

Pengana Global Small Companies Fund

ARSN 604 292 677

Interim report

For the half-year ended 31 December 2023

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This interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of Pengana Global Small Companies Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim report covers Pengana Global Small Companies Fund (ARSN 604 292 677) as an individual entity.

The Responsible Entity of Pengana Global Small Companies Fund is Pengana Capital Limited (ABN 30 103 800 568).

The Responsible Entity's registered office is: Suite 27.01, Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000.

Directors' report

The Directors of Pengana Capital Limited, the Responsible Entity of Pengana Global Small Companies Fund (the "Fund"), present their report together with the financial statements of the Fund, for the half-year ended 31 December 2023.

Principal activities

The Fund invests primarily in equity securities in accordance with the provisions of the Fund's Constitution.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

The various service providers for the Fund are detailed below:

Service	Provider
Responsible Entity	Pengana Capital Limited
Investment Manager	Lizard Investors LLC
Custodian and Administrator	BNP Paribas
Statutory Auditor	Ernst & Young

Directors

The following persons held office as Directors of Pengana Capital Limited during the whole of the half-year and up to the date of this report:

Russel Pillemer
Katrina Glendinning
Nick Griffiths

Review and results of operations

The Fund continued to invest funds in accordance with target asset allocations as set out in the Product Disclosure Statement and in accordance with the provisions of the Fund's Constitution.

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2023	31 December 2022
	\$	\$
Operating profit/(loss) before finance costs attributable to unitholders	<u>(1,226,174)</u>	<u>4,682,508</u>

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of the affairs of the Fund that occurred during the financial half-year.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Rounding of amounts to the nearest dollar

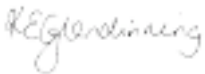
Amounts in the Directors' report have been rounded to the nearest dollar in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Directors' report (continued)

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

This report is made in accordance with a resolution of the Directors of Pengana Capital Limited.



Katrina Glendinning
Director
Pengana Capital Limited
13 March 2024



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Auditor's Independence Declaration to the Directors of Pengana Capital Limited

As lead auditor for the review of the half-year financial report of Pengana Global Small Companies Fund for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review, and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

Ernst & Young

Jaddus Manga
Partner
13 March 2024

Pengana Global Small Companies Fund
Statement of comprehensive income
For the half-year ended 31 December 2023

	Half-year ended	
	31 December	31 December
	2023	2022
	\$	\$
Investment income		
Interest income	141,742	143,863
Dividend income	1,078,279	1,516,328
Trust distribution income	71,939	74,435
Net foreign exchange gain/(loss)	13,282	(20,844)
Net gains/(losses) on financial instruments held at fair value through profit or loss	(1,148,924)	4,071,283
Other operating income	<u>201</u>	<u>-</u>
Total net investment income	<u>156,519</u>	<u>5,785,065</u>
Expenses		
Management fees	710,172	773,428
Transaction costs	490,046	108,551
Withholding tax	<u>182,475</u>	<u>220,578</u>
Total operating expenses	<u>1,382,693</u>	<u>1,102,557</u>
Profit/(loss) for the half-year	<u>(1,226,174)</u>	<u>4,682,508</u>
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	<u>(1,226,174)</u>	<u>4,682,508</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Pengana Global Small Companies Fund
Statement of financial position
As at 31 December 2023

		As at	
	Notes	31 December 2023 \$	30 June 2023 \$
Assets			
Cash and cash equivalents		1,830,045	11,840,685
Due from brokers - receivable for securities sold		121,835	16,606,276
Receivables	5	513,614	510,245
Financial assets at fair value through profit or loss	4	<u>127,900,698</u>	<u>123,229,816</u>
Total assets		130,366,192	152,187,022
Liabilities			
Distribution payable		-	1,550,583
Due to brokers - payable for securities purchased		751,006	-
Payables	6	<u>301,072</u>	<u>11,754,067</u>
Total liabilities (excluding net assets attributable to unitholders)		1,052,078	13,304,650
Net assets attributable to unitholders - Equity	3	<u>129,314,114</u>	<u>138,882,372</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

Pengana Global Small Companies Fund
Statement of changes in equity
For the half-year ended 31 December 2023

	Notes	Half-year ended	
		31 December 2023	31 December 2022
		\$	\$
Total equity at the beginning of the half-year	3	138,882,372	135,930,019
Comprehensive income for the half-year			
Profit/(loss) for the half-year		(1,226,174)	4,682,508
Other comprehensive income		-	-
Total comprehensive income for the half-year		(1,226,174)	4,682,508
Transactions with unitholders			
Applications		11,910,629	21,681,862
Redemptions		(20,252,713)	(15,306,908)
Total transactions with unitholders		(8,342,084)	6,374,954
Total equity at the end of the half-year		129,314,114	146,987,481

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Pengana Global Small Companies Fund
Statement of cash flows
For the half-year ended 31 December 2023

	Half-year ended	
	31 December	31 December
	2023	2022
	\$	\$
Cash flows from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	120,793,561	31,774,802
Purchase of financial instruments at fair value through profit or loss	(109,377,920)	(20,375,562)
Dividends received	1,040,704	1,354,279
Trust distributions received	71,939	183,782
Interest received	166,342	104,569
GST received	7,483	10,544
Other operating income received	201	-
Management fees paid	(737,320)	(779,503)
Withholding tax paid	(153,805)	(199,591)
Transaction costs paid	(505,977)	(109,157)
Net cash inflow from operating activities	<u>11,305,208</u>	<u>11,964,163</u>
Cash flows from financing activities		
Proceeds from applications by unitholders	11,884,082	21,645,259
Payments for redemptions by unitholders	(31,662,629)	(15,531,121)
Distributions paid	(1,550,583)	(7,142,258)
Net cash outflow from financing activities	<u>(21,329,130)</u>	<u>(1,028,120)</u>
Net increase/(decrease) in cash and cash equivalents	(10,023,922)	10,936,043
Cash and cash equivalents at the beginning of the half-year	11,840,685	7,512,424
Effect of foreign currency exchange rate changes on cash and cash equivalents	13,282	(20,844)
Cash and cash equivalents at the end of the half-year	<u>1,830,045</u>	<u>18,427,623</u>

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

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1 Basis of preparation of interim report

These general purpose financial statements for the half-year ended 31 December 2023 have been prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The financial report covers Pengana Global Small Companies Fund (the "Fund") as an individual entity.

The Responsible Entity of the Fund is Pengana Capital Limited (ABN 30 103 800 568) (the "Responsible Entity"). The Responsible Entity's registered office is Suite 27.01, Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney, NSW 2000.

The financial report is presented in Australian dollars.

This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made in respect of Pengana Global Small Companies Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements were authorised for issue by the directors on 10 March 2024. The directors of the Responsible Entity have the power to amend and reissue the financial report.

(a) New accounting standards and interpretations

New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2023 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

2 Fair value measurements

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities designated at fair value through profit or loss

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2);
and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets and liabilities held by the Fund is the last traded price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

2 Fair value measurements (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds.

Recognised fair value measurements

The following table presents the Fund's assets and liabilities measured and recognised at fair value as at 31 December 2023 and 30 June 2023.

31 December 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Listed equity securities	<u>127,900,698</u>	-	-	<u>127,900,698</u>
Total	<u>127,900,698</u>	-	-	<u>127,900,698</u>
30 June 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Financial assets at fair value through profit or loss				
Listed equity securities	<u>123,229,816</u>	-	-	<u>123,229,816</u>
Total	<u>123,229,816</u>	-	-	<u>123,229,816</u>

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Transfers between levels

There were no transfers between levels in the fair value hierarchy during the half-year ended 31 December 2023.

Fair value measurements using significant unobservable inputs (level 3)

There were no investments classified as Level 3 within the Fund as at 31 December 2023 and 30 June 2023.

Fair value of financial instruments not carried at fair value

The carrying value of trade receivables and trade payables are assumed to approximate their fair values. Net assets attributable to unitholders' carrying value differs from its fair value (deemed to be redemption price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior period.

The carrying value of financial instruments not measured at fair value approximate their fair values.

3 Net assets attributable to unitholders

Under AASB 132 *Financial instruments: Presentation*, puttable financial instruments are classified as equity where certain strict criteria are met. The Fund classifies the net assets attributable to unit holders as equity as they satisfy the following criteria:

- the puttable financial instrument entitles the holder to a pro-rata share of net assets in the event of the Fund's liquidation
- the puttable financial instrument is in the class of instruments that is subordinate to all other classes of instruments and class features are identical
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Fund, and it is not a contract settled in the Fund's own equity instruments; and
- the total expected cash flows attributable to the puttable financial instrument over the life are based substantially on the profit or loss.

Movements in the number of units and net assets attributable to unitholders during the half-year were as follows:

	Half-year ended			
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	No.	No.	\$	\$
Opening balance	94,837,744	102,892,868	138,882,372	135,930,019
Applications	8,318,414	16,323,302	11,910,629	21,681,862
Redemptions	(14,193,783)	(11,530,222)	(20,252,713)	(15,306,908)
Profit/(loss) for the year	<u>-</u>	<u>-</u>	<u>(1,226,174)</u>	<u>4,682,508</u>
Closing balance	<u>88,962,375</u>	<u>107,685,948</u>	<u>129,314,114</u>	<u>146,987,481</u>

As stipulated in the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets in the Fund.

There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

The Fund considers its net assets attributable to unitholders as equity. The amount of net assets attributable to unitholders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unitholders. Net assets attributable to unitholders are representative of the expected cash outflows on redemption.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unitholders.

4 Financial assets at fair value through profit or loss

	As at	
	31 December	30 June
	2023	2023
	Fair value	Fair value
	\$	\$
Financial assets at fair value through profit or loss		
Listed equity securities	<u>127,900,698</u>	<u>123,229,816</u>
Total financial assets at fair value through profit or loss	<u>127,900,698</u>	<u>123,229,816</u>

5 Receivables

	As at	
	31 December 2023	30 June 2023
	\$	\$
Dividends receivable	208,859	171,284
Interest receivable	9,997	34,597
Reduced Input Tax Credit receivable	28,982	36,465
Applications receivable	98,499	71,952
Withholding tax reclaims receivable	167,277	195,947
	<u>513,614</u>	<u>510,245</u>

6 Payables

	As at	
	31 December 2023	30 June 2023
	\$	\$
Management fees payable	111,436	138,584
Redemptions payable	188,270	11,598,186
Transaction costs payable	1,366	17,297
	<u>301,072</u>	<u>11,754,067</u>

7 Events occurring after the reporting date

No significant events have occurred since the reporting date which would have an impact on the financial position of the Fund disclosed in the statement of financial position as at 31 December 2023 or on the results and cash flows of the Fund for the half-year ended on that date.

8 Contingent assets and liabilities or commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2023 and 30 June 2023.

Directors' declaration

In the opinion of the Directors of the Responsible Entity:

- (a) The financial statements and notes set out on pages 5 - 13 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date,
- (b) There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Katrina Glendinning
Director
Pengana Capital Limited
13 March 2024



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Independent Auditor's Review Report to the Unitholders of Pengana Global Small Companies Fund

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pengana Global Small Companies Fund (the Trust), which comprises the statement of financial position as at 31 December 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Trust does not comply with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Trust's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The directors of Pengana Capital Limited, the Responsible Entity of the Trust, are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

Jaddus M B Manga Neto

Jaddus Manga
Partner
Sydney
13 March 2024