PENGANA
CAPITAL GROUP

MONTHLY REPORT
AUGUST 2026

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.

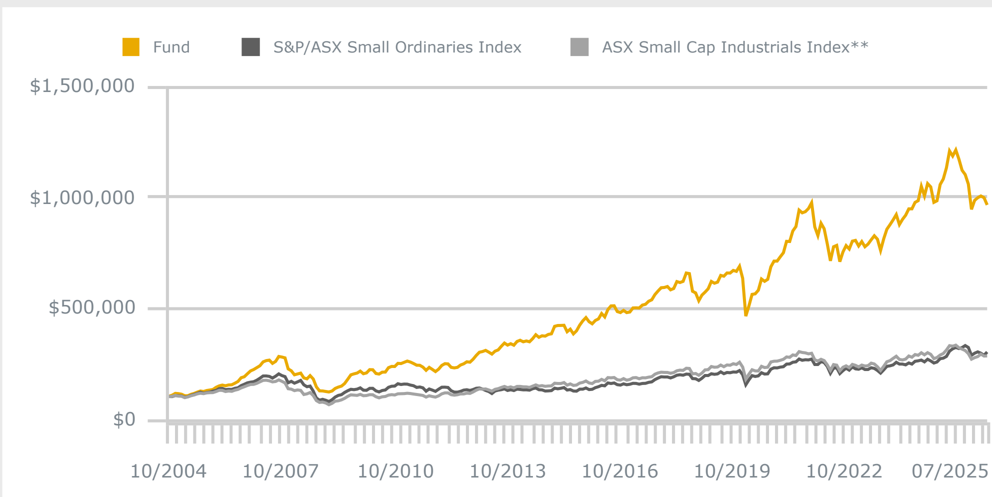
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2026[1]

	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.
Emerging Companies Fund	-3.3%	-20.1%	5.3%	0.5%	6.6%	9.9%	9.3%	10.9%
S&P/ASX Small Ordinaries Index	5.2%	-1.2%	9.8%	2.2%	6.5%	5.2%	3.9%	5.2%
Outperformance	-8.5%	-18.9%	-4.4%	-1.7%	0.1%	4.7%	5.4%	5.7%
ASX Small Cap Industrials Index**	0.2%	-13.9%	4.6%	-1.3%	4.3%	6.7%	4.0%	4.9%
Outperformance	-3.5%	-6.2%	0.7%	1.8%	2.2%	3.1%	5.3%	6.0%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]



AUGUST REPORT

COMMENTARY

The Fund fell 3.3% in August, underperforming the Small Industrials by 3.5% and underperforming the Small Ordinaries by 8.5%. For the 12 months to August, the Fund was down 20.1%, underperforming the Small Industrials by 6.2% and underperforming the Small Ordinaries by 18.9%.

Resources stocks again strongly outperformed in August, and we remind our investors that we do not invest in that speculative sector.

After drifting for two months, the US market rose 2.6% in August, with tech stocks again outperforming, rising 3.9%. This was despite a rise in bond yields after relatively strong economic data, and signals from the new Federal Reserve chief, Kevin Warsh, that interest rates may need to rise again. Oil prices spiked again in July, and remained elevated through August in the absence of a resolution to the Iran conflict. Gold rallied 9% in the month after fading for the prior 3-4 months.

The Australian sharemarket rose by 1.1%, with industrial shares dramatically underperforming resources stocks, which found strength in commodity prices (copper, oil, gold, iron ore, etc). Bank stocks were hit hardest, falling 6.1% on fears of a property price correction following recent interest rate rises and tax changes for investors.

The August reporting season was especially volatile, with some of our key positions caught up in the short-term disruption. Underperforming in that critical month is disappointing to us; however, since the Fund started over 21 years ago, we have outperformed the small industrials sector in 70% of the 43 reporting periods. Price moves in results season have become far more volatile in recent periods due to increased passive investing and AI-driven models that seek to capitalise on moves in forecasts. While this can be unnerving in the short term, the true driver of long-term value will always be earnings growth, and our process will remain focused on long-term trends rather than shorter-term volatility.

Our best contributors in August included:

Betmakers (+27%) received a takeover offer from Tabcorp at a 50% premium. **FDC Corporation** (+19%) is a recent IPO operating in construction and office fit-out with a solid growth track record and outlook. **Beacon Lighting** (+19%) posted an 8% fall in profits reflecting a tougher retail environment; however, recent trading has improved, and the company is expanding its trade sales impressively. **Energy One** (+12%) delivered a 42% increase in profits, and acquired a highly complementary European company, which is expected to add 35% to earnings per share.

Cuscal (+11%) delivered 20% profit growth, driven by resilient transaction volumes and contributions from its two recent acquisitions.

Our detractors in August included:

Generation Development (-23%) delivered a result that was in line with forecasts, with the three operating divisions growing impressively. The company foreshadowed a slight increase in costs into FY27 to cement future growth, and the market did not take this mild near-term profit reduction well. **Charter Hall** (-17%) fell after a 7% correction in listed property securities as rising interest rates eroded valuations. **Mader Group** (-11%) posted 15% profit growth and also foreshadowed a slightly higher cost base into FY27 in order to facilitate longer-term growth. **HUB 24** (-11%) reported 30% profit growth in FY26, with very strong medium-term growth potential; however, it sold off in a volatile market. **Aussie Broadband** (-9%) delivered 20% profit growth and reiterated a very promising outlook, despite which the price drifted.

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Charter Hall Group	Real Estate
Freightways Group Limited	Industrials
Generation Development Group Limited	Financials
Regis Healthcare Ltd.	Health Care

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A$ 2.1441
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
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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