



PENGANA GLOBAL SMALL COMPANIES FUND

**AUGUST 2018
PERFORMANCE
UPDATE**

FUND DESCRIPTION AND FEATURES

The Fund invests principally in small and mid-cap 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.

Portfolio Managers	Jonathan Moog, David Li, Leah Zell
APIR code	PCL0022AU
Redemption price	A\$1.3968
Fees	Management Fee: 1.334% Performance Fee: 20.5%*
Minimum initial investment	A\$25,000
FUM at month end	A\$187.5m
Fund inception date	1 April 2015
Benchmark	MSCI All Country World SMID Cap Index unhedged in AUD

* Performance fee of 20.5% (including GST net of RITC) of any return of the Class greater than the return of the benchmark Index after deduction of the management fee and adjusted for applications, redemptions and distributions to investors, less any prior accrued negative performance fee amount carried forward.

PERFORMANCE COMMENTARY

The Fund returned -1.7% in August, underperforming the benchmark return of 4.0%.

PORTFOLIO HIGHLIGHTS

The performance of the Fund was disappointing in August as it significantly lagged the benchmark. There were several factors that contributed to this result, however the three main drivers for the Fund's underperformance were: the Fund was underweight U.S. equity exposure, the Fund was overweight emerging markets equity exposure, and individual holdings in the portfolio performed poorly. We are optimistic that this underperformance will reverse, but are also cautious about the market conditions we are experiencing.

There are clear signs of economic slowdown in the emerging markets, which are exacerbated by heavily levered balance sheets. Historically, this scenario has resulted in periods of significantly increased volatility. We have also seen "growth" stocks that have dramatically outperformed "value" stocks, similar to the late 1990s. This has driven valuations in certain sectors to concerning levels.

These factors have us on alert. We continue to look for high quality companies at attractive valuations. To the extent we are unable to find those opportunities, we will continue to hold cash. As always, we invest capital only in companies with the potential to create long-term value, regardless of short-term trends and volatility.

No new positions were added to the portfolio in August. We continue to be patient and wait for better investment opportunities to emerge in the future.

The three largest contributors to performance for the month were Orion Engineered Carbons, ams AG and Open Text. The largest detractors were Bim Birlesik Magazalar AS, Greentree Hospitality and Criteo

**WE BELIEVE
THAT INVESTING
IS A GAME OF
PATIENCE,
DISCIPLINE AND
ENDURANCE.**

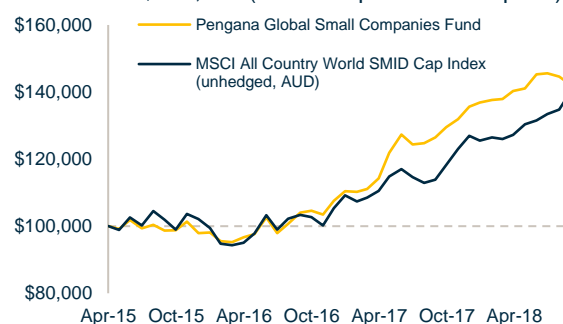
FUND PERFORMANCE

Net performance for periods ending 31 August 2018¹

	1 mth	1 yr	2 yrs p.a.	3 yrs p.a.	Since inception p.a. ²
Fund	-1.7%	12.3%	16.9%	12.9%	10.8%
Benchmark	4.0%	23.1%	16.4%	11.2%	10.4%

PERFORMANCE SINCE INCEPTION²

Growth of a \$100,000 (Since 1 April 2015 Inception)



PORTFOLIO INFORMATION

Top 5 stocks (in alphabetical order)

Name	Country	Sector
Jost Werke	Germany	Industrials
Nice Information Service	Korea	Financials
OpenText	Canada	Information Technology
PRA Group	United States	Financials
TripAdvisor	United States	Consumer Discretionary

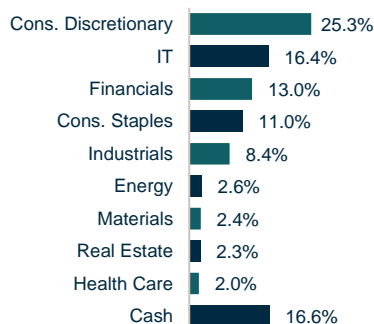
Largest 3 contributors

Orion Engineered Carbons
ams AG
OpenText

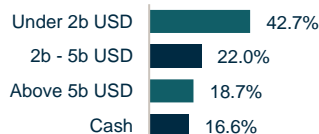
Largest 3 detractors

Bim Biresik Magazalar AS
Greentree Hospitality
Criteo

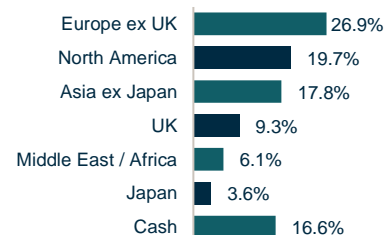
SECTOR BREAKDOWN



CAPITALISATION



GEOGRAPHIC



STATISTICAL DATA

Fund portfolio summary			
Volatility ³	8.03%	Number of stocks	38
Beta (using daily returns) ⁴	0.65	Maximum drawdown	-6.48%

1. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. 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.

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.

FOR FURTHER
INFORMATION
PLEASE VISIT
OUR WEBSITE:
PENGANA.COM