

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.

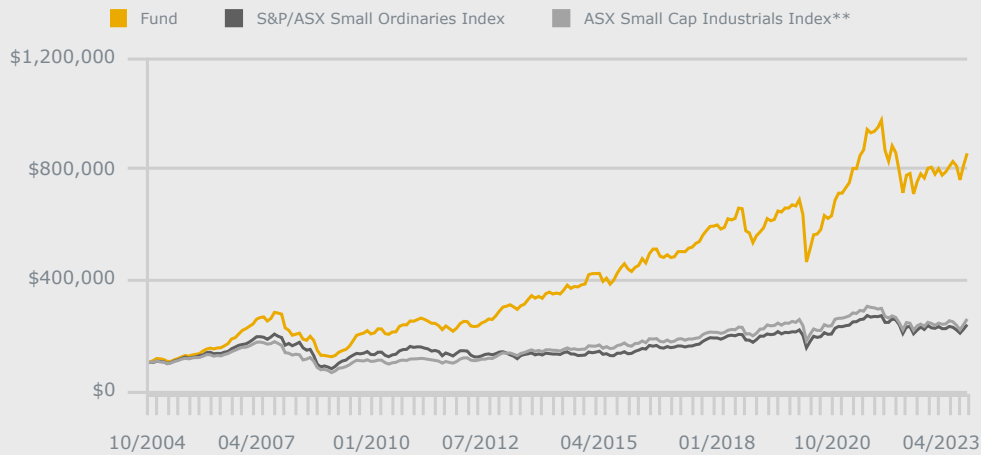
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Dec 2023¹

	1 MTH	1 YEAR	3 YEARS P.A.	5 YEARS P.A.	10 YEARS P.A.	15 YEARS P.A.	SINCE INCEPTION P.A.
Emerging Companies Fund	5.3%	11.6%	6.3%	9.9%	9.7%	13.5%	11.9%
S&P/ASX Small Ordinaries Index	7.2%	7.8%	0.9%	6.4%	6.0%	6.7%	4.6%
Outperformance	-1.9%	3.8%	5.4%	3.5%	3.6%	6.8%	7.2%
ASX Small Cap Industrials Index**	8.5%	11.4%	-0.3%	5.5%	5.9%	8.4%	5.1%
Outperformance	-3.2%	0.2%	6.6%	4.4%	3.7%	5.1%	6.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



DECEMBER REPORT

COMMENTARY

The Fund rose 5.3% in December, underperforming the Small Industrials by 3.2% and underperforming the Small Ordinaries by 1.9%. For the 12 months to December, the Fund was up 11.6%, outperforming the Small Industrials Index by 0.2% and outperforming the Small Ordinaries Index by 3.8%.

Global markets rallied in December, with the US market up 4.8% driven by a further correction in bond yields. Smallcap stocks notably outperformed in the US, rising 12%. Falling oil prices added comfort to the inflation outlook, with gas prices in the US tailing off to close the year on the 2023 low.

The Australian market rose 7.3% with interest rate sensitive stocks especially firm – real estate stocks bounced 11.2% in the month, reversing some of the losses over the past 18 months driven by higher interest rates. Mining stocks also outperformed slightly during the period, with iron ore prices buoyed by renewed optimism around the Chinese economic outlook. Smallcap stocks in Australia rose 7.3%, with industrials up 8.4%.

When markets rally suddenly, it is often accompanied by dramatic bounces in lower quality stocks. Given our Fund's focus on high quality earnings streams, it is not surprising to see us slightly underperform in the shorter term.

Positive contributors to our portfolio in December included:

Charter Hall (+18%) is highly leveraged to the listed real estate sector, which was up over 11% in the month. **Cosol** (+18%) posted an update at its recent AGM, reaffirming expected profit growth for FY24, which saw new buying support. **Seven Group** (+15%) hit all-time highs in December, perhaps driven by the improved outlook for iron ore, giving us the opportunity to take further profits. **CAR Group** (+12%) was well supported, in line with various other premium stocks whose valuations are leveraged to lower bond yields. **Webjet** (+12%) and other travel stocks such as **Flight Centre**, **Corporate Travel**, etc all bounced in December following a lackluster 2023.

Negative contributors to our portfolio in December included:

There were no notable negative moves in our portfolio for any specific reason. The negative contributors were largely characterised by defensive earnings streams which were deemed unexciting in a market driven by a sharp return to riskier sectors and stocks. These include **Hansen Technologies** (-5%), **Infomedia** (-3%), **NIB Holdings** (-3%), **AUB Group** (-1%) and **EQT Holdings** (-1%).

TOP HOLDINGS (ALPHABETICALLY)

ALS Ltd	Industrials
AUB Group Ltd	Financials
Aussie Broadband Ltd	Communication Services
CAR Group Ltd	Communication Services
EQT Holdings Ltd	Financials
Hansen Technologies Ltd	Information Technology
Lifestyle Communities Ltd	Real Estate
Propel Funeral Partners Ltd	Consumer Discretionary
Seven Group Holdings Ltd	Industrials
Webjet Ltd	Consumer Discretionary

FEATURES

APIR CODE	PER0270AU
REDEMPTION PRICE	A\$ 2.23
FEES *	Management Fee: 1.3340% Performance Fee: 20.5% of the performance above the benchmark
FUM AT MONTH END	A\$ 708.51m
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.

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Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services license number 226566) is the issuer of units in the Pengana Emerging Companies Fund (the "Fund"). A product disclosure statement for the Fund is available and can be obtained from our distribution team. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Fund. This report was prepared by Pengana Capital Ltd and does not contain any investment recommendation or investment advice. This report has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. Neither Pengana Capital Ltd nor its related entities, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Fund. An investment in the fund is subject to investment risk including possible delays in repayment and loss of income and principal invested.