

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 12.9%

NUMBER OF STOCKS 41

BETA⁴ 0.73

MAXIMUM DRAW DOWN 0%

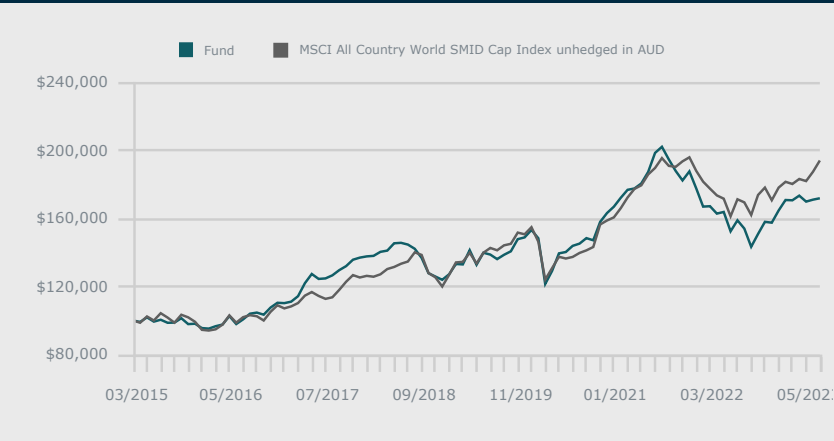
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Jul 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	0.5%	8.1%	-7.0%	6.1%	3.5%	6.7%
MSCI All Country World SMID Cap Index unhedged in AUD	3.5%	13.3%	1.2%	12.2%	7.6%	8.3%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Dino Polska	Consumer Staples
Irish Continental Group PLC	Industrials
Parkland Corp	Energy
Softwareone Holding AG	Information Technology
TriNet Group Inc	Industrials

CAPITALISATION BREAKDOWN

Under 2bn USD	46.4%
In between 2bn - 5bn USD	34.6%
Above 5bn USD	12.6%
Cash	6.4%

REGION BREAKDOWN

Europe ex UK	27.6%
North America	20.4%
Asia ex Japan	10.3%
Japan	9.1%
UK	16.1%
Middle East / Africa	2.6%
Latin America	7.4%
Cash	6.4%

JULY REPORT

COMMENTARY

- Global share markets continued to strengthen in July, with smaller-cap stocks performing well as cooling inflation appears to be bringing interest rates close to their peak
- Market returns were especially strong in banks, mining companies, and North America, where attractively priced quality companies are more difficult to find
- The Fund returned 0.5% in July, while the index returned 3.5%

Global share markets performed well in July, with smaller companies making good gains, although a stronger Australian dollar detracted from returns in AUD terms.

The Fund returned 0.5% net of fees in Australian dollar terms during July, trailing the MSCI All Country World SMID Cap Index, which gained 3.5% in the period.

The US share market performed strongly despite the Federal Reserve raising interest rates by a further 0.25% in July. The market now expects that interest rates are either at or close to their peak of the current cycle. While June headline inflation cooled for the 12th successive month, falling to just 3.1%, core inflation proved to be stickier at 4.8%. The US economic outlook improved further, with GDP growing by 2.4%, well above earlier market expectations.

European stocks also performed well as Eurozone inflation fell to 5.3% and its GDP expanded by 0.3%, which was faster than expected. Although corporate earnings have been resilient, July economic data was weaker. UK equities performed better than those in Continental Europe as headline inflation fell sharply to 7.9% in June from 8.7% in May.

Japanese equities made more modest gains in July after strong quarterly earnings results were offset by earnings forecasts which reflected the impact of continuing increases in wage costs. Elsewhere in Asia, China's GDP growth slowed and the post-Covid rebound appears to be running out of steam. Despite this, China's stock market performed strongly upon hopes of further government stimulus.

The Fund underperformed the benchmark during July, due largely to the Fund's long-term underweight positioning towards banks and mining companies. The Fund's underweight position in North America, where companies are relatively more expensive, further detracted from relative returns.

Ray Co, a Korean dental-focused imaging business, was the Fund's strongest performing stock in July, as the company continued to successfully penetrate the China market.

Trinet, a US-based professional employer organisation outperformed the market when it continued to win new business, through providing valuable employment management solutions to small US businesses.

Canadian restaurant group MTY Foods which operates franchised and operated outlets under multiple brands performed strongly in July when it announced that same-store sales were growing strongly.

Parkland Corporation is a Canada-based international energy and retail company. It outperformed the market in July when it announced second quarter earnings ahead of investor expectations, with stronger adjusted EBITDA.

SoftwareOne is a Swiss software reseller and cloud service provider to small and medium-sized businesses in more than 70 countries. The Fund's overweight position in the stock contributed to relative returns in July when the company rejected a revised offer from Bain Capital to buy the business, in anticipation that an improved offer may be forthcoming.

There are no individual stocks that gave rise to undue concerns during the month. The Polish discount food retailer **Dino Polska** was the largest detractor from relative returns following an extended period of outperformance.

Similarly, the Fund's position in **Brembo** the Italian company which holds a dominant position in the premium brake market, detracted from relative returns during July. It underperformed, falling 5%, despite announcing reasonably good second quarter earnings.

FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.4649
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 135.14m
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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