

PENGANA HIGH CONVICTION PROPERTY SECURITIES FUND

DESCRIPTION

A Property Fund focussed on capital security, income yield, and sustainable growth.

The Fund believes each security has an underlying or intrinsic value and that securities become mispriced at times relative to their value and each other.

The Fund seeks to exploit such market inefficiencies by employing an active, value based investment style to capture the underlying cashflows generated from real estate assets and/or real estate businesses.

The Fund believes that responsible investing is important to generate long term sustainable returns. Incorporating ESG factors along-side financial measures provides a complete view of the risk/return characteristics of our property investments.

The Fund is benchmark unaware. All positions are high conviction and assessed on a risk-reward basis, resulting in a concentrated portfolio of 10-20 securities.

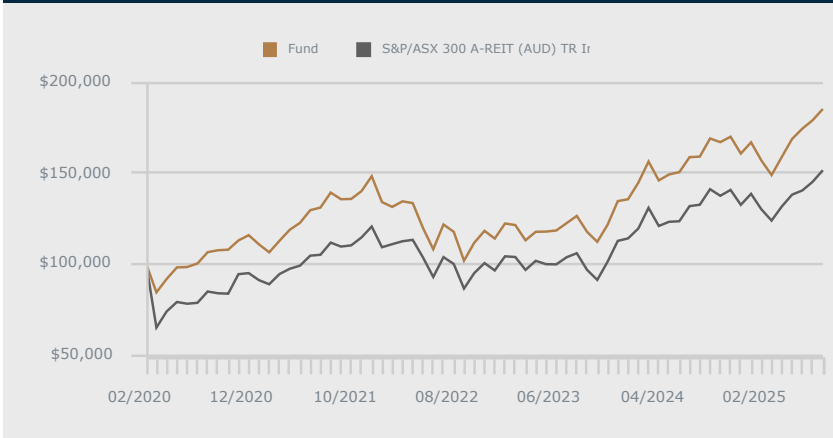
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2025¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Property Securities Fund	3.5%	16.5%	21.1%	16.4%	11.8%
S&P/ASX 300 A-REIT (AUD) TR Index	4.4%	14.3%	19.7%	14.9%	7.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Centuria Capital Group	Real Estate
Gemlife Communities Group	Real Estate
Goodman Group	Real Estate
Mirvac Group	Real Estate
Scentre Group	Real Estate

SECTOR BREAKDOWN

Office REITs	2%
Retail REITs	17.1%
Diversified REITs	14.6%
Specialized REITs	1.6%
Industrial REITs	44%
Real Estate Management & Development	9.9%
IT Services	2.8%
Capital Markets	5%
Cash	3.1%

STATISTICAL DATA

VOLATILITY³ 20.4%

NUMBER OF STOCKS 15

BETA⁴ 0.74

MAXIMUM DRAW DOWN -31.4%

FY25 WAS GOOD, FY26 IS SET TO BE EVEN BETTER

COMMENTARY

Since the beginning of the rate-easing cycle, the Fund has delivered a CYTD return of 15.29%, outperforming the benchmark return of 14.37%.

A-REITs had another strong month in August, up 4.39%, outperforming the broader equities market by 1.2%. In comparison, the Fund returned 3.47% underperforming the benchmark by 0.92%. Key detractors included Goodman Group (GMG -2.36%), Cedar Woods Properties Limited (CWP 0.94%) and Qualitas Limited (QAL 2.78%).

The August 2025 REIT reporting season was dominated by themes of “inflection point,” “trough,” and “recovery”, reflecting growing optimism as interest rates continue to decline. FY25 was good, but the outlook for FY26 is even better. Improving fundamentals, stabilising asset values, recovery in the residential market, and falling cost of debt provide a strong foundation for A-REITs to deliver higher earnings growth in FY26+.

Sector Highlights

- **Fund Managers:**

As the real estate cycle turns more positive, fund managers are best positioned to benefit, given improved cost of capital, their high leverage to increased transaction activity, stronger capital flows, and potential valuation uplifts — all of which contribute to growth in assets under management (AUM) and higher management fee income.

- **Residential:**

One of the standout positives from the August reporting season has been the strong rebound in residential sales during the June 2025 quarter. Both Stockland (SGP) and Mirvac (MGR) reported year-on-year sales growth of over 35% across their residential portfolios. Looking ahead, the prospect of further interest rate cuts and additional government stimulus — including allowing first home buyers to enter the market with just a 5% deposit and no Lenders Mortgage Insurance (LMI), down from the typical 20% — could provide an additional tailwind for demand, in our view.

- **Retail:**

Retail REITs reported buoyant market conditions, with leasing spreads exceeding 4%, reflecting strong consumer activity and solid leasing demand. This growth comes on top of the standard contracted rent escalations of CPI +2%. The limited supply of new, high-quality retail developments has shifted negotiating power toward landlords, as tenants face increasing difficulty securing suitable space in prime locations. Underpinned by strong population growth and constrained development pipelines, these dynamics are driving high occupancy rates, sustained rental growth, and consistently positive leasing spreads. Looking ahead, we expect stronger consumer confidence and spending as household budgets improve from rate cuts, providing an additional tailwind for the sector.

- **Logistics:**

Performance was mixed, with some assets delivering solid results while others lagged amidst ongoing supply and demand recalibration. High quality, urban infill portfolios are better positioned and continue to benefit from healthy leasing spreads, albeit moderating from >50% to c.35%.

- **Office:**

While still challenged, the office sector showed modest improvements from a low base, with results generally ahead of subdued expectations. Valuations have bottomed in 2H FY25 for high quality portfolios. However, cash flows continue to be eroded by high leasing incentives.

We remain supportive of the residential and data centre subsectors, both of which continue to benefit from strong structural tailwinds. In particular, we see attractive value in **Goodman Group** (GMG) at current levels. The stock has underperformed year-to-date, largely due to its sector weighting and investor expectations of an EPS upgrade ahead of August. In our view, GMG is poised to enter a more normalised upgrade cycle from FY26 onwards, as its data centre strategy gains traction and capital recycling within the subsector begins. We continue to see evidence of growing work-in-progress (WIP), strong capital partnerships, and profit momentum, all of which should drive solid shareholder returns. We believe patient investors will be well rewarded.

✓ FEATURES

APIR CODE	PCL8246AU
REDEMPTION PRICE	A\$ 1.3122
FEES *	Management Fee: 0.70% Performance Fee: 15%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 27.94m
STRATEGY INCEPTION DATE	11 March 2020
BENCHMARK	S&P/ASX 300 A-REIT Total Return Index

👥 FUND MANAGERS



Amy Pham
Portfolio Manager



Jade Ong
Investment Specialist

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. The Fund inceptioned on March 11th 2020. Index performance calculations include a complete month's performance for March 2020. 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 11 March 2020.

3. Annualised standard deviation since inception.

4. Relative to S&P/ASX 300 A-REIT TotalReturn Index.

* For further information regarding fees please see the PDS available on our website.

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