

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.

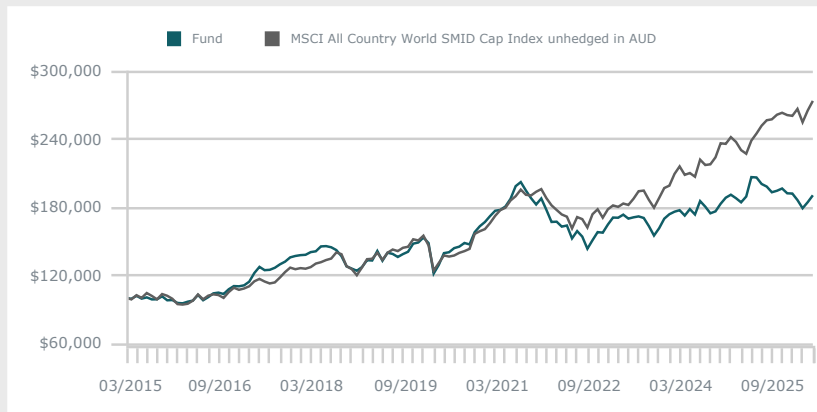
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 May 2026¹

	1 MTH	1 YEAR	2 YEARS P.A.	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
Global Small Companies Fund	3.3%	-7.8%	3.4%	3.9%	1.1%	5.9%
MSCI All Country World SMID Cap Index unhedged in AUD	3.2%	14.6%	14.2%	14.6%	8.8%	9.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

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

CAPITALISATION BREAKDOWN

Under 2bn USD	34.6%
In between 2bn - 5bn USD	27.6%
Above 5bn USD	37.6%
Cash	0.2%

REGION BREAKDOWN

Europe ex UK	25.7%
North America	39.9%
Japan	10%
UK	10.7%
Middle East / Africa	8.4%
Latin America	5.1%
Cash	0.2%

STATISTICAL DATA

VOLATILITY³ 12.6%

NUMBER OF STOCKS 34

BETA⁴ 0.89

MAXIMUM DRAW DOWN -29.1%

MAY REPORT

COMMENTARY

- The Fund rose 3.3% in May, modestly ahead of the MSCI ACWI SMID Cap Index (net, AUD), which gained 3.2%, as stock selection drove the result with standout contributions from **Max Stock** and **Nextpower** more than offsetting weakness across several US holdings.
- Global equities advanced again as the artificial intelligence and power-infrastructure theme continued to dominate market leadership, although small-caps once again lagged the mega-cap winners against an uneven macro backdrop.
- Portfolio activity was light, consistent with a preference for letting high-conviction positions compound. No new positions were initiated, while **Ollie's Bargain Outlet** was exited after same-store-sales growth proved merely adequate.

Market review

Global equity markets advanced again in May, with the artificial intelligence and power-infrastructure theme continuing to dominate leadership. US equities pushed to fresh highs alongside Korean equities, and European semiconductor names traded at or near record levels. The rally remained narrow as small-caps lagged the mega-cap winners, sustaining the dispersion that has weighed on diversified quality strategies through the year.

Technology and power-infrastructure exposures captured the bulk of capital flows, widening the gap between large-cap winners and the broader market. Growth styles linked to the AI complex continued to draw momentum from more diversified factors.

The macroeconomic picture was less supportive. US April CPI printed at 3.8%, a three-year high, with inflation pass-through becoming more visible in corporate margin guidance. Expectations for rate cuts in 2026 collapsed as Kevin Warsh was confirmed as Federal Reserve Chair, succeeding Jerome Powell. The Fed held rates at 3.75% for a third consecutive meeting, and the European Central Bank also held. In the Middle East, the ongoing Iran conflict kept Brent crude rangebound, while a Trump-Xi summit in Beijing produced an agreement to keep the Strait of Hormuz open. The Australian dollar finished broadly flat, making translation an immaterial factor for returns.

Resilient inflation, a more hawkish path on rates and concentrated leadership leave the market on a narrower foundation heading into the second half.

Portfolio Commentary

The Fund rose 3.3% in May, marginally ahead of its benchmark, as results from a handful of holdings absorbed weakness across several US positions. Performance was driven by company-specific news rather than macro positioning, with two contributors reporting first-quarter numbers that materially exceeded expectations.

Max Stock, Israel's dominant extreme-value retailer, extended its strong run on 19 May after reporting revenue up 18.3%, comparable-store sales up 16.9% and adjusted EBITDA up 57.4%, with gross margin expanding 330 basis points. Management pointed to favourable Passover timing and a higher average price per item, alongside supply-chain and direct-import efficiencies that have lifted margins. The result marked a clear acceleration from 2025 and validated the merchandising and margin-expansion thesis.

Nextpower, the solar-tracker and integrated power platform formerly known as Nextracker, swung from April's largest detractor to the second-largest contributor after its 12 May result. The company reported record FY2026 revenue of USD 3.56 billion and a record backlog above USD 5.25 billion, secured an investment-grade credit rating, raised its FY2027 outlook, and agreed to acquire a power-conversion portfolio. Confirmation that the non-tracker businesses are scaling resolved much of the strategic uncertainty that had weighed on the shares.

Pexip, the Norwegian video-infrastructure specialist, rose sharply after its 5 May report, gaining around 14% on the day. Annual recurring revenue grew 17%, and quarterly revenue rose 30%, while in-quarter EBITDA almost doubled to a 46% margin. New business in the secure-and-custom segment, led by defence and sovereign-IT wins, continued to underpin the investment case.

APi Group, the US fire and life-safety services provider, declined despite a strong quarter that delivered a 15.3% revenue uplift, organic growth above 10%, expanding margins and raised guidance. The weakness reflected the financing of an aggressive expansion programme, with roughly USD 1 billion of debt-funded acquisitions alongside a USD 500 million senior notes offering. Insider selling and profit-taking after a strong run added to the pressure. We read this as a valuation reset, not a deterioration in the business.

Tootsie Roll, the US confectioner, gave back ground after a soft first-quarter print. Net sales edged up modestly but earnings were flat as margins absorbed elevated cocoa costs, Spanish operation losses and heavier trade-promotion spend. Cocoa has eased from its 2025 extremes but remains elevated, with relief expected late in 2026 and into 2027. We view this as a cyclical input-cost headwind, not a franchise issue.

Portfolio activity was light, with no new positions initiated. **Ollie's Bargain Outlet** was exited as same-store-sales growth proved merely adequate, trimming consumer-discretionary exposure. Positioning was otherwise stable, consistent with our preference for letting quality businesses compound through short-term dislocations.

The portfolio remains concentrated in high-quality smaller companies with durable competitive positions and diversified end-market exposures. We continue to favour businesses whose operational progress drives returns through macro noise rather than depending on it.

FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.5096
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 37.86m
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.

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