

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 Oct 2025¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Property Securities Fund	2.0%	10.2%	28.1%	18.1%	11.3%
S&P/ASX 300 A-REIT (AUD) TR Index	0.6%	7.6%	27.4%	15.9%	7.1%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Centuria Capital Group	Real Estate
Centuria Industrial REIT	Real Estate
Goodman Group	Real Estate
Mirvac Group	Real Estate
Scentre Group	Real Estate

SECTOR BREAKDOWN

Retail REITs	22.2%
Diversified REITs	10.6%
Specialized REITs	1.1%
Industrial REITs	44.7%
Real Estate Management & Development	10.5%
IT Services	3.4%
Capital Markets	4.6%
Cash	2.8%

STATISTICAL DATA

VOLATILITY³ 20.1%

NUMBER OF STOCKS 13

BETA⁴ 0.74

MAXIMUM DRAW DOWN -31.4%

STRONG FUNDAMENTALS TO DRIVE EARNINGS GROWTH

COMMENTARY

The Fund delivered one of its strongest monthly performances in October, returning 2.0% versus the benchmark's 0.6%. This outperformance was largely driven by our non-index holdings in **Gemlife Communities (GLF +10.7%)**, **Qualitas Limited (QAL +8.58%)** and **Cedar Woods Properties (CWP +18.64%)**.

It was a volatile month, with the sector giving back much of its earlier gains following higher-than-expected inflation data, which dampened market expectations for further rate cuts this year. The market now expects just one additional cut, likely early next year.

Regardless of the timing of the next move by the RBA, the macro backdrop remains supportive for REITs. Population growth continues to strengthen, capital values appear to have bottomed, transaction activity is rising, and development costs are easing, which is reflected in improving profitability for construction companies and stronger earnings growth across the sector.

Sector Highlights

- **Sector fundamentals remain robust:** This is supported by strong population growth and favourable policy settings. The Australian Government's commitment to deliver 1.25 million new homes over the next four years, along with the Home Guarantee Scheme (HGS) and an ongoing monetary easing cycle, creates a powerful combination of demand drivers and policy tailwinds for the sector.
- **A-REIT balance sheets are healthy:** Most of the debt cost headwinds are now behind us, cap rate expansion has largely peaked across sub-sectors, and both valuations and earnings appear to have bottomed. The sector is expected to deliver an average EPS growth of 7%, delivering total returns (yield + EPS growth) of 10%-15% for FY26.
- **Costs are easing:** We expect the Australian bond yield curve to flatten, helping to lower funding costs. Material prices are softening, and the labour market is cooling, bringing moderation in wage growth.
- **Global monetary policy is turning supportive:** Bond markets are shifting as policymakers prioritise growth over inflation concerns. The FOMC cut rates in October and signalled an end to quantitative tightening early next year – moves that should help lower borrowing costs across the yield curve.

We continue to believe the sector's fundamentals are the strongest they've been in five years — with debt costs shifting from a headwind to a tailwind, capital values having bottomed, and demand for real assets underpinned by robust population growth. In line with this outlook, we have positioned the portfolio to favour the residential, retail, and data centre segments.

FEATURES

APIR CODE	PCL8246AU
REDEMPTION PRICE	A\$ 1.2943
FEES *	Management Fee: 0.70% Performance Fee: 15%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 36.24m
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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