

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.

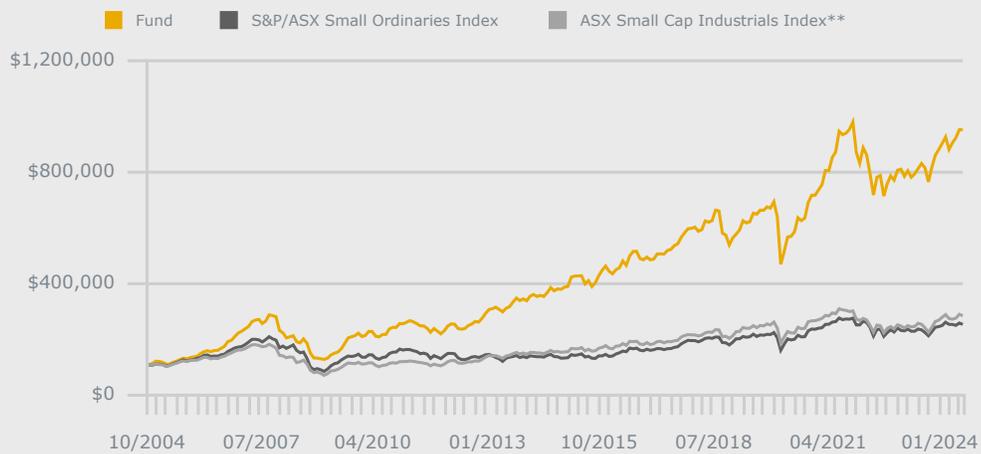
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2024¹

	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	0.0%	14.7%	0.2%	8.0%	9.5%	11.7%	12.0%
S&P/ASX Small Ordinaries Index	-2.0%	8.5%	-2.9%	3.9%	5.8%	4.5%	4.7%
Outperformance	2.0%	6.2%	3.1%	4.1%	3.7%	7.2%	7.3%
ASX Small Cap Industrials Index**	-1.9%	12.2%	-2.8%	3.4%	6.1%	6.9%	5.3%
Outperformance	2.0%	2.5%	3.0%	4.7%	3.5%	4.8%	6.7%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



AUGUST REPORT

COMMENTARY

The Fund was flat in August, outperforming the Small Industrials and the Small Ordinaries by 2.0%. For the 12 months to August, the Fund was up 14.7%, outperforming the Small Industrials Index by 2.5% and outperforming the Small Ordinaries Index by 6.2%.

Join Fund Manager Steve Black for an exclusive webinar as the Fund approaches its 20-year milestone. In this insightful session, Steve will delve into the current portfolio, break down the factors driving recent performance, and share valuable perspectives on the market trends the investment team is closely monitoring for the road ahead. [Register here.](#)

Markets were especially volatile in August, with a short-lived correction quickly followed by a return to the positive trend. In early August, weaker economic data in the US sparked fears of a hard economic landing. A dramatic rise in volatility spilled over into the Japanese market, which fell 12% in one day as enormous volumes of capital deployed to capitalise on interest rate differentials unwound rapidly. While fears of a hard landing are concerning, this would also likely mean an earlier move towards interest rate cuts, which perversely is supportive for markets – hence the US market actually rose 2% in August, and the Japanese market posted a 1% fall notwithstanding the very poor start to the month.

The Australian market was largely flat, although smallcap stocks fell 2%. While monthly moves can prove a distraction, we were pleased with our relatively solid performance given the month of August is usually driven by stock specific news (largely profit results).

Our key positive contributors in August were:

CAR Group (+9%) posted another excellent result, with a resilient Australian business and solid growth from its offshore operations, especially in Brazil. Charter Hall (+14%) continues to bounce from oversold levels as the business overcomes patches of softness in the property market – the stock has bounced over 80% from its lows in November 2023. Technology One (+11%) remains a key investment for us, with a 20 year history of growth of over 10% and vast scope for further expansion. HUB24 (+13%) posted a 24% increase in profits and has scope to continue high rates of growth as its platform takes market share from older technology offerings. Generation Development (+6%) released its results showing impressive underlying increases in profits from the tax-effective investment offerings, and its recently acquired Lonsec operation.

Our key negative contributors in August were:

EQT Holdings (-14%) released a 14% higher profit result, however the stock retraced after a rapid rise in July. Jumbo Interactive (-14%) revealed profit growth of 32% however, it warned that margins may drift slightly in 2025 assuming a return to normal cycles of lotto jackpots. Webjet (-12%) warned at its AGM that consumer travel activity had drifted in recent months, in line with feedback from other travel companies of late. NIB Holdings (-17%) posted 6% profit growth, however, drifted on the expectation that private insurance margins may come under pressure from higher health costs, and pressure on insurance rate increases. Audinate (-36%), a very small position in our fund, fell heavily after revealing slower sales as key customers worked through inventory that had been built up during the global shortage of microchips in 2022.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group Ltd	Financials
CAR Group Ltd	Communication Services
Charter Hall Group	Real Estate
EQT Holdings Ltd	Financials
Generation Development Group Limited	Financials
HUB24 Ltd	Financials
Propel Funeral Partners Ltd	Consumer Discretionary
Technology One Ltd	Information Technology
Webjet Ltd	Consumer Discretionary

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.3707
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 776.64m
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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