

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.

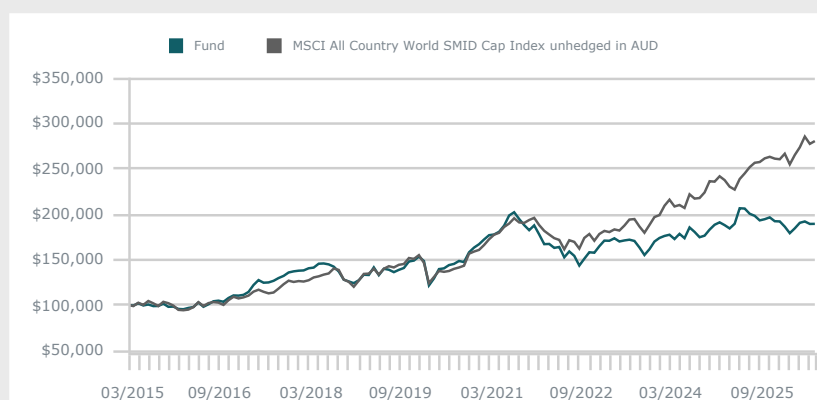
PERFORMANCE TABLE

NET PERFORMANCE FOR PERIODS ENDING 31 Aug 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	0.1%	-4.4%	2.4%	3.6%	-1.3%	5.7%
MSCI All Country World SMID Cap Index unhedged in AUD	1.1%	9.3%	13.6%	12.9%	7.5%	9.4%

PERFORMANCE CHART

NET PERFORMANCE SINCE INCEPTION²



TOP HOLDINGS (ALPHABETICALLY)

Clarkson PLC	Industrials
Gaztransport & Technigaz SA	Energy
Hilan Ltd.	Industrials
ISS A/S	Industrials
Max Stock Ltd.	Consumer Discretionary

CAPITALISATION BREAKDOWN

Under 2bn USD	32.6%
In between 2bn - 5bn USD	28.6%
Above 5bn USD	37%
Cash	1.9%

REGION BREAKDOWN

Europe ex UK	25.9%
North America	44.6%
Japan	6.2%
UK	7.3%
Middle East / Africa	8%
Latin America	6.1%
Cash	1.9%

STATISTICAL DATA

VOLATILITY³ 12.5%

NUMBER OF STOCKS 30

BETA⁴ 0.88

MAXIMUM DRAW DOWN -29.1%

AUGUST REPORT

COMMENTARY

- The Fund was broadly unchanged, rising 0.1% in August, lagging the MSCI ACWI SMID Cap Index (net, AUD), which gained 1.1%, as an underweight to Asia and to the largest companies held back relative returns, though strong contributions from **WisdomTree** and **Victory Capital Holdings** provided a partial offset.
- Global equity markets advanced for a fifth consecutive month, led by Asia on demand across the artificial intelligence supply chain, while momentum and valuation weakened and balance sheet strength was rewarded.
- No new positions were initiated, and no holdings were sold during the month, leaving the portfolio with 32 holdings.

Market review

Equity markets extended their run to a fifth straight month, though the gains were unevenly distributed across regions. Korea and Taiwan were the strongest as spending on artificial intelligence infrastructure supported the region's chip and hardware makers, while Chinese equities edged lower on soft domestic activity. Emerging markets outpaced their developed peers, but US small-caps trailed, adding to their recent underperformance. Materials, energy and technology led at the sector level.

Systematic factors fared poorly through the month. Momentum and value both delivered negative returns across smaller companies, and only around a fifth of factors produced positive spreads. Balance sheet quality was the clear exception, continuing a year in which the market has consistently rewarded low leverage.

None of the major central banks met during the month, leaving policy settings unchanged. The Federal Reserve Chair, speaking at Jackson Hole on 28 August, described underlying inflation as showing no meaningful improvement, and implied odds of a September rate rise climbed from around 35% to 57%. The Australian dollar appreciated 2.2% against the US dollar after the Reserve Bank held rates and domestic inflation proved sticky, muting returns for Australian-based investors.

The shift in rate expectations, together with a narrow and increasingly selective market, points to a less supportive backdrop for smaller companies as the year enters its final months

Portfolio Commentary

The Fund lagged its benchmark in August, with the result driven by positioning rather than stock selection. A large underweight to Asia proved costly during a firm month for the region's markets, and limited exposure to the largest companies weighed further as those names outperformed. An overweight to the Middle East and gains from two financial holdings provided some counterbalance.

WisdomTree, the US exchange-traded fund provider, was the strongest contributor. A monthly update confirmed record assets of \$163 billion alongside further net inflows, with US-domiciled assets passing \$100 billion for the first time. A rally in gold lifted its commodity range, several brokers raised their price targets, and the shares rose sharply.

Victory Capital Holdings, the US investment manager, also performed well. Second-quarter results delivered net inflows of \$4.2 billion and a wider profit margin, and late in the month the company agreed to acquire First Eagle Investments for around \$7 billion. The transaction would lift combined client assets to \$571 billion and is expected to add materially to earnings from 2027.

Hilan, the Israeli payroll and human-resources software provider, also advanced. Second-quarter results showed revenue growth accelerating to double digits, and management confirmed the improvement was organic, addressing the main open question on the position. Most of the share-price move came ahead of the result.

Gates Industrial, the US maker of power transmission and fluid-power products, detracted despite no disappointment at the company, which had beaten and raised guidance in late July. The shares fell after a soft domestic industrial production reading, then drifted back from an elevated post-results level. The margin improvement programme remains on track, with only the recovery in volumes slipping again.

Vita Coco, the US coconut water brand, was the weakest holding. No news was released during the month, and the decline extended a de-rating that began after the July result, when a clear earnings beat was overshadowed by a weaker implied second half. Second-half profit is now guided to \$48 million to \$55 million against \$106 million in the first half, reflecting a non-recurring tariff refund and freight surcharges. The category position remains intact, but the shares had climbed steeply over the prior year, and the pullback brought the valuation closer to our own work.

There were no purchases or sales during August, and turnover was nil. The portfolio ended the month with 32 holdings.

The portfolio remains concentrated in high-quality smaller companies, with the largest weightings in industrials and consumer discretionary. That stance has been a drag on relative returns recently, but we continue to favour durable businesses over positioning for short-term market leadership.

✓ FEATURES

APIR CODE	PCL0022AU
REDEMPTION PRICE	A\$ 1.3286
FEES *	Management Fee: 1.1% Performance Fee: 20.5%
MINIMUM INITIAL INVESTMENT	A\$10,000
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.

PENGANA GLOBAL SMALL COMPANIES FUND

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