

Product Assessment

Pengana Global Small Companies Fund

Report data as at 31 Oct 2022
Rating issued on 30 Nov 2022

VIEWPOINT

The Fund, managed by Lizard Investors LLC (Lizard) and distributed by Pengana Capital Limited (Pengana), provides investors with a benchmark unaware exposure to global small-cap companies. Lizard employs a value-orientated investment approach, seeking to identify quality businesses that create shareholder value. 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 of four is led by Moog, with support from Li. Zenith believes the team remains adequately resourced, however, we believe the Fund would benefit from additional analytical resources.

Lizard believes that the market is inefficient, with unique opportunities existing due to limitations in available research, corporate actions and negative investor perception. The investment team apply a value-orientated investment approach with a focus on capital preservation. Zenith believes Lizard applies a sound investment approach.

Analysts generate financial models, assessing the sustainability of a company's earnings under bear and base case scenarios, whilst also considering numerous economic scenarios. Prospective companies must generally offer a 20% p.a. return over a three-year time period. A detailed research note is produced, outlining the investment thesis, target entry and exit prices, an assessment of company management, its ownership structure, key share price drivers and risks. Zenith believes Lizard's stock selection process is implemented in a consistent manner.

Lizard employs a collegiate approach to portfolio construction, with Moog and Li responsible for constructing the portfolio. However, Moog retains ultimate responsibility for all investment decisions. In constructing the Fund, the portfolio managers' primary considerations are the team's level of conviction, risk and liquidity. Zenith believes Lizard's portfolio construction process follows a logical framework.

FUND FACTS

- Typically holds between 30 and 80 stocks
- Portfolio turnover is expected to range 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 outperform the MSCI All Country World Index SMID Cap Index (after fees) 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	2.72	2.37	-19.69
Benchmark	7.54	6.97	-8.12
Median	7.62	7.73	-17.30

Income (% p.a.)

	Income	Total
FY to 30 Jun 2022	4.79	-18.63
FY to 30 Jun 2021	6.77	33.55
FY to 30 Jun 2020	1.40	0.31

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

Management Cost: 1.10%
Performance Fee: 20.5% of outperformance of the MSCI All Country World Index SMID Cap Index (after fees), subject to the recoupment of all prior benchmark underperformance.

ABSOLUTE RISK (SECTOR)



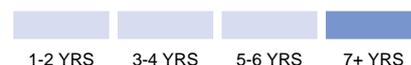
RELATIVE RISK (FUND WITHIN SECTOR)



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 4,250 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 61% of the index, with Japan and the United Kingdom being the next largest constituents, representing approximately 11% and 7% respectively. 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 19% and 13%, respectively. Despite the market capitalisation weighting methodology, the top 10 index stocks represent approximately 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.

Given Lizard's value-focused investment style, Zenith expects the Fund to have stronger performance relative to peers in flat or falling market environments. As the Fund is relatively concentrated and benchmark unaware, investors should be cognisant that its returns and volatility may vary considerably relative to both the benchmark and its peers.

Given the risks inherent in global small and mid-cap companies, Zenith believes a more diversified exposure to international equities can be achieved by blending the Fund with other large-cap equity strategies. In addition, Zenith believes international small and mid cap funds are most appropriate for investors with an investment time horizon of at least seven years.

The Fund's currency exposure will suit investors comfortable with exposure to fluctuations in the Australian dollar. For investors who are concerned about the short-term risks associated with fully unhedged or hedged currency positions, Zenith suggests blending hedged and unhedged global equity exposures to reduce short-term volatility.

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 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: Zenith believes Lizard's key person risk is heightened given the compact nature of the investment team. Zenith considers Jon Moog and David Li as integral to the success of the Fund and the firm, with their departure triggering an immediate reassessment of our rating.

In January 2020, Pengana took a majority stake in Lizard. As a result, Moog and Li no longer hold equity in Lizard and instead operate under a profit-share arrangement for the strategies that they manage. Whilst Zenith acknowledges that the profit share structure is consistent with other Pengana investment managers, we consider the prior ownership structure a more robust retention mechanism.

RELATIVE PERFORMANCE RISK: Zenith notes that the Fund is constructed in a benchmark-unaware manner, with no constraints on the Fund's active regional weights. As a result, investors should note that the Fund's performance may diverge substantially from the benchmark and peers. Specifically, Zenith highlights that the Fund has typically displayed a significant underweight to US equities relative to the benchmark.

CAPACITY/LIQUIDITY RISK: Excessive levels of funds under management (FUM) can inhibit a manager's ability to trade portfolio positions effectively, thereby limiting outperformance potential. Lizard has a stated capacity limit of \$US 500 million for the strategy and approximately \$US 2 billion firmwide.

As at 31 October 2022, Lizard managed approximately \$US 89 million in the strategy and approximately \$US 254 million firmwide. Whilst Zenith does not believe the Fund is currently impacted by capacity limitations, we will continue to monitor Lizard's FUM to ensure performance is not impeded.

TEAM FOCUS RISK: In addition to the Fund, Lizard's investment team is also responsible for three other strategies, which includes two international small cap variants and an international small cap long/short strategy. As such, Zenith believes that the team's research focus may be diluted, with the potential to draw focus away from this Fund. However, Zenith acknowledges that there is a relatively high level of

overlap between the strategies, which mitigates our concern somewhat.

EMERGING MARKET RISK: The Fund does not have a limit on its exposure to emerging markets. While exposure to emerging markets adds diversification, it can also be a source of added volatility and may be detrimental to the preservation of capital.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Lizard Investors LLC (Lizard) was founded by Leah Zell in 2008 and specialises in managing small and mid cap portfolios. Lizard entered into a sub-advisory agreement with Pengana Capital Limited (Pengana) in 2015, whereby Lizard was appointed as the investment manager for the Fund. In January 2020, Pengana took a majority stake in Lizard.

As at 31 October 2022, Lizard managed approximately \$A 395 million firmwide.

The Fund is offered in Australia by Pengana, an Australian funds management boutique founded in 2003. Pengana is headquartered in Sydney, with offices in Melbourne, Perth and Brisbane. Pengana's goal is to find and support experienced fund managers with long track records. Pengana provides staff and support for its fund managers, leaving the investment staff responsible for the management of its funds.

In June 2017, Pengana completed a 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 billion in funds under management as at 31 October 2022.

Zenith has a favourable view of the arrangement between Lizard and Pengana, as it allows the investment team to focus on investment research and portfolio management.

As at 31 October 2022, Lizard managed approximately \$A 139 million in the strategy, all of which was in the Fund.

INVESTMENT PERSONNEL

Name	Title	Tenure
Jon Moog	Chief Investment Officer & Portfolio Manager	14 Yr(s)
David Li	Head of Research & Portfolio Manager	14 Yr(s)

Lizard's Chicago-based investment team is led by Jon Moog, who is supported by David Li.

Moog and Li both joined Lizard at its establishment in October 2008. Moog has over 22 years of investment industry experience and has ultimate responsibility for the Fund. Prior to joining Lizard, Moog held a number of investment industry roles at Brightpoint Capital, Investor Group Services and Loomis Sayles.

Li has over 20 years of investment experience. Prior to joining Lizard, Li had analyst responsibilities at Porter Orlin LLC (now known as Amici Capital). Zenith considers Moog and Li highly capable investors.

Further support is provided by two analysts, with an average industry experience of over 9 years. Portfolio managers are also considered analysts, with all members of the investment team assigned generalist stock coverage responsibilities. In February 2021, the investment team experienced the departure of a senior analyst. Whilst Zenith believes the team remains adequately resourced, we believe the Fund would benefit from additional analytical resources.

The investment team is incentivised through a remuneration structure consisting of a base salary with the potential to participate in a discretionary bonus. Participation in the bonus is determined by Moog, with individual performance and the individual's contribution to the team key considerations. In January 2020, Pengana took a majority stake in Lizard. As a result, Moog and Li no longer hold equity in Lizard and instead operate under a profit-share arrangement for the strategies that they manage. Whilst Zenith acknowledges that the profit share structure is consistent with other Pengana investment managers, we consider the prior ownership structure a more robust retention mechanism.

Zenith considers the portfolio managers to have the experience and expertise to successfully manage the Fund. However, we believe the Fund would benefit from additional dedicated resourcing.

INVESTMENT OBJECTIVE, PHILOSOPHY AND PROCESS

The Fund's investment objective is to outperform the MSCI All Country World Index SMID Cap Index (after fees) 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 believes that the market is inefficient, with unique opportunities existing due to limitations in available research, corporate actions and negative investor perception. The investment team apply a value-orientated investment approach with a focus on capital preservation, seeking to identify quality small and mid-cap companies that create shareholder value.

Zenith believes Lizard applies a sound investment approach.

SECURITY SELECTION

Lizard's investment universe comprises all globally-listed companies with market capitalisations of less than \$US 10 billion.

The team then apply a subjective overlay, seeking to identify companies that exhibit the following characteristics:

- Sustainable business models
- Strong balance sheets
- Disciplined management
- Strong corporate governance
- Compelling valuations

It is expected that approximately 5,000 companies will display each of these attributes. Zenith notes that a number of these criteria are subjective. Given the onerous nature of subjective screens and the investment team's level of resourcing, we

believe more defined investment filters would help narrow the investment team's focus.

The investment team then seek to identify companies that exhibit either of the following characteristics:

- Under-researched
- Price dislocations created by short-term problems
- Corporate reorganisations or spin-offs

Lizard expects that approximately 300 companies will display one of the above attributes and will be considered for its fundamental research process. The investment team meets weekly to discuss prospective holdings and prioritise the investment team's research agenda. Lizard expects to conduct active research on approximately 12 companies at any point in time.

Analysts generate financial models, assessing the sustainability of a company's earnings under bear and base case scenarios, whilst also considering a number of economic scenarios. Prospective companies must generally offer a 20% p.a. return over a three-year time period.

A detailed research note is produced, outlining the investment thesis, target entry and exit prices, an assessment of company management, its ownership structure, key share price drivers and risks. In making its assessment of company management, Lizard undertakes a significant stakeholder engagement schedule, meeting with management, key customers, suppliers and industry experts. The research note is discussed during the weekly investment team meetings.

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

PORTFOLIO CONSTRUCTION

Lizard employs a collegiate approach to portfolio construction, with Moog and Li responsible for constructing the portfolio. However, Moog retains ultimate responsibility for all investment decisions, which Zenith views positively as it gives rise to stronger levels of accountability.

In constructing the Fund, the portfolio managers seek quality businesses that have met Lizard's investment criteria. The Fund typically holds between 30 and 80 stocks. Positions sizes are based on the team's level of conviction, risk and liquidity and typically range between 2% and 5%. However, an absolute position limit of 10% is applied.

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

- Single product
- High customer concentration
- Limited liquidity
- Excessive geographic risk

The Fund may hold up to 20% in cash. Over the most recent five-year period, the Fund's cash exposure has averaged 11.4%. Zenith believes that actively-managed equities funds should remain fully invested and that the asset allocation decision should be left to the individual investor.

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 or other stocks on the watch list

presenting a superior investment case.

Portfolio turnover is expected to range between 20% p.a. and 50% p.a., which Zenith considers low to moderate.

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

RISK MANAGEMENT

Portfolio Constraints	Description
Number of Stocks	30 to 80
Absolute Stock Weight (%)	max: 10% (Soft limit)
Absolute Sector Weight (%)	max: 35% (Soft limit)
Absolute U.S. Exposure (%)	max: 55% (Soft limit)
Absolute Country Weight ex. U.S. (%)	max: 25% (Soft limit)
Cash (%)	max: 20%
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, including 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 in line with industry best practice.

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 daily monitoring performed by a member of Pengana's risk team, to ensure the Fund is managed in accordance with its risk limits.

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 an 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 an inefficient segment of the market.

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 the investment team's judgement and skill.

Responsible Investment Approach

Lizard has an established ESG Policy, last updated in 2021, that guides its investment decisions. However, Lizard is not a signatory of the United Nations-supported Principles for Responsible Investment (PRI).

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 1.10% and a 20.5% performance fee on outperformance of the MSCI All Country World Index SMID Cap Index (after fees), subject to the recoupment of all prior benchmark underperformance. The performance fee is accrued daily and paid semi-annually.

Prior to 1 April 2022, the Fund's management cost was 1.33% p.a. Zenith views the fee reduction positively.

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 greater than the index plus 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 2022).

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	1.10% p.a.	1.06% p.a.

	Description
Performance Fee	20.5% of outperformance of the MSCI All Country World Index SMID Cap Index (after fees), subject to the recoupment of all prior benchmark underperformance.

	Buy Spread	Sell Spread
Buy / Sell Spread	0.30%	0.30%

PERFORMANCE ANALYSIS

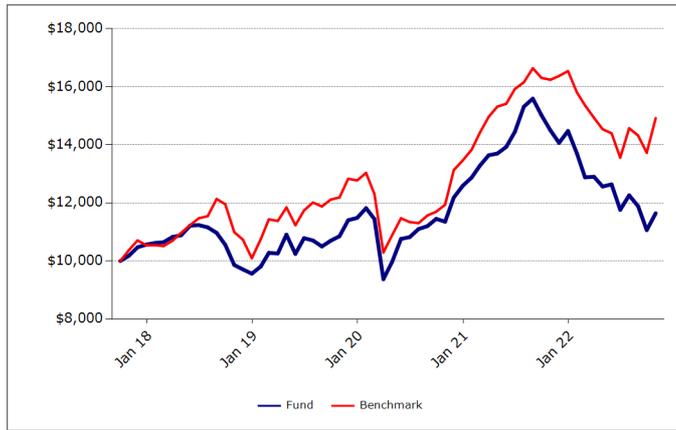
Report data: 31 Oct 2022, product inception: May 2015

Monthly Performance History (% , net of fees)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND YTD	BENCHMARK YTD
2022	-5.36	-5.99	0.14	-2.60	0.60	-6.94	4.26	-3.05	-6.93	5.24			-19.57	-9.78
2021	2.28	3.12	2.74	0.44	1.67	3.75	5.97	1.81	-3.67	-3.47	-2.97	2.91	15.01	22.88
2020	2.93	-3.19	-18.09	6.31	7.99	0.56	2.59	0.91	2.21	-0.84	7.33	3.30	9.61	5.36
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

Benchmark: MSCI World ex Aust Small Cap \$A

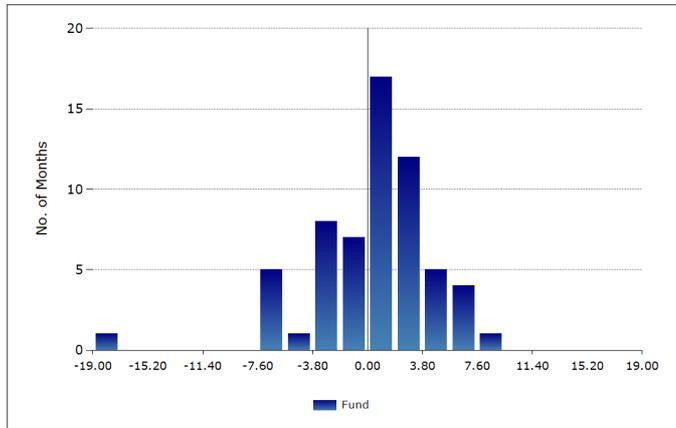
Growth of \$10,000



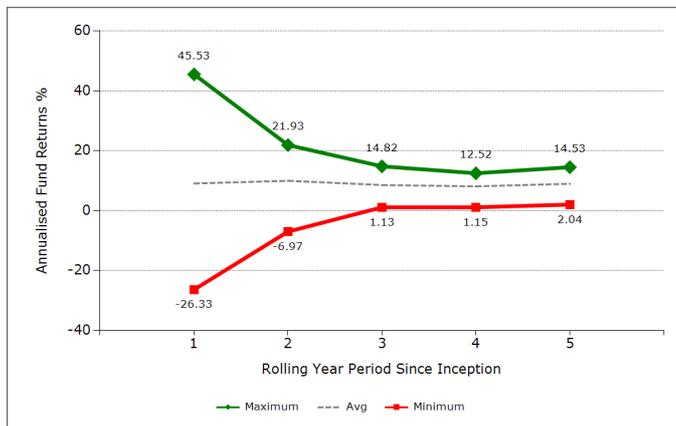
ABSOLUTE PERFORMANCE ANALYSIS

Return	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	5.76	2.72	2.37	-19.69
Benchmark (% p.a.)	8.67	7.54	6.97	-8.12
Median (% p.a.)	8.49	7.62	7.73	-17.30
Ranking within Sector	Incpt.	5 yr	3 yr	1 yr
Fund Ranking	8 / 10	10 / 11	13 / 15	14 / 22
Quartile	3rd	4th	4th	3rd
Standard Deviation	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	13.31	14.99	17.27	14.30
Benchmark (% p.a.)	13.86	14.89	16.30	15.03
Median (% p.a.)	14.75	15.24	17.11	16.49
Downside Deviation	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	9.74	11.46	13.53	13.63
Benchmark (% p.a.)	9.20	10.39	11.57	9.87
Median (% p.a.)	9.77	10.67	11.86	13.67
Risk/Return	Incpt.	5 yr	3 yr	1 yr
Sharpe Ratio - Fund	0.33	0.12	0.11	-1.43
Sortino Ratio - Fund	0.46	0.15	0.14	-1.50

Monthly Histogram



Minimum and Maximum Returns (% p.a.)



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 2022.

The Fund's investment objective is to outperform the MSCI All Country World Index SMID Cap Index (after fees) 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.

The Fund has not met its investment objective over the most recent three-year period or since inception.

The Fund's risk, as measured by Standard Deviation, has been similar to the benchmark and peers over longer periods of assessment.

RELATIVE PERFORMANCE ANALYSIS

Alpha Statistics	Incpt.	5 yr	3 yr	1 yr
Excess Return (% p.a.)	-2.92	-4.82	-4.60	-11.57
% Monthly Excess (All Mkts)	46.67	45.00	44.44	33.33
% Monthly Excess (Up Mkts)	37.74	38.89	42.86	25.00
% Monthly Excess (Down Mkts)	59.46	54.17	46.67	37.50
Beta Statistics	Incpt.	5 yr	3 yr	1 yr
Beta	0.82	0.88	0.96	0.82
R-Squared	0.73	0.76	0.82	0.75
Tracking Error (% p.a.)	7.42	7.49	7.28	7.61
Correlation	0.85	0.87	0.91	0.87
Risk/Return	Incpt.	5 yr	3 yr	1 yr
Information Ratio	-0.39	-0.64	-0.63	-1.52

All commentary below is as at 31 October 2022.

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 not achieved this outcome since inception.

The Fund has generally displayed stronger outperformance consistency in declining markets. Zenith notes that this is consistent with Lizard's quality and valuation-focused investment approach.

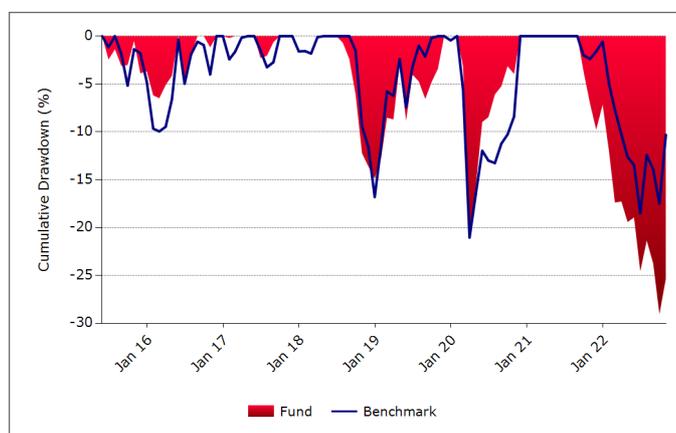
DRAWDOWN ANALYSIS

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 (%)	-29.04	-21.03
Months in Max Drawdown	13	2
Months to Recover	-	8

Worst Drawdowns	Fund	Benchmark
1	-29.04	-21.03
2	-20.71	-18.50

Worst Drawdowns	Fund	Benchmark
3	-14.89	-16.80
4	-6.49	-9.95
5	-4.56	-3.25



All commentary below is as at 31 October 2022.

The Fund has generally experienced drawdowns in line with the benchmark. However, we highlight that the Fund has experienced a drawdown that is significantly larger than the benchmark in late 2021. Zenith notes that this has been primarily driven by the Fund's underweight exposure to US equities during the period. Zenith remains disappointed with the drawdown, given Lizard's quality and value-focused investment approach.

INCOME/GROWTH ANALYSIS

Income / Growth Returns	Income	Growth	Total
FY to 30 Jun 2022	4.79%	-23.42%	-18.63%
FY to 30 Jun 2021	6.77%	26.77%	33.55%
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 June and December.

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: 30 Nov 2022

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

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RATING HISTORY

As At	Rating*
30 Nov 2022	Recommended
24 Nov 2021	Recommended
25 Nov 2020	Recommended
27 Nov 2019	Recommended
28 Nov 2018	Recommended
Last 5 years only displayed. Longer histories available on request.	

*In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith’s Fund Research Methodology. Further information in relation to Zenith’s Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

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