PENGANA CAPITAL GROUP

# MONTHLY REPORT
AUGUST 2026

## 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.

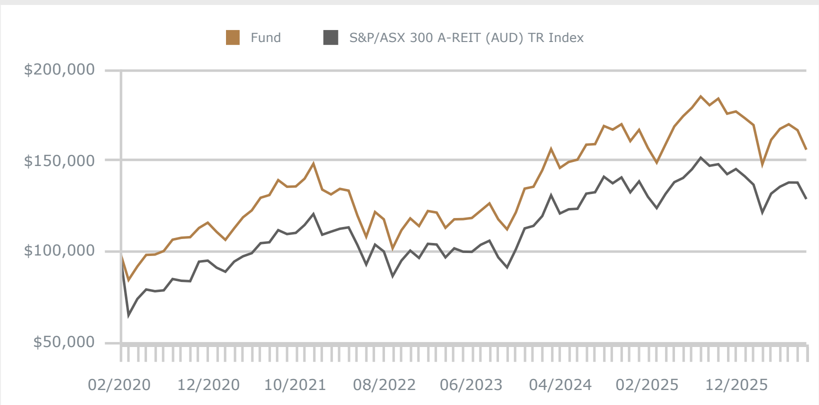
### PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 2026[1]

| | 1 MTH | 1 YEAR | 2 YEARS P.A. | 3 YEARS P.A. | SINCE INCEPTION P.A. |
|---|---|---|---|---|---|
| High Conviction Property Securities Fund | -6.4% | -15.8% | -1.0% | 7.3% | 7.1% |
| S&P/ASX 300 A-REIT (AUD) TR Index | -6.6% | -15.0% | -1.4% | 6.8% | 3.9% |

### PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]




### TOP HOLDINGS (ALPHABETICALLY)

| | |
|---|---|
| Charter Hall Group | Real Estate |
| Goodman Group | Real Estate |
| Region Group | Real Estate |
| Scentre Group | Real Estate |
| Stockland | Real Estate |

### SECTOR BREAKDOWN

| | |
|---|---|
| Retail REITs | 16.5% |
| Diversified REITs | 18% |
| Industrial REITs | 44% |
| Real Estate Management & Development | 11% |
| IT Services | 3.4% |
| Residential REITs | 0.4% |
| Capital Markets | 2.9% |
| Cash | 3.7% |

### STATISTICAL DATA

| VOLATILITY[3] | NUMBER OF STOCKS | BETA[4] | MAXIMUM DRAW DOWN |
|---|---|---|---|
| 20.3% | 13 | 0.76 | -31.4% |

# SOFTER MACRO HAS STOLEN THE HEADLINE

## COMMENTARY

- A REITs fell 6.6%, driven by higher bond yields and increased expectations of a rate hike, rather than a deterioration in fundamentals or earnings.
- Fund returned -6.4%, modestly outperforming the benchmark by +0.1%.
- Key contributors were **GemLife Communities** (+5.0%) and **Peet Limited** (+6.7%), while **Charter Hall** (-17.2%) and **Arena REIT** (-27.3%) were the main detractors.
- FY26 reporting saw wide dispersion, with the market increasingly rewarding companies with credible FY27 earnings growth and guidance, while those facing funding cost pressure, tenant uncertainty or weaker transactions underperformed.

August was a repeat of the last reporting season, with A-REITs sharply underperforming the broader market, falling 6.6% versus a 1.6% gain for the S&P/ASX 300. The 8.2% underperformance was driven primarily by a sharp rise in long bond yields, with the 10-year yield spiking 17bp to 5.09%. A surprise CPI print further increased market expectations of a rate hike by December. Importantly, the sell-off and resulting de-rating of A-REITs reflected higher bond yields rather than any material deterioration in fundamentals or earnings.

By comparison, the Fund returned -6.4%, modestly outperforming the benchmark by +0.14%. Key contributors to performance included our active positions in **GemLife Communities** (GLF +4.99%) and **Peet Limited** (PPC +6.74%). Peet gained from the proposed takeover bid by Ingenia Communities announced during the month, at $2.12 per share through a combination of cash and scrip. Detractors from performance included **Charter Hall** (CHC -17.2%) and **Arena REIT** (ARF -27.3%).

FY26 reporting season saw wide dispersion in guidance outcomes. Companies with visible earnings growth, development completions, residential momentum, and strong funds management inflows generally met or exceeded expectations, while those facing funding-cost pressure, tenant uncertainty, or weaker transactions tended to disappoint. As a result, share prices increasingly reflected the quality and credibility of FY27 guidance rather than FY26 earnings delivery.

The reporting-season sell-off has pushed REIT valuations to levels increasingly difficult to reconcile with the sector's robust earnings growth outlook. REITs are now the cheapest GICS sector outside Materials, trading at 14.4x P/E, or ~12.5x excluding GMG, versus 19x for ASX Industrials (20x excluding banks). This valuation gap looks increasingly compelling given the A-REIT 200 ex-GMG and CHC are forecast to deliver 5.1% three-year earnings CAGR.

Looking ahead, we expect the market to focus on where bond yields will land, with higher-for-longer rates likely to weigh on P/E multiples. However, broad-based balance sheet concerns are unlikely given **(1)** cap rate expansion has largely played out in recent years and **(2)** valuations have already adjusted to a higher interest rate environment.

In terms of positioning, the Fund continues to favour companies with strong balance sheets and clear levers to grow earnings, either through development or access to third-party capital. The recent de-ratings of **Goodman Group** and **Charter Hall Group** have also created more attractive entry points, coupled with strong forecast earnings growth of +10% p.a.

## FEATURES

| | |
|---|---|
| APIR CODE | PCL8246AU |
| REDEMPTION PRICE | A$ 1.0651 |
| FEES * | Management Fee: 0.70%<br>Performance Fee: 15% |
| MINIMUM INITIAL INVESTMENT | A$10,000 |
| 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 incepted 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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