

PENGANA
CAPITAL GROUP

MONTHLY REPORT
OCTOBER 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.

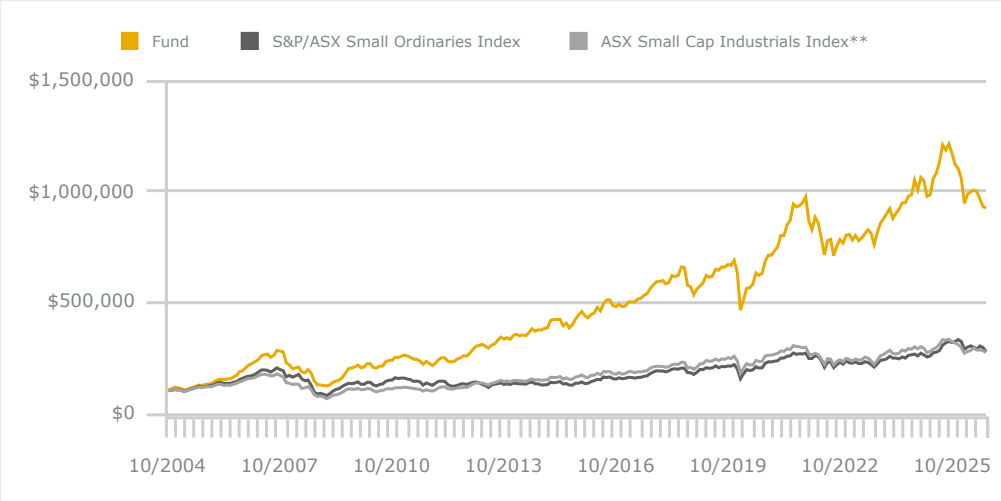
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Oct 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	-0.5%	-23.7%	6.8%	-0.2%	6.7%	9.6%	8.3%	10.6%
S&P/ASX Small Ordinaries Index	-6.4%	-14.4%	10.0%	0.6%	5.9%	4.8%	3.0%	4.7%
Outperformance	5.9%	-9.3%	-3.3%	-0.9%	0.8%	4.8%	5.3%	5.9%
ASX Small Cap Industrials Index**	-2.8%	-17.9%	7.6%	-1.7%	4.4%	6.5%	3.4%	4.7%
Outperformance	2.3%	-5.8%	-0.8%	1.5%	2.3%	3.1%	4.9%	6.0%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION[2]



OCTOBER REPORT

COMMENTARY

The Fund was down 0.5% in October, outperforming the Small Industrials by 2.3% and outperforming the Small Ordinaries by 5.9%. For the 12 months to October, the Fund was down 23.7%, underperforming the Small Industrials by 5.8% and underperforming the Small Ordinaries by 9.3%.

October saw global markets drift, despite a relief rally in the bond markets. The US market fell 0.9%, driven by a correction in tech stocks. NASDAQ fell 5.3%. The AI sector has been phenomenally strong over the past 2 years, and this unwound during October, with funding for neocloud stocks becoming a challenge. A number of IPOs failed or were cancelled (eg Firmus), and credit spreads also blew out. Community backlash against data centres is also placing pressure on potential growth rates. Oil prices rose a further 14% in October as the Iran conflict drags on, weighing on markets and sentiment. Gold prices went the other way, falling 7% in the month.

The Australian stock market rose 1.4% with industrials sharply outperforming resources stocks. Bank stocks rose 7%, notwithstanding likely higher interest rates (confirmed in early November) and a sharp correction in domestic house prices. Australian consumers are under pressure from falling house prices, higher interest rates and petrol price rises.

Given the recent Firmus experience, it is worth reminding our investors that we do not invest in unlisted companies, and we maintain strict valuation criteria when assessing future growth opportunities.

Our best contributors in October included:

The financial platform sector rallied in October after being oversold due to higher bond rates, and slightly subdued flows due to the recent tax changes: **HUB 24** (+15%), **Generation Development** (+13%), and **Netwealth** (+7%). **Charter Hall** (+9%) rallied with the listed property sector, with investors perhaps already looking through higher interest rates to a more stable rate environment. **Catapult** (+7%) rallied as investors gain comfort that AI will not necessarily impact the company as earlier feared.

Our detractors in October included:

Mader Group (-13%) fell after the resignation of the CFO, which we believe does not indicate a change in the long-term growth value. **ZIP Co** (-12%) reported slightly higher bad debt charges in the US in the first quarter. **Symal** (-11%) traded lower, perhaps in line with other contractors that are heavily exposed to data centre capex, which is now under a mild cloud given community pushback on DCs in residential areas. **FDC Consolidated** (-9%) corrected in the absence of any specific news or catalysts, as did **Energy One** (-9%).

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd.	Industrials
Charter Hall Group	Real Estate
Freightways Group Limited	Industrials
Generation Development Group Limited	Financials
Netwealth Group Ltd.	Financials

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A$ 2.0549
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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