

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.

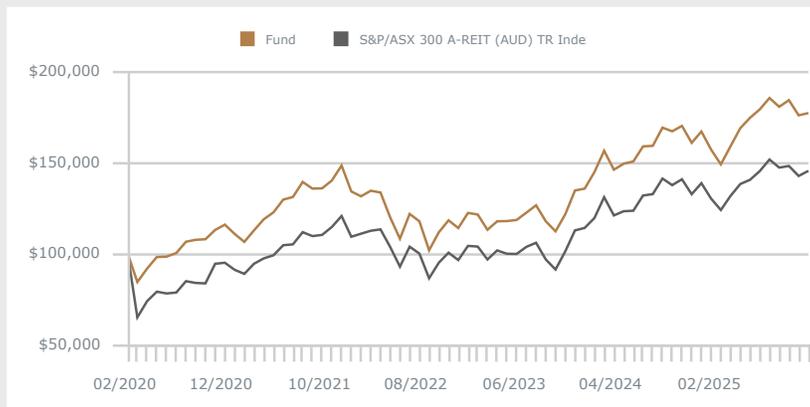
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Dec 2025¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
High Conviction Property Securities Fund	0.7%	10.2%	14.6%	15.8%	10.2%
S&P/ASX 300 A-REIT (AUD) TR Index	2.0%	9.7%	13.5%	14.6%	6.6%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Cedar Woods Properties Limited	Real Estate
Centuria Industrial REIT	Real Estate
Goodman Group	Real Estate
Mirvac Group	Real Estate
Scentre Group	Real Estate

SECTOR BREAKDOWN

Retail REITs	23.2%
Diversified REITs	12.1%
Industrial REITs	41.7%
Real Estate Management & Development	11.5%
IT Services	3.4%
Capital Markets	3.6%
Cash	4.5%

STATISTICAL DATA

VOLATILITY³ 20%

NUMBER OF STOCKS 13

BETA⁴ 0.74

MAXIMUM DRAW DOWN -31.4%

WINNERS AND LOSERS OF 2025 AND WHAT TO EXPECT IN 2026

COMMENTARY

The S&P/ASX 300 Property Accumulation index returned 2.0% in December, outperforming the broader equities market, which returned 1.4%. In comparison, the Fund returned 0.7%, underperforming the benchmark by 1.3%. Key detractors for the month included our overweight position in **Next DC (NXT -7.66%)**, **Centuria Group (CNI -6.68%)** and **Cedar Woods (CWP -3.82%)**.

For the 12 months to December 2025, the Fund returned 10.2% compared to the benchmark, which returned 9.7%, for an outperformance of 0.5%. Key contributors to outperformance have been consistent throughout the year, driven by our allocations to non-index stocks, including **Cedar Woods (CWP +62.56%)**, **Aspen Group (APZ +69.26%)**, and **Qualitas Limited (QAL +35.14%)**.

SPECIAL OFFER
 Pay no buy-spread to invest in the
**Pengana High Conviction
 Property Securities Fund.**
 For applications received before 31 January 2026
 Contact Us to Apply

Periods of market uncertainty often create compelling opportunities. In listed property, attractive valuations and improving fundamentals are creating a favourable entry point for investors seeking income, diversification, and long-term growth.

Despite rates likely remaining higher for longer, A-REITs can deliver strong performance in such environments. For example, the A-REIT index returned **30.57%**, and the Fund delivered **31.19%** during the last cycle, which was dominated by 13 rate hikes. Supported by disciplined capital management and a high-conviction, free-cash-flow-driven approach, the Fund remains well positioned across market conditions.

To support existing investors considering increasing their exposure, **Pengana will cover the buy-spread on investments in the Pengana High Conviction Property Securities Fund made before 31 January 2026.**

If you wish to take up the offer, please reach out to client services on +61 2 8524 9900 or at clientservice@pengana.com.

After two years of strong performance, data centre exposures pulled back in 2025 as investors questioned capital intensity and returns from the global AI build-out (GMG -12.3%, NXT -16.9%, DGT -34.6%). In contrast, **retail A-REITs** were clear winners. Resilient operating metrics, favourable supply-demand dynamics and an improving consumer backdrop drove a subsector total return of **27.8%**, with every retail REIT in the A-REIT 300 outperforming both the property index and the broader market.

Fund managers also delivered strong returns as transaction activity picked up alongside lower interest rates (CHC +74.3%, CNI +20.3%). **Residential exposures** performed well, led by SGP (+25.1%), MGR (+14.1%) and INA (+14.8%), although momentum softened late in the year as cash-rate expectations adjusted. **Industrial returns** were weighed down by GMG (-12.3%), despite generally sound – though moderating – subsector fundamentals (CIP +23.6%). **Office sector** performance continued to improve, delivering a return of +11.7% (versus -7.3% in 2024) as

the recovery gained traction, although it remains relatively subdued compared with the broader sector.

2026 is likely to be a year of contrasting share price drivers. On the one hand, the prospect of interest rate hikes presents valuation risks for Australian property stocks. On the other hand, underlying fundamentals remain strong, with robust population growth continuing to drive demand across multiple property segments. Limited supply across several sub-sectors is creating a favourable supply-demand imbalance, supporting net property income growth and attracting both domestic and global capital, which in turn underpins cap rates. We expect a relatively strong reporting season in February and through 2026, and would look to take advantage of valuation opportunities that may arise from any interest-rate-driven market volatility.

Our top picks continue to focus on sectors with robust fundamentals. In our view, the most attractive demand–supply dynamics are in **retail** and **residential/manufactured housing**, where supply remains well below the growing demand driven by population growth. We also remain positive on the strong global demand for **data centres** and expect significant positive catalysts for **GMG** in 2026.

The market is also likely to start turning its attention toward **2027 guidance**. Although rising bond yields and interest rates may increase funding costs, we expect robust underlying earnings growth to help offset these pressures. Our emphasis on **free cash flow, strong balance sheets, and selecting best-in-class names** positions us well for the year ahead.

FEATURES

APIR CODE	PCL8246AU
REDEMPTION PRICE	A\$ 1.2445
FEES *	Management Fee: 0.70% Performance Fee: 15%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 40.13m
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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