



# POLICY FOR PERSONAL TRADING IN PCG SECURITIES



APPROVED BY THE  
BOARD:  
15 FEBRUARY 2021

Pengana Capital Group Limited  
ABN 43 059 300 426

**PENGANA CAPITAL**  
HEAD OFFICE

Levels 1, 2 and 3, 60 Martin Place  
Sydney NSW 2000

Ph: +61 2 8524 9900  
Fax: +61 2 8524 9901

[pengana.com](http://pengana.com)

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# POLICY FOR PERSONAL TRADING IN PCG SECURITIES

## 1. OBJECTIVE

This policy aims to ensure that personal **trading** in Pengana Capital Group Limited (**PCG**) securities is conducted lawfully and appropriately and that legal, regulatory and reputational risk to **PCG**, its directors and employees is minimised.

Expressions in bold are defined in Attachment A to this policy.

## 2. SCOPE

This policy applies to each of the directors of **PCG** and all its employees (including key management personnel as defined in the ASX listing rules) when **trading** in **PCG securities** in a **personal capacity**. This will include situations where the director or employee exercises control over the investment decision of another person, legal entity or structure.

All temporary staff and contractors, regardless of the period of their engagement, are also required to comply with this policy as it applies to employees generally.

This policy does not apply to any proprietary **trading** by **PCG**, or its related entities, including **trading** by the relevant trustee or **PCG** for the purposes of any employee or director incentive plans.

The ultimate responsibility for adherence to this policy and any other rules governing securities **trading** lies with the individual.

## 3. POLICY

### Rule 1 - Prohibition on insider trading

**PCG** directors and employees must not **trade** in **PCG securities** when they are in possession of **inside information**. This prohibition applies even if there is no **trading** blackout in existence and / or the director or employee has been given approval to **trade**.

### Rule 2 - Prohibition on procuring or encouraging third parties to trade

**PCG** directors and employees must not:

- procure a third party to **trade** in **PCG securities** on their behalf which could result in circumventing the application of this policy; or
- encourage third parties to **trade**, if the director or employee has **inside information** regarding **PCG securities**.

### Rule 3 - Prohibition on speculative trading, lending, short selling or trading in associated products

**PCG** directors and employees must not **trade** in **PCG securities** for short term or speculative gain. All positions (with the exception of shares acquired as the result of exercising options under incentive plans) must be held for a minimum period of one month.

Short selling or taking short positions in or lending **PCG securities** is not permitted.

Entering into arrangements and/or **trading** in financial products issued over **PCG securities** by third parties or **trading** in associated products which operate to limit the economic risk of holding **PCG securities** is also prohibited.

#### **Rule 4 – Prohibition on directors and employees taking, arranging or facilitating margin loans over their PCG shares**

**PCG** directors and employees must not take or otherwise facilitate margin loans over their **PCG** shares without prior Board approval. However, the **PCG** employee share plan is backed by a loan and is specifically exempt from Rule 4.

#### **Rule 5 - Personal trading not permitted during Prohibited Periods**

**PCG** directors and employees must not **trade** during **Prohibited Periods**, which means any period where a **trading** blackout applies. Further details on the procedure for **trading** are set out at Attachment B.

#### **Rule 6 - Personal trading not to adversely impact PCG’s reputation, and the individual’s professional reputation and ability to perform duties**

**PCG** directors and employees should ensure that personal **trading** in **PCG securities**:

- does not interfere with their responsibilities as an officer or employee of **PCG**; and
- is on a scale consistent with their financial capacity.

**PCG** directors and employees should be mindful of the way in which any personal **trading** in **PCG securities** could be perceived by the market and the significant reputational damage to themselves and to **PCG** that could be caused by the appearance of **insider trading**. If **PCG** directors and employees are unsure about whether reputational damage could be caused to themselves or **PCG** through particular **trading** activity they should discuss this with the **PCG** Lawyer or **PCG** Chairman.

#### **Rule 7 - No preferential treatment**

**PCG** directors and employees may participate in new share issues, rights issues and dividend reinvestment plans related to **PCG securities**, provided that they are treated the same as other shareholders and do not obtain any advantage over other shareholders.

#### **Rule 8 – Pre-clearance for directors and employees**

**Trading** by **PCG** directors is subject to pre-clearance by the Chairman and Company Secretary. In addition, **trading** by **PCG** employees is subject to pre-clearance by the Operations Team. All **trading** in **PCG securities** by directors and employees (except for **Permitted Trading**) is to be notified and approved in accordance with the procedures for **Trading** in **PCG securities** before a **trade** is placed (Attachment B). This requirement applies even where there is no **trading** blackout in existence.

Pre-clearance is not required for participating in **PCG** dividend reinvestment plans, rights issues, new share issues or where securities are issued pursuant to employee incentive plans.

#### **Rule 9 – PCG employees and directors to comply with the personal securities trading policy of any listed investment vehicles which are managed by an entity within the PCG group**

**PCG** employees and directors are required to comply with the personal securities **trading** policy of any listed investment vehicles which are managed by an entity within the **PCG** group including the personal securities **trading** policy of Pengana International Equities Limited.

#### 4. PROCEDURES

The procedures for **trading in PCG securities** (Attachment B) set out the process for implementing and complying with this policy. All directors and employees must be familiar with these procedures and the personal obligations that arise from them.

#### 5. MONITORING COMPLIANCE

An audit of **trading** activity may be conducted by the Operations Team at any time to assess whether directors and employees are complying with the requirements of this policy.

#### 6. CONSEQUENCES OF NON-COMPLIANCE WITH POLICY

A breach of the **insider trading** laws is a serious offence that may attract both civil and criminal penalties under the Corporations Act.

Compliance with this policy is mandatory and a breach is considered to be a serious matter that will result in disciplinary action, including possible immediate dismissal.

**PCG** directors and employees must ensure that they not only comply with the letter of this policy but also the spirit, and at all times consider the risk to both **PCG's** and their own reputation when conducting their personal **trading** activities. They must not structure arrangements or procure third parties to **trade** to circumvent the operation of this policy.

#### 7. ADDITIONAL INFORMATION

This policy is administered by Company Secretary and the PCG Lawyer. Should you have a query in relation to the policy please contact the Company Secretary or PCG Lawyer.

#### 8. ATTACHMENTS

Attachment A - Definitions

Attachment B - Procedure – Personal **Trading** in **PCG securities**

Attachment C - Summary of Legal Prohibition on **Insider trading**

# ATTACHMENT A DEFINITIONS

## EXCEPTIONAL CIRCUMSTANCES

Circumstances which may give rise to an exemption from the prohibition against **trading** within a **Prohibited Period**. Such circumstances will generally be limited to cases of severe financial hardship of the applicant but may include any circumstances that the person or people assessing an application to **trade** during a **Prohibited Period** deems to be of sufficient gravity to warrant the granting of an exemption from the prohibition against **trading** within a **Prohibited Period**. In assessing severe financial hardship, the assessor will have reference to, but not be limited by, both the definition and applicable guidance applied by the Australian Prudential Regulation Authority in assessing claims for the early release of superannuation on similar grounds.

## INSIDE INFORMATION

Information concerning **PCG**'s financial position, strategy or operations which if made public would be likely to have a material impact on the price of **PCG securities**. Refer to (Attachment C) for details of the Corporations Act definition.

## INSIDER TRADING

The **trading** of securities based on price sensitive information that is not generally available.

## PERSONAL CAPACITY

A person will be deemed to be acting in a **personal capacity** in respect of personal **trading**, where the person:

- exercises control over the **trading**; or
- substantially influences the investment decision.

A person may be acting in a **personal capacity** even though the **trade** is conducted in the name of another person (including spouses, partners and other family members) or legal entity, including a corporation, trust or personal superannuation fund.

## PCG

Means Pengana Capital Group Limited.

## PCG SECURITIES

Means:

- shares issued by **PCG** (ordinary, preference, contributing, non-voting);
- options or performance rights granted by **PCG** to acquire shares.



## PERMITTED TRADING

- participation in any director or employee incentive plan operated by **PCG**, including:
  - accepting an offer under an employee or director incentive plan and the subsequent grant of shares, options or performance rights pursuant to such an offer; and
  - vesting of any shares, options or performance rights under an employee or director incentive plan,
- the following categories of passive **trades**:
  - acquisition of **PCG securities** through a dividend reinvestment plan;
  - acquisition of **PCG securities** through a share purchase plan available to all retail shareholders;
  - acquisition of **PCG securities** through a rights issue; and
  - the disposal of **PCG securities** through the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- dealings that result in no effective change to the beneficial interest in the securities (for example, transfers of **PCG securities** already held into a superannuation fund or trust of which the person is a beneficiary).

## PROHIBITED PERIODS

means any period during which there is a **trading** blackout. The dates of **trading** blackouts may vary from year to year depending on the timing of the release of information. Further details on the procedure for **trading** is set out at Attachment B.

## TRADE/TRADING

Includes, relevantly:

- buying or selling **PCG securities**;
- granting, acquiring or disposing of any beneficial interest in **PCG securities** (or any option or other right to acquire or dispose of **PCG** shares);
- acquiring, transferring or exercising options or performance rights over **PCG** shares;
- **trading** in **PCG securities** acquired as a result of exercising options or as a result of the vesting or transfer of performance rights or shares under any director or employee incentive plans;
- acquiring **PCG** shares under any **PCG** employee share plan, including acquiring **PCG** shares after the exercise of options or performance rights;
- applying to participate, or varying participation, in the **PCG** Dividend Reinvestment Plan;
- agreeing to do any of the above things.

# ATTACHMENT B PROCEDURE FOR TRADING IN PCG SECURITIES

## 1. TRADING BLACKOUTS

PCG permits personal **trading** in **PCG securities** by directors and employees during periods when there is no **trading** blackout. However, **PCG** directors and employees who **trade** during these periods still have a legal obligation to satisfy themselves that they are not in possession of **inside information**.

REMEMBER: Whenever a person is in possession of **inside information**, **trading** is prohibited - even during periods where there is no **trading** blackout.

### Trading blackouts Applying to All Directors and All Employees\*

PUBLIC ANNOUNCEMENTS	TRADING BLACKOUT STARTS	TRADING BLACKOUT CLOSES
Half year results	31 December	At the close of <b>trading</b> on the day of the announcement of <b>PCG's</b> half year results to the market
Full year results	30 June	At the close of <b>trading</b> on the day of the announcement of <b>PCG's</b> annual results to the market
Other	At any other time when a <b>trading</b> blackout is declared by the Chairman and the Managing Director	At any other time when a <b>trading</b> blackout is declared by the Chairman and Managing Director

\* **Trading** blackout periods may be subject to change. The exact timing of the periods will depend on the date of the ASX announcement. Directors and employees are required to ensure that there is no **trading** blackout in existence and to obtain pre-trade approval prior to notifying or placing a personal **trade** in **PCG securities**.

The open and close of **trading** blackout periods will be advised to all directors and employees by email, by **PCG's** Company Secretary or PCG Lawyer. A **trading** blackout period may be declared for all or particular directors and employees, at any time where this is necessary to manage a potential **insider trading** risk, or the appearance of **insider trading**, as detailed in Section 3 of these Procedures.

Directors and employees subject to this policy are required to familiarise themselves with the timing of the **trading** blackout periods and are responsible for ensuring their compliance.

**Trades** must be executed by the close of the ASX before the **trading** blackout applies. Settlement may occur afterwards.



## 2. PRE-CLEARANCE PROCEDURE FOR PCG DIRECTORS AND EMPLOYEES

### Notification of Intention to Trade

**PCG** directors and directors of Pengana International Equities Limited (**PIA**) are to provide email notification of intended **trading** (except for any **Permitted Trading**) to **PCG**'s Chairman and Company Secretary (copy in the **PCG** Lawyer).

**PCG** employees (other than the Managing Director) are to provide email notification of intended **trading** (except for any **Permitted Trading**) to **PCG**'s Operations Team.

Notification of an intended **trade** must be given in writing and may be provided by email or memorandum. The following information regarding the **PCG securities** to be **traded** must be included in the communication:

- type of **PCG** security, e.g. ordinary shares, options;
- number of **PCG securities**;
- whether the **trade** is a sale or purchase;
- name of person/entity intending to **trade**;
- how long the **trade** is expected to take.

There is no requirement to obtain pre-clearance in respect of any **Permitted Trading**.

### Approval of Trades

The **PCG** Chairman and the Company Secretary are both required to approve the proposed **trades** by **PCG** directors.

In the absence of the Chairman, the Chair of the Audit Committee is required to approve the proposed **trade** or in their absence, any other director may approve the proposed **trade** (apart from the director wanting to **trade**).

In the absence of the Company Secretary, the **PCG** Lawyer is required to approve the proposed **trade**.

In the event that the Chairman wants to **trade PCG securities** the **trade** must be approved by the Company Secretary (or in their absence, the **PCG** Lawyer) and the Chair of the Audit Committee or, in their absence, any other director.

**PCG** employees (other than the Managing Director) are required to have their **trades** approved by the Operations Team and should use the "Staff Pre-Trade Advice Form". The Operations Team will advise the Company Secretary of any requests for pre-trade approval in respect of **PCG securities** before the **trades** are approved.

Requests to **trade** will be considered as soon as possible, in order of receipt. It is the responsibility of the **PCG** director or employee to follow-up a response to their request to **trade** with the Company Secretary or the Operations Team as relevant. The Company Secretary and the Operations Team will maintain a record of all written approvals or denials to **trade**.

Approvals to **trade** will be valid for five business days following the day on which approval was granted. Approval to **trade** is not an endorsement of the proposed **trade** and the **PCG** directors and employees are responsible for their compliance with **insider trading** laws. Provided the **trade** is made within the five business days, settlement may occur afterwards.

**PCG** directors must notify the Company Secretary immediately once the **trade** has been executed so that the Company Secretary can attend to the required ASX notifications.

Approvals may be withdrawn, varied or the period of approval shortened where:

- the power of veto has been exercised and communicated to the **PCG** director or employee in accordance with Section 3 of these procedures;
- approval is granted within five business days of a **trading** blackout coming into effect, in which case the approval will expire once the **trading** blackout comes into effect.

Approval to **trade** may be denied at the absolute discretion of the person charged with approving the **trade**. The person approving the **trade** may consider any reasons he/she considers appropriate, including the appearance of **insider trading** and the significant reputational damage that may cause **PCG** and the director or employee.

The director or employee is not entitled to receive any reasons for why the **trade** is denied. If approval is denied, the director or employee must keep that information confidential and not disclose it to anyone.

Where approval to **trade** is denied, or the approval period has expired, the director or employee may reapply. If a director or employee wants to reapply, it is their responsibility to make further requests to **trade** until such time as a **trade** is permitted.

### 3. POWER OF VETO

Despite the fact that a **trading** blackout is not in existence, or that an individual director or employee has been given approval for an intended **trade**, it may be necessary to veto **trading** for legal or perception reasons. The veto may apply to an individual, group, division or all directors or employees.

The power of veto is reserved to the Chairman and the Managing Director. Jointly they can:

- overturn any approval to a director or employee to **trade**; or
- declare a **trading** blackout period without prior notice.

This power of veto may be exercised where a matter has arisen which renders it inappropriate for personal **trading** in **PCG securities** to be conducted by an individual, group, division or all directors and employees. This may occur in the following situations:

- significant outflows in **PCG** funds;
- a takeover or merger approach is made;
- other significant corporate actions.

Where the Chairman or Managing Director is not available, or the veto involves one of them personally (eg overturning their approval to **trade**) the veto decision should be considered by whichever of them is not personally involved and the Chair of the Audit Committee or in their absence any other director.

Where the power of veto has been exercised this will be immediately communicated in writing to the individual or group affected.

### 4. EXEMPTIONS

Requests for exemption from the requirements of these procedures should be directed in writing to the Company Secretary. Exemptions will only be granted in **Exceptional Circumstances** and only where:

- there is no legal risk of **insider trading** and no risk of the appearance of **insider trading**;
- **trading** is not prohibited by virtue of Section 3 of these procedures; and

- the person requesting the exemption has certified, in such form as is required, that they are not in possession of **inside information** regarding **PCG**.

Exemptions will be considered by the **PCG** Chairman and Company Secretary (or by their alternates as set out in “Approval of Trades” in Section 2 of these procedures).

## 5. FURTHER DISCLOSURE REQUIREMENTS

**Trading in PCG securities** in a **personal capacity** may result in disclosure obligations to regulators. These include notification to the ASX of:

- any **trading** in **PCG**’s securities by directors (within five business days of the **trade**);
- changes to substantial shareholdings as a result of **trading** by directors and executive officers in a **personal capacity**.

The Company Secretary will attend to any such disclosures.

# ATTACHMENT C

## SUMMARY OF LEGAL PROHIBITION ON INSIDER TRADING

This description of the legal prohibition on **insider trading** is provided for information purposes only and is not intended as legal advice and is not to be relied upon as such. **PCG** directors and employees are responsible for ensuring their actions comply with relevant legal and regulatory requirements.

Part 7.10 (Division 3) of the Corporations Act, 2001 ('Act') regulates the prohibition on **insider trading**. Generally, **insider trading** refers to trading of financial products that can be **traded** on a financial market, based on price sensitive information that is not generally available.

### 1. INFORMATION

Information is defined in Section 1042A of the Act. It may be obtained verbally or in writing.

Information includes:

- matters of supposition and other matters that are insufficiently definite to warrant being made known to the public (that is, inferences or conclusions drawn from potential outcomes); and
- matters relating to the intentions, or likely intentions of a person.

Examples include:

- merger and takeover discussions;
- possible profit warnings;
- possible departure of key personnel.

### 2. INFORMATION WHICH IS NOT GENERALLY AVAILABLE

Section 1042C of the Act provides that information is generally available when:

- it consists of a readily observable matter; or
- it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in financial products whose price might be affected by the information (and deductions, conclusions or inferences made or drawn as a result of such), and since it has been made known, a reasonable period for it to be disseminated among such persons has elapsed.

Accordingly information will be not generally available where it does not satisfy either of the above criteria. Employees are likely to have access to information that is not generally available during the course of their employment.

Examples include:

- details of applications and redemptions
- details of client or fund transactions, including business won or lost

### 3. PRICE SENSITIVE

Information is price sensitive if a reasonable person would expect the information to have a 'material effect' on the price or value of the financial product. Under Section 1042D of the Act, this will be the case if the information would, or would be likely to, influence people who commonly acquire financial products in deciding whether or not to subscribe for, buy or sell the financial product.

### 4. PROHIBITED CONDUCT BY A PERSON IN POSSESSION OF PRICE SENSITIVE INFORMATION

**PCG** directors or employees who possess price sensitive information in relation to financial products that is not generally available must not:

- subscribe for, purchase or sell (or agree to subscribe for, purchase or sell) those financial products;
- procure another person to do so; or
- directly or indirectly, communicate the information or cause the information to be communicated to another person if the employee knows, or ought reasonably to know, that the other person would or would be likely to:
  - subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any such financial products; or
  - procure a third person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, any such financial products.