

Product Assessment

Pengana Global Small Companies Fund

Report data as at 31 Oct 2020
Rating issued on 25 Nov 2020

VIEWPOINT

The Fund, managed by Lizard Investors LLC (Lizard) and offered to the Australian market by Pengana Capital Limited (Pengana), provides investors with an exposure to a value-style portfolio of global small cap equities. Zenith believes Lizard's research, security selection and portfolio construction process is logical and ensures the team's best ideas are well represented in the Fund.

Based in Chicago, Lizard was founded by Leah Zell in 2008. Lizard entered into a sub-advisory agreement with Pengana in 2015, whereby Lizard was appointed as the investment manager for the Fund.

In January 2020, Pengana took a majority stake in Lizard, with Jon Moog and David Li no longer holding equity in Lizard as a result. Going forward, Moog and Li now share equally in the profits generated by the strategies they manage. Whilst Zenith acknowledges that the profit share structure is consistent with other investment managers within Pengana, we are disappointed that Moog and Li will no longer retain equity in Lizard, given we believe it served as a stronger retention mechanism.

The investment team is led by Moog, who is primarily supported by Li. A collegiate approach to portfolio construction is employed, with Moog and Li both jointly responsible for building the portfolio, with final decision-making authority held by Moog. Zenith considers the senior members of the team to be experienced and competent global small companies investors.

Lizard's fundamental research process includes both a quantitative and qualitative review component. The quantitative component includes the development of a detailed financial model, with all recommended stocks generally offering a return of 20% p.a. over a three-year time period. The qualitative component includes the preparation of a research note that outlines the investment thesis, background of company management, ownership of the business and an assessment of the key drivers and risks. Zenith believes Lizard's stock selection process is implemented in a consistent manner.

Lizard employs a high conviction, benchmark unaware portfolio construction approach. Typical position sizes range from 2% to 5% and are ultimately determined based on conviction, perceived risk and liquidity. Given the nature of the investment process, portfolio changes occur infrequently, with Lizard expecting to make approximately one portfolio change per month. Zenith believes Lizard's portfolio construction process follows a logical framework.

FUND FACTS

- Unhedged currency exposure
- Typically holds between 30 and 80 stocks
- Portfolio turnover is expected to be between 20% p.a. and 50% p.a.
- Zenith has assigned the Fund a Responsible Investment Classification of **Aware**

APIR Code

PCL0022AU

Asset / Sub-Asset Class

International Shares
Small Companies

Investment Style

Value

Investment Objective

To achieve a long-term total return (after fees) greater than the MSCI All Country World Index SMID Cap (unhedged) in Australian dollars over rolling three-year periods.

Zenith Assigned Benchmark

MSCI World ex Aust Small Cap \$A

Net Returns (% p.a.)

	5 yrs	3 yrs	1 yr
Fund	7.73	3.70	4.59
Benchmark	7.03	4.78	-2.08
Median	6.14	3.02	1.87

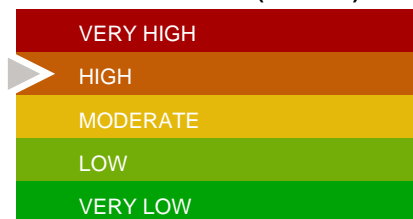
Income (% p.a.)

	Income	Total
FY to 30 Jun 2020	1.40	0.31
FY to 30 Jun 2019	0.22	-4.01
FY to 30 Jun 2018	0.91	17.03

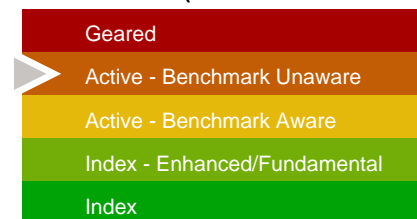
Fees (% p.a., Incl. GST)

Management Cost: 1.33%
Performance Fee: 20.5% of the outperformance of the MSCI All Country World Index SMID Cap unhedged in Australian dollars (after fees), subject to the recoupment of all prior benchmark underperformance.

ABSOLUTE RISK (SECTOR)



RELATIVE RISK (FUND WITHIN SECTOR)



INCOME DISTRIBUTIONS PER



INVESTMENT TIMEFRAME



APPLICATIONS OF INVESTMENT

SECTOR CHARACTERISTICS

International equities offer Australian investors the ability to access a broader opportunity set, with the potential to invest in sectors not represented or not well represented in the Australian market. Given international markets are not perfectly correlated with the Australian market, international equities also affords portfolio diversification benefits.

The Zenith “International Shares – Small Companies” sector consists of long-only funds that invest in global equity markets. The sector incorporates both benchmark aware and benchmark unaware strategies that focus predominantly on international small capitalisation stocks.

Zenith benchmarks all funds in this sector against the MSCI World ex-Australia Small Cap Index. The index is market-capitalisation weighted, resulting in those companies with the largest market capitalisations receiving the largest weightings. The index consists of over 4,300 securities listed in 22 developed markets (Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States) with the United States currently representing approximately 58% of the index and Japan being the next largest constituent, representing approximately 12%. The index excludes emerging and frontier markets, however many managers retain the mandate flexibility to invest in emerging markets.

The global small cap market, as represented by the MSCI World ex-Australia Small Cap Index, is far more diverse, in terms of sector exposures, than the Australian market. Many sectors not well represented in the Australian market, such as industrials and information technology, are well represented in the global small cap index, with weightings of approximately 17% and 14% respectively. Notwithstanding this, we note that the financials sector represents a material sector index weight with a weighting of 13%. Despite the market capitalisation weighting methodology, the top 10 index stocks represent under 2% of the weighting of the index, reflecting the larger and less top heavy nature of the universe.

The Unhedged classification indicates that funds in this universe are currency unhedged, resulting in their returns being broadly affected by fluctuations in the Australian Dollar (AUD) versus other global currencies. Returns of unhedged funds are positively impacted by a depreciating AUD, whilst an appreciating AUD will negatively impact returns.

PORTFOLIO APPLICATIONS

International equities provide investors with broad exposure to industries and countries. With such a broad universe, it is expected that managers can deliver superior returns to more conservative asset classes. However, the expectation of greater returns comes with increased volatility, especially when currency movements are considered. Therefore, it is recommended that investors adopt a longer time frame when investing in international equities. It is also recommended that investments in international equities are blended with domestic equities and other asset classes such as fixed income to improve portfolio diversification.

Lizard utilises a benchmark unaware and relatively concentrated portfolio construction process that may appeal to investors seeking an active exposure to international smaller companies. In addition, the investment process results in a portfolio that is biased towards value companies.

Given the Fund's inherent value bias, Zenith believes a more diversified exposure within an international equity allocation can be achieved by blending the Fund with larger capitalisation biased, style-neutral or growth-orientated international equity strategies. In addition, given the potential for heightened levels of volatility, Zenith believes international small capitalisation funds are most appropriate for investors with an investment time horizon of seven or more years.

The Fund's portfolio turnover is expected to be between 20% p.a. and 50% p.a., which Zenith considers to be low to moderate. Lizard has indicated that approximately 50% of the expected turnover is attributed to resizing existing positions and approximately 50% is due to initiating and closing positions. Given this expected level of turnover, a sizeable proportion of the Fund's returns are expected to be delivered via capital appreciation in the unit price, rather than through the realisation of capital gains in income distributions. In addition, realised capital gains are likely to be eligible for the capital gains tax discount. As such, holding all else equal, the Fund may be more appealing to investors who are high marginal tax rate payers as it will result in superior after-tax return outcomes.

RISKS OF THE INVESTMENT

SECTOR RISKS

The broad risks of investing in global equities include:

MARKET DOWNTURN: The biggest risk for all global equities based products is a significant downturn across global equities markets, which could lead to periods of negative performance. This risk can be significantly reduced by investors adopting a medium to long-term investment time frame.

AUSTRALIAN DOLLAR (AUD) CURRENCY RISK: The AUD has historically experienced declines during weaker market environments, and appreciation in market upturns. For funds that maintain an unhedged currency exposure, an appreciating AUD is likely to have a negative impact on a fund's total return. Conversely, an unhedged fund is likely to benefit relative to hedged global equities funds in periods where the AUD depreciates. Zenith believes that over the long-term, the currency impact on performance will be minimal and therefore does not advocate retail investors making active currency decisions based on near-term currency predictions. For investors who are concerned about the short-term risks associated with taking fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

REGULATORY RISK: The ASIC Regulatory Guide 97 ‘Disclosing Fees and Costs in Product Disclosure Statements and Periodic Statements’ came into effect on 1 October 2017 and seeks to establish a common framework for disclosing fees with respect to registered managed investment schemes issued to retail investors.

In November 2019, ASIC released its final recommendations,

with proposed changes to be phased in from 30 September 2020, with all Funds required to be compliant by 30 September 2022.

In its current form, RG97 will not impact the actual costs (or after fee returns) on existing investments. Rather, the guide is focused on providing increased transparency with respect to the costs of management. Given this, it is feasible that under RG97, investors become more sensitive to the costs charged and seek lower cost alternatives, potentially leading to fund outflows.

FUND RISKS

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

KEY PERSON RISK: As with most fund managers, Lizard is subject to a level of key person risk, which we believe is heightened given the compact nature of the investment team. Zenith considers Jon Moog, David Li and Leah Zell as integral to the ongoing management and success of the Fund and the firm. The departure of any of these individuals would be a material loss, triggering an immediate reassessment of our rating. Zenith believes that Zell is moving towards the latter stages of her career, which means that her retirement could be a consideration in the short to medium term.

In January 2020, Pengana took a majority stake in Lizard, with Jon Moog and David Li no longer holding equity in Lizard as a result. Going forward, Moog and Li now share equally in the profits generated by the strategies they manage. Whilst Zenith acknowledges that the profit share structure is consistent with other investment managers within Pengana, we are disappointed that Moog and Li will no longer retain equity in Lizard, given we believe it served as a stronger retention mechanism. Zenith notes that Zell retains a minority equity stake in Lizard.

TEAM FOCUS RISK: In addition to this Fund, the team is responsible for a long-biased international small cap equity hedge fund strategy (Lizard's Hedged Product), which has substantially more funds under management (FUM). Zenith believes that the team's commitment to Lizard's Hedged Product has the potential to draw focus away from this Fund. However, Zenith acknowledges the fact that there is some degree of overlap between the two funds, which somewhat mitigates our concerns.

EMERGING MARKET RISK: The Fund can invest in stocks listed in emerging markets or those with economic interests that are dominated by operations in emerging market economies. Whilst there is no specified limit to emerging market exposure, it has typically been less than 30% of the Fund. While exposure to emerging markets adds diversification to the Fund, it can also be a source of added volatility and may be detrimental to the preservation of capital.

CAPACITY/LIQUIDITY RISK: Excessive levels of FUM can inhibit a manager's ability to trade portfolio positions effectively, thereby limiting outperformance potential. As at 31 October 2020, Lizard managed approximately \$US 375 million in FUM across three strategies, with approximately \$A 111 million of this amount invested in this strategy. As at 31 October 2020,

Lizard indicated a capacity level of \$A 710 million (\$US 500 million) for the strategy.

Whilst Zenith does not believe the Fund is currently impacted by capacity limitations, we will continue to monitor Lizard's overall level of FUM closely to ensure increasing levels of FUM do not impede on performance.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Lizard Investors LLC (Lizard) was founded by Leah Zell in 2008 and specialises in managing small and mid cap portfolios.

In January 2020, Pengana took a majority stake in Lizard, with Jon Moog and David Li no longer holding equity in Lizard as a result. Going forward, Moog and Li now share equally in the profits generated by the strategies they manage. Zenith notes that Zell retains a minority equity stake in Lizard. Overall, Zenith is comfortable with the partnership between Lizard and Pengana.

Pengana is an Australian funds management boutique founded in 2003 that aims to find and support experienced fund managers with long track records. Pengana provides staff and support for its fund managers, leaving the investment staff entirely responsible for the performance of the funds that they manage.

In June 2017, Pengana completed the merger with Hunter Hall International Limited (ASX: HHL). As a result, HHL was renamed Pengana Capital Group Limited (ASX: PCG). The combined entity offers a diversified range of equity-based strategies totalling \$A 3.3 billion in funds under management (FUM), as at 31 October 2020.

PCG is primarily owned by Pengana staff, Washington H. Soul Pattinson (ASX: SOL) and existing Hunter Hall shareholders. SOL has a 39.25% shareholding in PCG, having purchasing NAB Asset Management's stake in Pengana in March 2017 and holding a material interest in Hunter Hall prior to the merger. The majority of equity ownership resides with Pengana staff and directors, which Zenith views positively.

As at 31 October 2020, Lizard managed approximately \$US 375 million across a long-biased international equity hedge fund, two long-only separately managed accounts and the Pengana Global Small Companies Fund. Lizard entered into a sub-advisory agreement with Pengana in 2015, whereby Lizard was appointed as the investment manager for the Fund. The Fund is offered in Australia by Pengana.

As at the same date, Lizard managed approximately \$A 111 million in the strategy, all of which was in the Fund.

INVESTMENT PERSONNEL

Name	Title	Tenure
Jon Moog	Chief Investment Officer/Portfolio Manager	12 Yr(s)
Leah Zell	Founder/Non-Executive Chair	12 Yr(s)
David Li	Head of Research/Portfolio Manager	12 Yr(s)

Based in Chicago, the investment team of six is led by Jon Moog, who is primarily supported by David Li. Additional analytical support is provided by three analysts.

Moog and Li both joined Lizard at its establishment. Moog joined from Brightpoint Capital where he was employed as a senior research analyst from 2006 to 2008. Moog also held investment-related roles at Investor Group Services and Loomis Sayles. Prior to joining Lizard, Li was a long/short analyst at Porter Orlin LLC (now known as Amici Capital) from 2003 to 2008. Zenith believes Moog and Li are highly capable investors.

Prior to establishing Lizard in October 2008, Zell was a co-founding partner and portfolio manager at Wanger Asset Management between 1992 and 2005. During her tenure at Wanger, Zell was Head of International Equities and lead portfolio manager for the Acorn International Fund. From 1984 to 1992, Zell was a global equity analyst for Harris Associates, with responsibility predominantly for US small cap equities. Zenith considers Zell to be a highly experienced and competent global small cap investor. In terms of experience, Zell has directly managed global small-cap portfolios for over 20 years, making her one of the most experienced investors in the peer group.

In terms of stock responsibilities, all team members are generalists and responsible for stock research (excluding Zell). The research agenda is relatively fluid, with no more than 12 companies under research/due diligence at a particular point in time. The weekly research meeting is a forum for identifying and prioritising stock ideas.

In recent years, Lizard has incrementally added investment analysts to the team. Zenith views Lizard's commitment to continually adding resourcing to the team positively, believing it is adequately resourced to manage the Fund.

The incentive structure for employees is tailored to their respective roles and level of seniority in the business. In addition to market-linked base salaries, the investment team is entitled to a bonus payable on an annual basis. This process is largely subjective and determined by Moog based on individual performance and broader team contribution. Effective 1 January 2020, Moog and Li no longer hold equity in Lizard. Instead, Pengana, Moog and Li equally share in the profits generated by the business unit. Whilst Zenith acknowledges that the profit share structure is consistent with other investment managers within Pengana, we are disappointed that Moog and Li will no longer retain equity in Lizard, given we believe it served as a stronger retention mechanism.

Zenith considers the senior members of the team to be experienced and competent global small companies investors.

INVESTMENT OBJECTIVE, PHILOSOPHY AND PROCESS

The Fund's investment objective is to achieve a long-term total return (after fees) greater than the MSCI All Country World Index SMID Cap (unhedged) in Australian dollars over rolling three-year periods.

Zenith would prefer to see the delineation of a specific outperformance target, as opposed to a descriptive, qualitative objective. Zenith believes this would provide investors with greater transparency with regards to return expectations and to

the level of risk embedded in the Fund.

Lizard employs a value-orientated investment approach to identify small and mid-cap equities with a focus on investing in quality businesses that create value for shareholders. Lizard believes unique opportunities exist due to limited available research, corporate actions and negative investor perception.

Lizard's investment approach is geography, sector and benchmark agnostic with a focus on capital preservation, investing only in select companies where the risk/reward trade off is attractive.

SECURITY SELECTION

Lizard's investment process commences with a reduction of the investment universe, which includes all listed small and mid cap companies globally. From more than 50,000 eligible companies, the investment universe is reduced to approximately 5,000 companies based on the following criteria:

- Sustainable business model
- Strong balance sheet
- Disciplined management
- Strong corporate governance
- Compelling valuation

Only companies that meet all of the above-mentioned criteria are eligible for further consideration. While Zenith is supportive of Lizard's screening approach, we note that a number of the criteria are subjective in nature. Zenith believes more defined investment filters would ensure a higher level of consistency in the pool of investable securities.

The remaining 5,000 companies form the actual investment universe, from which 300 companies are considered for further research. While all of these companies meet Lizard's investment criteria, not all are considered due to high current valuations. Stocks that warrant further research exhibit the following characteristics:

- Under researched and/or under owned
- Price dislocations created by temporary problems
- Corporate reorganisations and spin-offs
- Quality companies where Lizard disagrees with market pricing

Given the compact size of the research team, Lizard maintains an active research pipeline on approximately 12 companies. The pipeline is reviewed and discussed on a weekly basis, with Moog and Li prioritising each team member's area of focus.

Lizard's fundamental research process includes both a quantitative and qualitative review component. The quantitative component includes the development of a detailed financial model. The modelling process includes the stress testing of earnings assumptions under a base and bear case scenario and a review of the business under multiple economic scenarios. All recommended stocks must generally offer a 20% p.a. return over a three-year time period (i.e. the current share price must represent at least a 50% discount to its intrinsic value).

The qualitative component includes the preparation of a research note that outlines the investment thesis, background of company management, ownership of the business and an assessment of the key drivers and risks. To support the

research process, Lizard aims to meet with company management, preferably in their corporate headquarters, and will seek to meet with customers, suppliers, buyers and industry experts.

Zenith notes that, given Lizard's relatively small asset base, onsite company visits and access to company management is expected to be limited relative to larger peers. Zenith believes company visitation and access to company management are highly important aspects of a fundamental investment process.

A research note is completed and discussed at the weekly research meeting. The note includes a target entry price and exit price, a summary of the investment thesis and the financial model. At this point, the stock is considered for the portfolio.

Overall, Zenith considers Lizard's stock selection process to be sound and implemented in a consistent manner.

PORTFOLIO CONSTRUCTION

Portfolio construction is closely aligned with the output of the security selection process. Stocks that meet Lizard's investment criteria and form part of the watch list are eligible for inclusion in the portfolio, subject to the share price trading in line or below Lizard's target entry price.

Lizard employs a collegiate approach to portfolio construction, with Moog and Li both jointly responsible for building the final portfolio, with final decision-making authority held by Moog. In addition, Zell provides an additional perspective on macroeconomic influences and general portfolio construction considerations.

The Fund typically holds between 30 and 80 stocks, with broad exposure limits at the stock, sector and country level. Given the nature of the investment process, portfolio changes occur infrequently, with Lizard expecting to make approximately one portfolio change per month. Lizard employs a high conviction approach, with the typical position size ranging from 2% to 5%, depending on conviction, perceived risk and liquidity.

Lizard places an informal position limit of 3% on companies that exhibit the following characteristics:

- Single product
- Customer concentration
- Limited liquidity
- Excessive geographic risk

A stock will be sold when it reaches its target price. Other instances where stocks will be exited include a violation of the original investment thesis and/or other stocks on the watch list present a superior investment case.

The Fund's portfolio turnover is expected to be between 20% p.a. and 50% p.a., which Zenith considers to be low to moderate, with cash exposure limited to 20%. Zenith believes that actively-managed equities funds should remain fully invested and that the asset allocation decision should be left to the individual investor. As such, we believe there is scope for this limit to be reduced.

Overall, Zenith believes Lizard's portfolio construction process follows a logical framework.

RISK MANAGEMENT

Portfolio Constraints	Description
Security Numbers	30 to 80
Individual Security Weight (%)	max: 10%
Sector Weight (%)	max: 35%
U.S. Exposure (%)	max: 55%
Country Weight ex. U.S. (%)	max: 25%
Cash (%)	max: 20%
Expected Portfolio Turnover (% p.a.)	20% p.a. to 50% p.a.
ESG Constraints - Excluded Sectors	N/A

The Fund is managed in accordance with the above guidelines. Zenith notes that these are soft constraints only, with Lizard reserving the right to structure the portfolio outside of these guidelines.

Lizard's primary layer of risk management is its fundamental stock research process. This includes stress testing each potential company under a number of earnings scenarios and their investment theses via base and bear case scenarios.

In November 2018, Lizard introduced a portfolio, risk and order management platform called Integrata. Zenith believes this brings Lizard's systems to a level that we consider to be best practice.

Lizard's trading function is performed by a third-party broker, Williams Trading LLC (Williams), that is responsible for executing all portfolio trades. Williams provides an execution platform to a pool of external fund managers. Moog is primarily responsible for communicating trades to Williams via the online order system.

Although Zenith understands that this arrangement is efficient with respect to Lizard's resourcing capacity, we would prefer to see dedicated traders who are able to exercise greater control over trading activities. In addition, we believe that the information flow that is gained through the dealing desk is an important aspect of small cap investing, given it is a highly inefficient segment of the market.

In addition to Lizard's risk management framework, Pengana has a monitoring process in place to ensure the Fund remains compliant with its investment mandate. This includes a bi-monthly portfolio management risk review and a daily check to ensure the Fund is managed in accordance with its risk limits is performed daily by a member of Pengana's risk team.

Overall, Zenith considers Lizard's execution and risk management processes and systems to be satisfactory. However, investors should be aware there is significant reliance on Lizard's judgement and skill.

Responsible Investment Approach

Lizard is not a signatory of the United Nations Principles for Responsible Investment (UNPRI) and does not have an established Responsible Investment Policy.

While the portfolio has no specific exclusions, as outlined in the table above, Lizard takes an active approach to environmental, social and governance (ESG) issues during the fundamental analysis stage. Lizard believes that considering ESG factors as

part of the investment process is an important source of value add and risk management. Zenith believes that this qualitative analysis of a company's operations is crucial on a forward basis, given that a company's performance with regards to ESG considerations is increasingly being reflected in the company's share price. Overall, Zenith is comfortable with Lizard's approach to ESG.

From a classification scale of:

- Impact
- Thematic
- Integrated
- Aware
- Traditional

Zenith has assigned the Fund a Responsible Investment Classification of **Aware**.

INVESTMENT FEES

The sector average management cost (in the table below) is based on the average management cost of all flagship International Equities - Small Companies funds surveyed by Zenith.

The Fund charges a management cost of 1.33%, with a 20.5% performance fee applied to the outperformance (after fees) of the MSCI All Country World Index SMID Cap unhedged in Australian dollars, subject to the recoupment of all prior benchmark underperformance. The performance fee is accrued daily and paid semi-annually.

For any fund that charges a performance fee, Zenith would prefer to see in place an additional excess return hurdle (i.e. a target return above the index other than covering the management cost) and considers this best practice.

Overall, Zenith believes the Fund's fee structure is expensive, relative to peers, given its stated objectives. In addition, we believe that investors have not been sufficiently compensated by way of risk-adjusted performance given the fees paid over the past three years (ending 30 June 2020).

The Fund also applies a buy/sell spread of 0.30% to all applications and redemptions.

(The fees mentioned above are reflective of the flagship version only and may differ when the product is accessed through an alternate investment vehicle such as a platform.)

Fees Type	Fund	Sector Average (Wholesale Funds)
Management Cost	1.33% p.a.	1.15% p.a.
	Description	
Performance Fee	20.5% of the outperformance of the MSCI All Country World Index SMID Cap unhedged in Australian dollars (after fees), subject to the recoupment of all prior benchmark underperformance.	
	Buy Spread	Sell Spread
Buy / Sell Spread	0.30%	0.30%

PERFORMANCE ANALYSIS

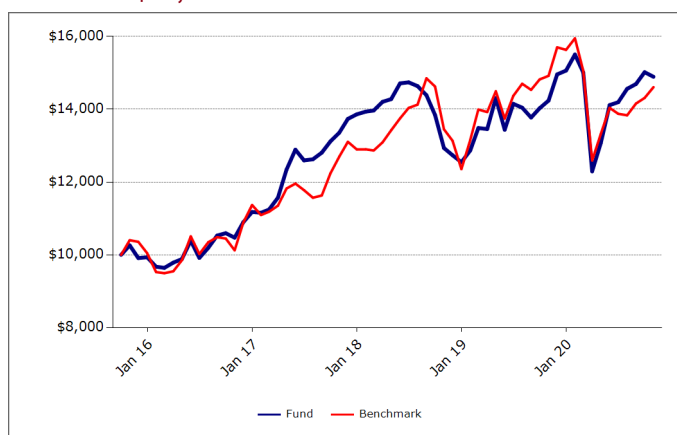
Report data: 31 Oct 2020, product inception: May 2015

Monthly Performance History (% , net of fees)

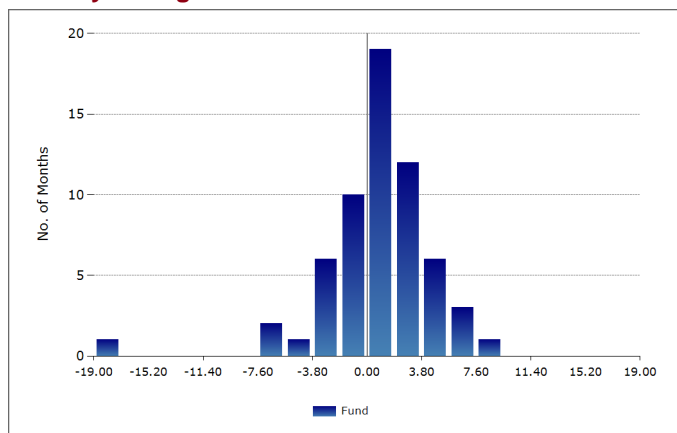
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND YTD	BENCHMARK YTD
2020	2.93	-3.19	-18.09	6.31	7.99	0.56	2.59	0.91	2.21	-0.84			-1.13	-6.56
2019	2.59	4.77	-0.20	6.31	-6.08	5.30	-0.75	-1.93	1.87	1.49	5.06	0.70	20.07	26.53
2018	0.53	0.23	1.70	0.53	3.03	0.19	-0.70	-1.71	-3.77	-6.56	-1.54	-1.51	-9.49	-4.20
2017	-0.19	0.79	2.89	6.67	4.45	-2.28	0.24	1.44	2.41	1.82	2.85	0.91	24.00	13.43
2016	-2.61	-0.33	1.49	1.01	5.11	-4.56	2.79	3.31	0.63	-1.17	4.03	2.61	12.53	13.19

Benchmark: MSCI World ex Aust Small Cap \$A

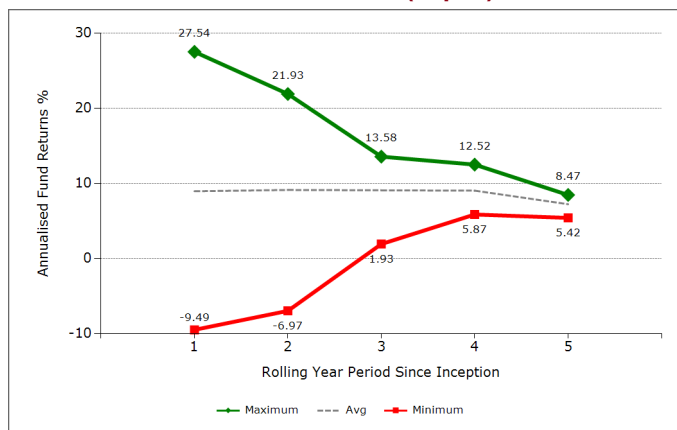
Growth of \$10,000



Monthly Histogram



Minimum and Maximum Returns (% p.a.)



ABSOLUTE PERFORMANCE ANALYSIS

Return	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	7.44	7.73	3.70	4.59
Benchmark (% p.a.)	7.55	7.03	4.78	-2.08
Median (% p.a.)	6.57	6.14	3.02	1.87
Ranking within Sector	Incpt.	5 yr	3 yr	1 yr
Fund Ranking	3 / 10	3 / 10	4 / 10	6 / 15
Quartile	1st	1st	2nd	2nd
Standard Deviation	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	12.92	13.37	15.44	22.03
Benchmark (% p.a.)	13.84	14.06	15.50	20.13
Median (% p.a.)	14.24	14.29	15.79	21.14
Downside Deviation	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	8.89	9.25	11.31	17.25
Benchmark (% p.a.)	8.92	9.25	11.08	15.90
Median (% p.a.)	8.74	9.76	11.77	16.14
Risk/Return	Incpt.	5 yr	3 yr	1 yr
Sharpe Ratio - Fund	0.45	0.46	0.15	0.19
Sortino Ratio - Fund	0.65	0.66	0.21	0.24

To ensure consistency, Zenith benchmarks all funds within the International Shares - Small Companies universe against the MSCI World ex-Australia Small Cap Index \$A. Lizard measures itself against the MSCI All Country World Index SMID Cap Index.

All commentary below is as at 31 October 2020.

The Fund's investment objective is to achieve a long-term total return (after fees) greater than the MSCI All Country World Index SMID Cap (unhedged) in Australian dollars over rolling three-year periods.

Zenith would prefer to see the delineation of a specific outperformance target, as opposed to a descriptive, qualitative objective. Zenith believes this would provide investors with greater transparency with regards to return expectations and to the level of risk embedded in the Fund.

Although Lizard has not met its investment objective since

inception, the Fund's performance places it within the first quartile of its peer group.

In addition, the Fund's risk (as measured by Standard Deviation) has been significantly lower than that of the median manager since inception.

RELATIVE PERFORMANCE ANALYSIS

Alpha Statistics	Incpt.	5 yr	3 yr	1 yr
Excess Return (% p.a.)	-0.12	0.71	-1.08	6.67
% Monthly Excess (All Mkts)	51.52	53.33	52.78	66.67
% Monthly Excess (Up Mkts)	38.46	41.67	40.91	57.14
% Monthly Excess (Down Mkts)	70.37	70.83	71.43	80.00
Beta Statistics	Incpt.	5 yr	3 yr	1 yr
Beta	0.80	0.82	0.88	1.05
R-Squared	0.73	0.74	0.78	0.93
Tracking Error (% p.a.)	7.33	7.30	7.46	6.08
Correlation	0.85	0.86	0.88	0.96
Risk/Return	Incpt.	5 yr	3 yr	1 yr
Information Ratio	-0.02	0.10	-0.15	1.10

All commentary below is as at 31 October 2020.

Zenith seeks to identify funds that can outperform in over 50% of months in all market conditions, as we believe this represents consistency of manager skill. The Fund has achieved this outcome over all assessed periods.

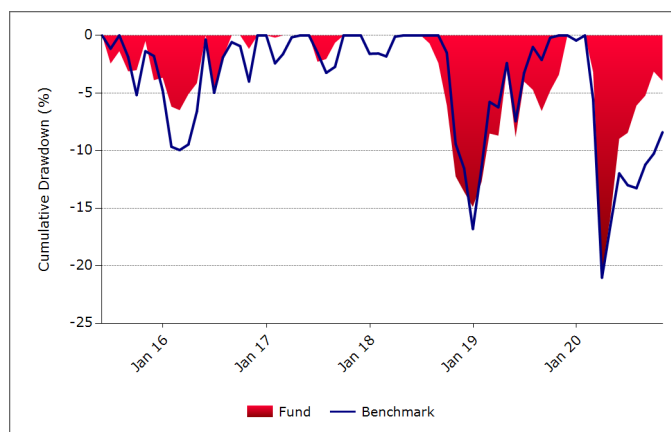
Zenith notes that the Fund has generally displayed stronger outperformance constancy in declining markets versus rising markets, which we believe is reflective of Lizard's value-biased investment style.

DRAWDOWN ANALYSIS

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.

Drawdown Analysis	Fund	Benchmark
Max Drawdown (%)	-20.71	-21.03
Months in Max Drawdown	2	2
Months to Recover	-	-

Worst Drawdowns	Fund	Benchmark
1	-20.71	-21.03
2	-14.89	-16.80
3	-6.49	-9.95
4	-4.56	-3.25
5	-2.28	-2.42



All commentary below is as at 31 October 2020.

Lizard has generally demonstrated an ability to provide a degree of downside protection during declining markets. However, given the Fund's benchmark unaware approach, the Fund's performance and, in turn, its drawdown profile is expected to deviate from that of the benchmark.

INCOME/GROWTH ANALYSIS

Income / Growth Returns	Income	Growth	Total
FY to 30 Jun 2020	1.40%	-1.08%	0.31%
FY to 30 Jun 2019	0.22%	-4.23%	-4.01%
FY to 30 Jun 2018	0.91%	16.12%	17.03%
FY to 30 Jun 2017	0.00%	27.04%	27.04%
FY to 30 Jun 2016	0.42%	-1.86%	-1.44%
FY to 30 Jun 2015	0.20%	-0.85%	-0.65%

Lizard does not target specific income levels, with income typically distributed semi-annually in December and June.

The Fund's portfolio turnover is expected to be between 20% p.a. and 50% p.a., which Zenith considers to be low to moderate. Lizard has indicated that approximately 50% of the expected turnover is attributed to resizing existing positions and approximately 50% is due to initiating and closing positions. Given this expected level of turnover, a sizeable proportion of the Fund's returns are expected to be delivered via capital appreciation in the unit price, rather than through the realisation of capital gains in income distributions. In addition, realised capital gains are likely to be eligible for the capital gains tax discount. As such, holding all else equal, the Fund may be more appealing to investors who are high marginal tax rate payers as it will result in superior after-tax return

outcomes.

REPORT CERTIFICATION

Date of issue: 25 Nov 2020

Role	Analyst	Title
Author	Tom Goodrich	Investment Analyst
Sector Lead	Quan Nguyen	Head of Equities
Authoriser	Bronwen Moncrieff	Head of Research

RATING HISTORY

As At	Rating
25 Nov 2020	Recommended
27 Nov 2019	Recommended
28 Nov 2018	Recommended
30 Nov 2017	Approved
28 Nov 2016	Approved
2 Dec 2015	Approved

Last 5 years only displayed. Longer histories available on request.

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