

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%

NUMBER OF STOCKS 42

BETA⁴ 0.73

MAXIMUM DRAW DOWN -29.1%

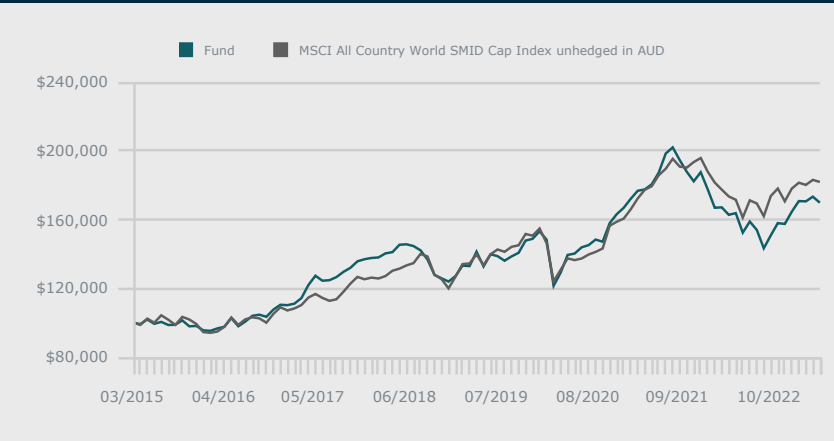
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 May 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	-2.0%	3.7%	-3.0%	6.8%	3.2%	6.7%
MSCI All Country World SMID Cap Index unhedged in AUD	-0.7%	6.0%	0.7%	9.8%	6.7%	7.6%

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
Softwareone Holding AG	Information Technology

CAPITALISATION BREAKDOWN

Under 2bn USD	49.3%
In between 2bn - 5bn USD	26.4%
Above 5bn USD	15%
Cash	9.3%

REGION BREAKDOWN

Europe ex UK	30.3%
North America	17.9%
Asia ex Japan	10.3%
Japan	8.5%
UK	16.2%
Middle East / Africa	1.6%
Latin America	5.9%
Cash	9.3%

MAY REPORT

COMMENTARY

- The Fund was down 2.0% in May 2023, trailing the MSCI All Country World SMID Cap Index, which declined 0.7%.
- The AI surge drove interest in a narrow subset of primarily larger US companies.
- Economic momentum slowed in Europe, China, and the UK.
- New investment in Moringa, one of the largest confectionary companies in Japan.

U.S. Equities performed well in June. The S&P 500 rose 2.61% buoyed by large-cap tech stocks as well as the debt ceiling agreement. Economic data was healthy: retail sales were robust, core inflation cooled to 5.5%, and the labor market remained tight. The (Small Cap) Russell 2000 also fared well with a 1.23% gain.

Europe's economic momentum in April decelerated in May. All sectors fell aside from information technology which was boosted by optimism surrounding Artificial Intelligence. Germany entered a technical recession after showing a negative growth in the first quarter of 2023 and U.K. equities fell as core inflation accelerated to 6.8%, the highest level since 1992. Nevertheless, on many 1Q earnings calls, many of the European managers still signaled a rebound in 2H 2023.

China's economic data were much weaker than anticipated with the manufacturing PMI falling below the neutral 50-mark. China's downturn may create a knock-on problem for the global luxury sector later this year. On the other hand, Japanese stocks did well. While core inflation continues to be strong at 4.1%, full-year earnings results were strong. Furthermore, the Tokyo Stock Exchange urged listed companies to put a stronger emphasis on increasing shareholder returns and many companies have responded.

The top five performers contributed evenly. The two most notable names were **Flextronics** and **Melrose**. **FLEX** performed strongly on the back of strong demand and a growing order backlog for its specialist manufacturing capabilities. Our thesis on Melrose continued to play out nicely. The spin-off of the automotive business (**Dowlas**) revealed to investors a strong Melrose's Aerospace business with improving fundamentals. On the other hand, **PRA Group** was by far the biggest laggard, with a drag of -1.49% on total performance. We were negatively surprised by the weak first quarter results and decided to exit the position.

The Fund added a new position, **Morinaga**. Morinaga is one of the largest confectionary companies in Japan. It possesses the best-selling ice cream in Japan. The Company has announced its intention to improve its capital allocation policies. We expect this catalyst to drive a higher return on capital and accelerate earnings growth during the investment horizon.

FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.4669
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 154.79m
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.

PENGANA GLOBAL SMALL COMPANIES FUND

PENGANA CAPITAL LIMITED

ABN 30 103 800 568

AFSL 226566

CLIENT SERVICE

T: +61 2 8524 9900

F: +61 2 8524 9901

E: clientservice@pengana.com



PENGANA.COM

Pengana Capital Ltd (ABN 30 103 800 568, Australian financial services licence number 226566) is the issuer of units in the Pengana Global Small Companies Fund (ARSN 604 292 677) (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 a possible delay in repayment and loss of income and principal invested.