

# Pengana Global Small Companies Fund

## October 2016 Monthly Update



### Fund Description

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.

### Fund Features

<b>Portfolio Managers</b>	Jonathan Moog, David Li, Leah Zell (CIO)	<b>Investment Manager</b>	Lizard Investors LLC
<b>Identification Code(s)</b>	ARSN 604 292 677 APIR PCL0022AU	<b>Inception Date</b>	1 April 2015
<b>Redemption Price at Month End</b>	\$1.0247	<b>Style</b>	Fundamental
<b>Investors</b>	Retail & Wholesale Clients	<b>Minimum investment</b>	\$25,000
<b>Benchmark Index</b>	MSCI All Country World SMID Cap Index unhedged in AUD	<b>Fund Pricing</b>	Daily
<b>Management Fee</b>	1.334% p.a. of the Class net asset value	<b>Target Asset Allocation</b>	Cash 0-20% Equities 80-100%
<b>Performance Fee</b>	20.5% (including GST net of RITC) of performance above the benchmark*	<b>Distribution Frequency</b>	Twice yearly (June and December)

\*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.

### Fund Commentary

#### Net Returns to 31st October 2016<sup>1</sup>

	MTD	3 Months	FYTD	Trailing 12 Months	Since inception <sup>2</sup>
<b>Pengana Global Small Companies Fund</b>	-1.2%	2.7%	5.6%	2.0%	2.2%
<b>Benchmark</b>	-2.4%	-1.9%	1.3%	-3.3%	0.1%

<sup>1</sup>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.

<sup>2</sup>Inception 1<sup>st</sup> April 2015.

The Fund generated a return of -1.2%<sup>1</sup> in October 2016 compared to a -2.4% return for the MSCI AC World SMID Cap Index. The top five holdings were (in alphabetical order): boohoo.com Plc, Hostelworld Group Plc, Moleskine SpA, Spirit Airlines, Inc. and Ubiquiti Networks, Inc. The largest positive contributors to October performance were: boohoo.com Plc, Broadleaf Co., Ltd, Credito Real S.A. de C.V., Hostelworld Group Plc, and Spirit Airlines, Inc, while the largest detractors were: ams AG, NetScout Systems, Inc., Peyto Exploration & Development Corp, Sarine Technologies Ltd, and Wizz Air Holdings Plc. As of the 31<sup>st</sup> of October, the Fund's top 10 holdings accounted for 36.5% of the Fund's assets, with no single name representing more than 5.1% of the Fund. Cash represented 12.3% of the Fund.

### Portfolio Highlights

The Fund continued to perform well versus the benchmark, outperforming by 1.2%<sup>1</sup> in October. Boohoo continued with positive performance as the company continues to grow rapidly. We sat down with the Co-CEOs during the month and learned that they are still laser focused on disrupting the traditional fast fashion retail market, a vision that excites us. Hostelworld also performed well this month as the company began recovering from extraneous shocks that had impacted its stock. There was no significant damaging news related to any specific position during the month. The Fund was impacted by general market weakness causing the negative performance.

November is not only the start of another earnings season, but also the controversial US Presidential election. We are hoping for volatility that will allow us to add new investments to the fund at attractive prices.

### Portfolio Additions / Deletions

We trimmed our position in Boohoo this month given the strength of the stock and the reduced perception of value. No other trades were made.

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.

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### Portfolio Information

#### Top 5 Positions (in alphabetical order)

boohoo.com Plc
Hostelworld Group Plc
Moleskine SpA
Spirit Airlines, Inc.
Ubiquiti Networks, Inc.

#### Top Contributors

Boohoo.com PLC
Broadleaf Co., Ltd.
Credito Real S.A. de C.V.
Hostelworld Group Plc
Spirit Airlines, Inc.

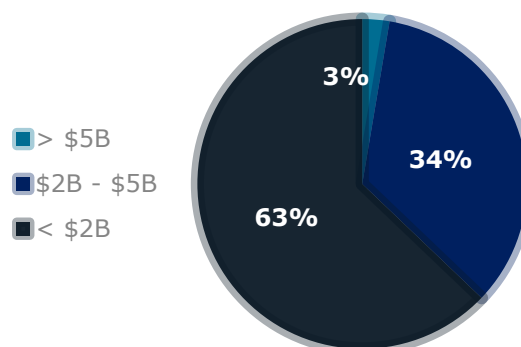
#### Top Detractors

ams AG
NetScout Systems, Inc.
Peyto Exploration & Development Corp.
Sarine Technologies Ltd
Wizz Air Holdings Plc.

### Fund Breakdown

Sector Allocation		Geographical Allocation	
Consumer Discretionary	24.3%	Europe	27.3%
Industrials	23.1%	North America	25.5%
Information Technology	17.3%	UK	10.3%
Financials	12.4%	Asia ex Japan	9.1%
Consumer Staples	6.1%	Japan	6.3%
Energy	3.2%	Middle East/Africa	5.8%
Health Care	1.3%	Latin America	3.4%
Cash	12.3%	Cash	12.3%
<b>Total</b>	<b>100.0%</b>	<b>Total</b>	<b>100.0%</b>

#### Market Cap Breakdown (USD)



### Contact Details

Pengana Capital Limited  
 Level 12, 167 Macquarie Street, Sydney, NSW 2000, Australia • T +61 2 8524 9900 • F +61 2 8524 9901  
 ABN 30 103 800 568, AFSL 226566

For further information, please visit our website at [www.pengana.com](http://www.pengana.com) or contact:

**Private Clients:** Daniel Fine +61 2 8524 9936 [daniel.fine@pengana.com](mailto:daniel.fine@pengana.com)  
**Advisors:** Damian Crowley +61 2 8524 9970 [damian.crowley@pengana.com](mailto:damian.crowley@pengana.com)  
 Rebecca Morgan +61 3 8663 7906 [rebecca.morgan@pengana.com](mailto:rebecca.morgan@pengana.com) (VIC/TAS/SA/WA)  
 Alex Keen +61 2 8524 9942 [alex.keen@pengana.com](mailto:alex.keen@pengana.com) (NSW/ACT)  
 Rachel Elfverson +61 434 980 561 [rachel.elfverson@pengana.com](mailto:rachel.elfverson@pengana.com) (QLD/NT)

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