

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.

STATISTICAL DATA

VOLATILITY³ 13.1%

NUMBER OF STOCKS 37

BETA⁴ 0.73

MAXIMUM DRAW DOWN -29.1%

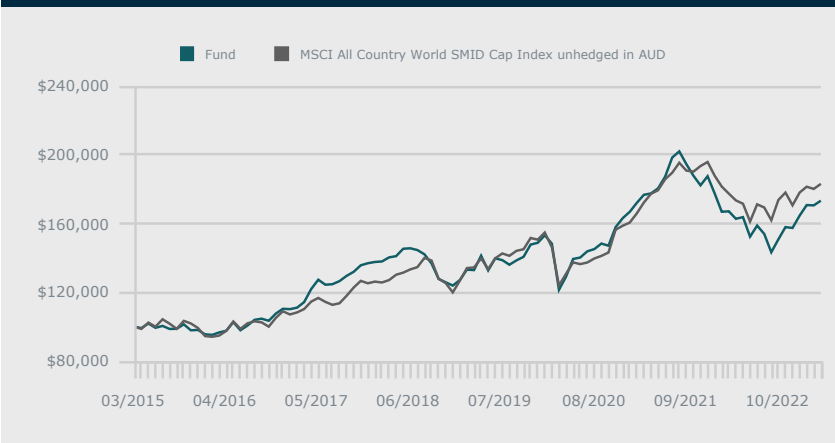
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 30 Apr 2023¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
Global Small Companies Fund	1.6%	6.5%	-1.2%	10.3%	4.2%	7.0%
MSCI All Country World SMID Cap Index unhedged in AUD	1.6%	5.6%	1.6%	11.9%	7.1%	7.8%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Freni Brembo SpA	Consumer Discretionary
Irish Continental Group PLC	Industrials
Majorel Group Luxembourg SA	Industrials
Orion Engineered Carbons	Materials
TietoEVERY Oyj	Information Technology

CAPITALISATION BREAKDOWN

Under 2bn USD	43.7%
In between 2bn - 5bn USD	33%
Above 5bn USD	12.2%
Cash	11.2%

REGION BREAKDOWN

Europe ex UK	31.5%
North America	19%
Asia ex Japan	9.3%
Japan	6.6%
UK	14.8%
Middle East / Africa	1.4%
Latin America	6.1%
Cash	11.2%

APRIL REPORT

COMMENTARY

- Global smaller companies were moderately stronger in April upon signs of solid economic activity, moderating inflation, stable earnings results and corporate activity
- Strong stock performance and an overweight position in Europe along with an underweight position in North America contributed to relative returns during April
- The Fund returned 1.6% in April, in line with the benchmark

Global smaller companies strengthened during April, with a weaker Australian dollar further supporting returns in AUD terms. Larger companies continued to outperform smaller stocks as investors continued to prioritise larger more liquid securities.

The Fund returned 1.6% net of fees in Australian dollar terms during April, in line with the MSCI All Country World SMID Cap Index.

Larger stocks continued to outperform smaller companies, especially in the US where small caps delivered a negative return in April. The Fund's longer-term tilt away from North America supported returns, as the MSCI ACWI ex-US Small Cap index rose 2.4% last month.

The global economy remains reasonably robust despite the significant increases in interest rates seen across the major economies over the last year. US data reported stronger economic activity in both the manufacturing and service sectors. Inflation is moderating somewhat, but the labour market remains tight, with the unemployment rate falling to just 3.5%. While the US economy grew 1.1% in the first quarter of 2023, some companies reported weaker consumer demand during first-quarter earnings calls, suggesting a slowdown.

Positive economic data in Europe surprised markets in April as the service sector recorded its highest activity levels since March 2022. Headline inflation declined as energy prices continued to moderate due to the spring weather easing pressure on demand and supply continuing to develop. However, core inflation increased slightly. The UK experienced a similar trend, with the service sector strengthening and core inflation flat.

In Japan, core inflation continued to rise, reaching 3.8% in March, the highest rate since 1981. US-China tensions deteriorated further, bringing investor concern about flows in trade and technology. This caused a 2% decline in the MSCI Asia ex-Japan index in April, which especially impacted the communication services and consumer discretionary sectors.

The Fund performed in line with the benchmark during April. Strong stock performance in industrials and information technology was offset by weaker stock returns in financials and an overweight position in information technology. Returns benefitted from the underweight position in North America and the underweight position and strong stock performance in Europe.

Trading activity in the Fund was limited this month, although corporate actions impacted several stocks.

The Fund's best-performing stock was **Majorel**, a European provider of outsourced customer relationship management services. It received a takeover offer at a significant premium from Teleperformance, the global industry leader, delivering a return of almost 50% during the month.

UK industrial group **Melrose** made a notable contribution to relative returns in April. The company completed the spin-off of its auto business, **Dowlais Group** as a separately listed company, leaving Melrose to focus on its aerospace business. The move was well received by investors.

Ireland-based transport and travel company **Irish Continental Group** is the Fund's largest position. It continued to steadily outperform the market last month, following earlier solid earnings results.

Concentrix, a US-based customer relationship management firm, was the most significant detractor from relative returns last month. Market concerns surrounding the impact of artificial intelligence tools such as ChatGPT are expected to prove to be exaggerated. The bid for Majorel, a company in the same industry and with certain similarities, should help support the market value for Concentrix. Concentrix's current share price represents a significant discount compared to the takeover offer received by Majorel.

The Fund reduced its stake in **Assai**, the Brazilian cash and carry food merchant, which then further underperformed the market last month. The situation is being carefully monitored, as the shares have now become attractively priced and the forced selling by its France-based strategic partner and investor, Groupe Casino should subside soon. This might present an excellent opportunity to increase the Fund's position size again.

FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.4971
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 161.9m
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



David Li
Head of Research 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.

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