

**PENGANA GLOBAL SMALL COMPANIES FUND**

**DESCRIPTION**

The Fund invests principally in small and midcap listed (or soon to be listed) global equities. Its investment objective is to obtain returns greater than the MSCI All Country World Index SMID Cap unhedged in Australian dollars ('Index') over rolling 3 year periods after fees. The Fund's investment manager, Lizard Investors LLC, uses a value oriented investment approach that seeks to identify and invest in quality businesses that create significant value but are mispriced, overlooked, or out-of-favour. The investment manager believes that unique opportunities exist due to limited available research, corporate actions, or unfavourable investor perception.

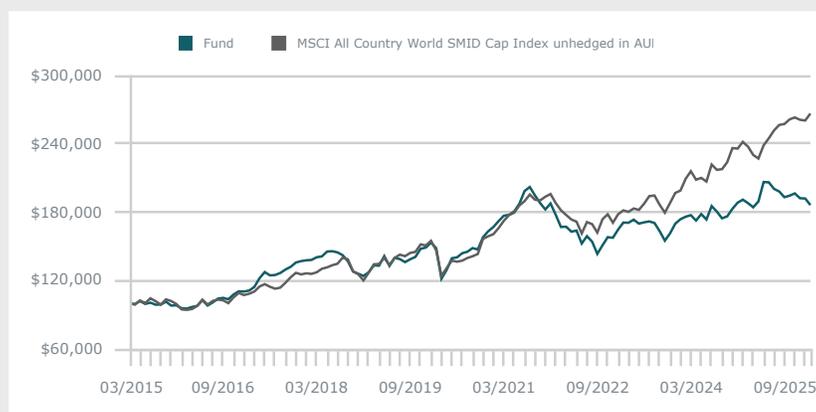
**PERFORMANCE TABLE**

NET PERFORMANCE FOR PERIODS ENDING 28 Feb 2026 <sup>1</sup>

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
Global Small Companies Fund	-3.0%	-0.9%	2.9%	2.9%	1.6%	5.9%
MSCI All Country World SMID Cap Index unhedged in AUD	2.3%	12.2%	12.9%	13.7%	9.9%	9.4%

**PERFORMANCE CHART**

NET PERFORMANCE SINCE INCEPTION <sup>2</sup>



**TOP HOLDINGS (ALPHABETICALLY)**

Gaztransport & Technigaz SA	Energy
IMI plc	Industrials
Nextpower Inc. Class A	Industrials
Noritsu Koki Co., Ltd.	Consumer Discretionary
USS Co., Ltd.	Consumer Discretionary

**CAPITALISATION BREAKDOWN**

Under 2bn USD	32.2%
In between 2bn - 5bn USD	26%
Above 5bn USD	39.1%
Cash	2.6%

**REGION BREAKDOWN**

Europe ex UK	23.2%
North America	42.5%
Asia ex Japan	2%
Japan	10.6%
UK	8.7%
Middle East / Africa	5%
Latin America	5.4%
Cash	2.6%

**STATISTICAL DATA**

VOLATILITY<sup>3</sup> 12.6%

NUMBER OF STOCKS 37

BETA<sup>4</sup> 0.89

MAXIMUM DRAW DOWN -29.1%

## FEBRUARY REPORT

### COMMENTARY

- The Fund declined 3.0% in February, underperforming the benchmark MSCI ACWI SMID Cap Index (net, AUD), which rose 2.3%, as a sharp rotation away from quality and software-exposed businesses weighed on performance.
- Global equity markets advanced in USD terms, with leadership shifting decisively away from the US toward Japan and Korea, while value outperformed growth amid a broad-based factor rotation.
- Portfolio activity increased during the month, with five new positions initiated and six exited, as the Fund took advantage of dislocations created by the sell-off in asset-light and software-oriented businesses.

#### Market review

Global equity markets delivered mixed outcomes in February, with performance broadening away from the US. While US large caps declined modestly, international markets were stronger in US dollar terms, led by Japan and Korea. In contrast, Chinese equities weakened amid ongoing geopolitical tensions and trade-related pressures.

Regional divergence was pronounced. Japanese equities rallied following a decisive election outcome that reinforced policy continuity, while Korean markets benefited from supportive regulatory developments and improving sentiment toward semiconductors. This contrasted with softer US performance, where investor sentiment toward large-cap growth and technology names weakened.

A significant rotation in market leadership emerged beneath the surface. Value outperformed growth, with capital shifting toward energy, utilities and other asset-heavy sectors. Software and broader technology exposures came under pressure as investors reassessed the implications of AI, with concerns shifting from tailwinds to potential disruption. This created a more challenging backdrop for quality-oriented and asset-light business models.

Macro policy settings remained an important influence. The Federal Reserve held rates steady and signalled a cautious approach to easing, while the European Central Bank also remained on hold. The Bank of Japan maintained a tightening bias, supporting domestic equities, while a stronger AUD acted as a headwind for Australian-based investors in global assets.

The month concluded with an escalation in geopolitical tensions in the Middle East, driving a sharp increase in oil prices. This supported energy-related equities and reinforced the rotation toward hard assets observed during February.

#### Portfolio Commentary

The Fund underperformed its benchmark in February, with stock-specific outcomes compounded by a challenging style backdrop. The sharp rotation away from quality and software-exposed businesses weighed on a number of core holdings, while a stronger Australian dollar also detracted from returns.

Portfolio activity increased as we took advantage of dislocations created by the sell-off in asset-light and software-oriented businesses. Five new positions were initiated.

**Fagron**, a global pharmaceutical compounding platform, was added given its exposure to structural growth in personalised medicine, hospital outsourcing and drug shortages. Its scalable model and positioning in a

consolidating North American market support margin expansion over time.

**Munters Group**, a provider of cooling infrastructure for hyperscale data centres, was initiated following strong order growth and a substantial multi-year backlog. While near-term margins are impacted by input costs, a new US manufacturing facility is expected to support margin recovery.

**Uniphar**, a specialty pharmaceutical distributor across Ireland and the UK, was added given its strong organic growth, recurring revenue model and expanding distribution footprint.

**CVS Group**, the UK's second-largest veterinary services consolidator, was initiated as the business continues to expand domestically and into Australia, with a supportive regulatory backdrop for further consolidation.

**Pathward Financial**, a US-based Banking-as-a-Service platform, was added due to its attractive returns on equity, low-cost funding base and durable fee income generated through fintech partnerships.

Six positions were exited during the month. **Flatex** and **Armstrong World Industries** were sold following strong share price performance and valuation realisation. Exposure to smaller software businesses, including **Rakus** and **Topicus.com**, was reduced as the sector de-rated, while **Buckle** was exited amid weakening US consumer trends.

Among the strongest contributors was **International Seaways**, a crude oil tanker operator, which benefited from a sharp increase in tanker rates following the escalation in Middle East tensions late in the month. **Gates Industrial**, a manufacturer of engineered components, also performed well after delivering strong earnings and highlighting growth in data centre-related demand. **USS Co**, Japan's leading used vehicle auction platform, advanced alongside the broader strength in Japanese equities.

Detractors included **ChemoMetec**, which declined following weaker results amid ongoing life sciences sector headwinds, and **Hilan**, which weakened as software valuations compressed. Despite near-term pressure, both companies retain strong competitive positions and long-term growth drivers.

Overall, the portfolio remains focused on high-quality small-cap businesses with durable competitive advantages. The recent rotation has created a more challenging short-term environment but also improved the opportunity set for new investments.

## FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.4762
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 44.2m
STRATEGY INCEPTION DATE	1 April 2015
BENCHMARK	MSCI All Country World SMID Cap Index unhedged in AUD

## FUND MANAGERS



**Jon Moog**  
CIO and Portfolio 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 1st April 2015.

3. Annualised standard deviation since inception.

4. Relative to MSCI All Country World SMID Cap index unhedged in AUD.

\* For further information regarding fees please see the PDS available on our website.

## PENGANA GLOBAL SMALL COMPANIES FUND

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### PENGANA.COM

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