

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 12.8%

NUMBER OF STOCKS 40

BETA⁴ 0.73

MAXIMUM DRAW DOWN 0%

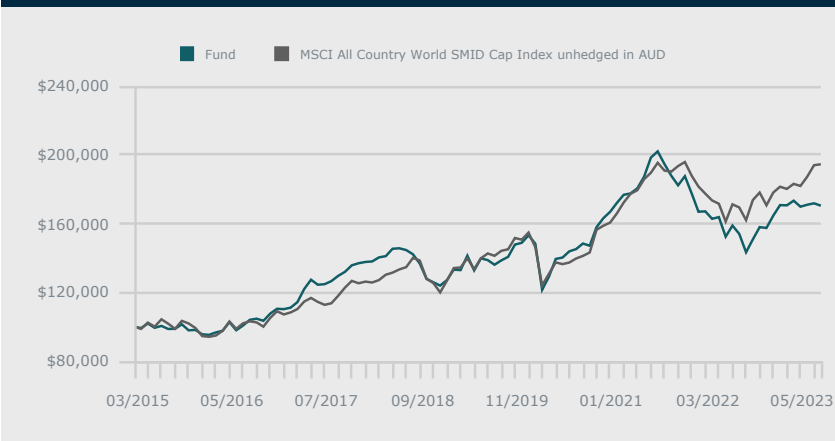
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 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	-0.8%	10.7%	-8.2%	5.5%	3.7%	6.5%
MSCI All Country World SMID Cap Index unhedged in AUD	0.3%	14.8%	-0.2%	11.7%	6.8%	8.2%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Irish Continental Group PLC	Industrials
Orion SA	Materials
Serco Group PLC	Industrials
Softwareone Holding AG	Information Technology
TriNet Group Inc	Industrials

CAPITALISATION BREAKDOWN

Under 2bn USD	47.1%
In between 2bn - 5bn USD	34.7%
Above 5bn USD	10.4%
Cash	7.7%

REGION BREAKDOWN

Europe ex UK	25.9%
North America	21.3%
Asia ex Japan	9.3%
Japan	8.5%
UK	17.6%
Middle East / Africa	2.4%
Latin America	7.4%
Cash	7.7%

AUGUST REPORT

COMMENTARY

- Equity markets weakened in August upon rising recession fears, with smaller companies underperforming larger cap stocks
- Australian dollar weakness offset the impact of lower share market returns when stated in AUD terms
- The Fund returned -0.8% in August and trailed the index return of 0.3% as smaller companies underperformed larger cap stocks

Global share markets were generally weaker during August, with smaller companies underperforming larger cap stocks. This was offset by the depreciation of the Australian dollar when expressed in AUD terms.

US economic news was mixed. Credit rating agency Fitch downgraded the US long-term credit rating, citing weakening fiscal conditions, the growing debt burden, and the repeated debt limit standoffs. Bloomberg's median probability of a recession over the next 12 months remains at 60%.

On a more positive note, both core retail sales and industrial production showed month-on-month growth. The median estimate for third quarter US economic growth is 1.4% quarter-on-quarter, which may be somewhat conservative given the particularly strong 2.4% recorded in the second quarter.

In Europe, share markets broadly declined in August. The only sectors that performed well were energy and real estate, which traditionally do not fall within the Fund's investment universe. Both the UK and Eurozone composite purchasing managers' data indicated economic contraction, with the Eurozone's reading reaching a 33-month low.

In China, share prices declined steeply in local currency terms during August. The economic slowdown continued in July, with unexpected slowdowns in both retail sales and industrial production. Furthermore, China's property crisis intensified, raising concerns about contagion effects impacting the wider consumer economy. The near-term outlook appears bleak.

In Japan, the economy grew during the second quarter, driven by strong exports and tourism. However, signs of wage inflation are starting to emerge which is slowing momentum in corporate earnings growth.

Smaller company stocks underperformed larger cap stocks in August, negatively impacting the returns of the Fund relative to its benchmark. Continued weakness in companies at the smaller cap end of the small companies' investment universe is weighing on the Fund. However, it also creates a highly attractive investment opportunity, when the discounts at which smaller companies are valued in the market become historically wide when compared to larger businesses.

ePlus is a US-based company which re-sells and finances technology assets. It outperformed strongly in August after it announced stronger than expected revenues. The global market for technology products among small and medium-sized enterprise (SME) customers remains robust, and ePlus is expected to continue benefiting from this trend.

Trinet is a US-based professional employer organization (PEO) that helps SMEs manage human resources (HR), payroll, and employee benefits. It outperformed the market following analyst upgrades and it announcing a share buyback. The firm continues to drive organic growth, assisting smaller businesses in reducing their back-office costs,

and it is expected to maintain its leadership position in the North American market.

Japanese confectionery food manufacturer **Morinaga** outperformed the market after publishing strong earnings results and demonstrating improved capital allocation. The business is experiencing growth overseas, which is contributing to higher returns on capital.

Ray Co is a South Korean manufacturer and distributor of dental and medical equipment worldwide, it underperformed following strong gains in recent quarters. This reflected concerns about Chinese economic growth, despite solid fundamental improvements in the business.

Dino Polska is a Polish retail chain of mid-size discount grocery stores. It also underperformed the broader market in August, when some investors realised profits following a period of strong returns. However, the food retailer's ability to create fundamental value remains outstanding.

The Fund began to establish a position in **Infocom** in August. The company's primary business is online manga (Japanese comics or graphic novels) distribution, operating as a subscription-based service comparable to Netflix. The company has steadily been acquiring more subscribers, enhancing its marketing capabilities, and generating solid earnings through customer growth. Its long-term subscriber growth potential remains strong and its attractive valuation level is expected to lead to long-term value creation for its shareholders.

FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.4531
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
FUM AT MONTH END	A\$ 133.79m
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.

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