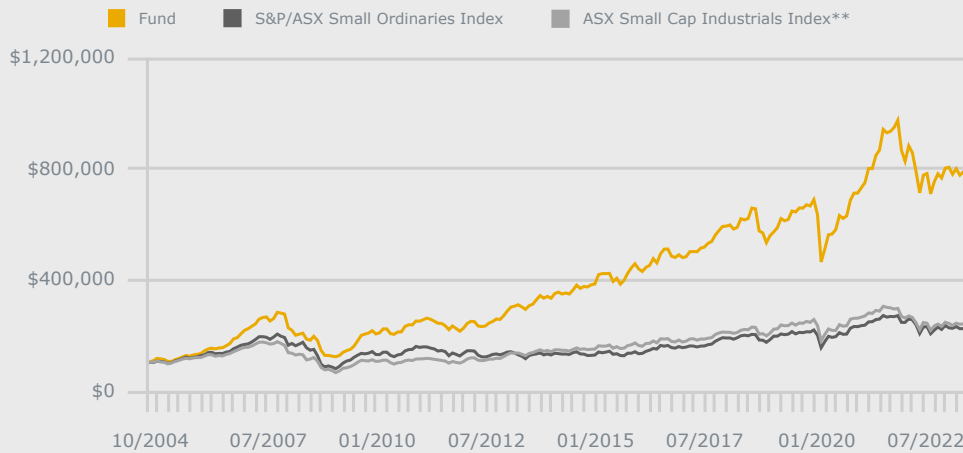
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jul 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	2.4%	4.0%	11.6%	5.4%	10.2%	10.4%	11.8%
S&P/ASX Small Ordinaries Index	3.5%	0.8%	5.9%	3.2%	6.2%	3.1%	4.6%
Outperformance	-1.1%	3.3%	5.7%	2.2%	4.0%	7.3%	7.2%
ASX Small Cap Industrials Index**	4.8%	2.6%	5.1%	2.8%	6.5%	5.4%	5.1%
Outperformance	-2.4%	1.4%	6.5%	2.6%	3.7%	5.0%	6.7%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



JULY REPORT

COMMENTARY

The Fund rose 2.4% in July, underperforming the Small Industrials by 2.4% and underperforming the Small Ordinaries by 1.1%. For the 12 months to July, the Fund was up 4.0%, outperforming the Small Industrials Index by 1.4% and outperforming the Small Ordinaries Index by 3.3%.

Global markets in July rose as inflation data showed signs of abatement, lending confidence that rate rises in future are less likely. Employment data also encouraged markets that the likely (delayed) economic impact of higher rates might be muted, creating a soft landing. Accordingly, cyclical stocks outperformed while defensive sectors such as healthcare, etc were left behind. The US market rose 3.4% while the Australian market rose 3.0%. The oil price rose 16%, on the healthier economic outlook. The month was characterised by a sharp bounce in the worst performing stocks of the last financial year – typically referred to as a “junk rally”.

Our positive contributors in July included:

Webjet (+14%) rose after updates from Flight Centre and Corporate Travel both showed higher profit expectations on stronger volumes. **Lifestyle Communities** (+11%) bounced, in line with other stocks in the housing sector, which rallied on the basis that interest rates may be peaking, hence the expected downturn may not be as deep as earlier feared. **Worley** (+10%) is well positioned to drive long term growth from its renewable energy focussed engineering operations. **HUB24** (+11%) provided a slightly muted profit update, however, it seems the share price had already imputed the lower than expected platform flows. **Seven Group** (+6%) captured the overall strength in cyclical stocks.

Our negative contributors in July included:

The insurance broking sector, in which we have a large investment, underperformed due to the defensive nature of the sector. **AUB Insurance** (-2%) and **Steadfast** (-3%) faded, while **PSC Insurance** (-15%) fell sharply after a somewhat anomalous 15% rise on the 30th of June. **Praemium** (-17%) revealed slower than expected flows, with retail investment trends showing a redemption in international funds, and rush towards term deposits given the rate increases. **Capitol Health** (-13%) was weak following a trading update revealing higher costs and slight margin erosion.

TOP HOLDINGS (ALPHABETICALLY)

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

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.1061
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 671.51m
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.

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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.