

An aerial view of a city skyline at night, showing numerous illuminated skyscrapers and buildings. The image is partially obscured by a white curved graphic element on the right side.

PENGANA CAPITAL GROUP

SHAREHOLDER PRESENTATION

FOR THE HALF YEAR ENDED
31 December 2023

Russel Pillemer
Chief Executive Officer

Katrina Glendinning
Chief Financial Officer

PENGANA CAPITAL GROUP

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SECTION I

BUSINESS OVERVIEW



GROUP OVERVIEW

Leading Australian provider of premium, value-added products

Focused on the higher-end retail market: financial advisors, SMSFs and HNW's

- Serviced by experienced and capable distribution team

Recognised, well-regarded brand built over 20 years

- Loyal client base
- Product well-rated by research houses;
- Extensive availability across advisor platforms

Robust, scalable and technologically advanced “institutional-grade” infrastructure

Strong and innovative management team with industry experience and ability to capitalise on opportunities

Circa \$3.0 bn of funds under management (“FUM”)

- Diversified across strategies/funds; geographies; market-caps; listed and private equity
- Good fee margins and diversified sources of performance fees across 76% of FUM

Unique funds management business model, facilitating horizontal growth

- Multiple growth prospects in “high-demand” segments/themes;
- capacity to grow in existing strategies as well as optionality to add new strategies
- ~25% of FUM in listed vehicles

Strong balance sheet providing stability and the ability to weather market fluctuations

Strong growth prospects in provision of Private Market exposure to retail, HNW and family office segments

COMPELLING TRACK RECORDS WITH CAPACITY TO GROW

(AS AT 31/12/2023)

Primary Fund/Vehicle Name	Strategy	Team	FUM Current (\$m)	Indicative Further FUM Capacity (\$bn)	Performance Since Inception p.a. ¹³		
					Fund %	Benchmark %	Relative %
Pengana Emerging Companies¹	Australian Small Caps	Internal	709	Limited	11.9	4.6	7.3
Pengana Australian Equities²	Australian Multi Caps	Internal	624	Limited	8.6	6.9	1.7
Pengana Private Equity (LIT)³	Private Equity	JV	432	Very large	9.7	-	-
Pengana Axiom International Ethical^{4, 13}	Global, Multi Caps, Ethical	JV	355	Very large	8.0	7.7	0.3
Pengana International Equities Ltd (LIC)⁵	Global, Multi Caps, Ethical	JV	320	Very large	7.7	8.3	(0.6)
Pengana WHEB Sustainable Impact^{6, 12}	Global, Multi Caps, Impact	JV	256	~\$800m	5.6	7.3	(1.7)
Pengana Global Small Companies⁷	Global, Small Caps	JV	129	~\$500m	6.2	8.0	(1.8)
Pengana Private Credit	Private Credit	JV	77	Very large	n/a	n/a	n/a
Pengana Harding Loevner International^{8, 12}	Global, Multi Caps, ESG	JV	43	Very large	9.2	7.1	2.1
Pengana High Conviction Equities⁹	Global, Multi Caps	Internal	40	~\$200m	21.4	11.4	10.0
Pengana Alpha Israel¹⁰	Israel, Small-Mid Caps	JV	29	~\$500m	6.0	4.7	1.3
Pengana High Conviction Property¹¹	Australian, Multi Caps, ESG	Internal	18	~\$700m	8.0	3.1	4.9
Other	Other	-	23	-	n/a	n/a	n/a

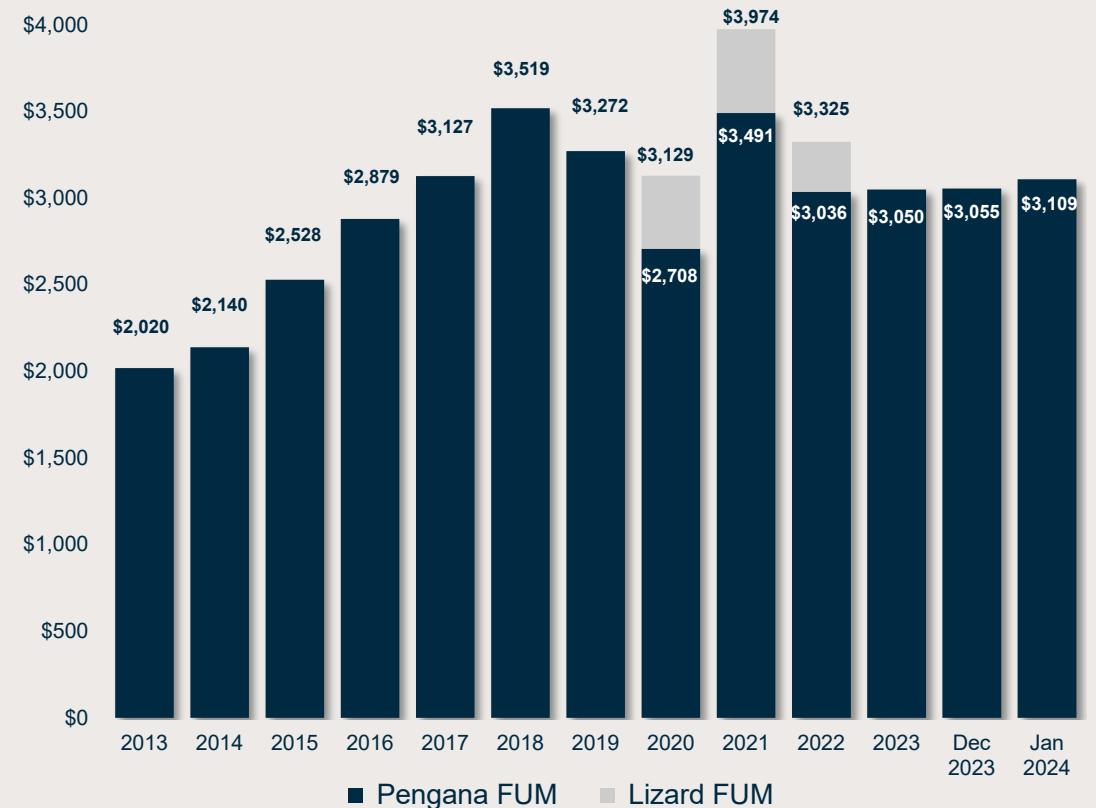
1. Benchmark: ASX Small Ordinaries Accumulation Index, Inception Nov-04 2. Benchmark: ASX All Ordinaries Accumulation Index, Inception Jul-08 3. Inception Apr-19 4. Benchmark: MSCI AC World Total Return Index (Net), Inception Jun-04 5. Benchmark: MSCI World Total Return Index (Net), Inception Mar-04 6. Benchmark: MSCI World Total Return Index (Net), Inception Jan-06 7. Benchmark: MSCI AC World SMID Cap Index (Unhedged) AUD, Inception Apr-15 8. Benchmark: MSCI AC World Total Return Index (Net), Inception Nov-89 9. Benchmark: MSCI World Total Return Index (Net), Inception Dec-14 10. Benchmark: Tel Aviv Stock Exchange 125 Index, Inception Dec-17 11. Benchmark: S&P/ASX 200 A-REIT TR Index, Inception Feb-20 12. Performance since inception of strategy to date current investment team was appointed is simulated by converting US-denominated gross returns to AUD and applying the fee structure of the stated class 13. Performance since inception of Primary Fund to 31 December 2023

FUNDS UNDER MANAGEMENT

("FUM")¹

- Focus over the past few years has been on re-positioning the business for future FUM growth at higher margins
- FUM flat over the 6 months to 31 December 2023³
 - positive performance for the period of \$102 million
 - distributions made to investors of \$80 million
 - net outflows of \$18 million
- Well-positioned for future growth due to the quality of offerings in "high-demand" segments/ themes
 - Private markets, including market leading private equity LIT and newly launched multi-faceted global private credit business
 - ESG, ethical and impact investing – across multiple vehicles
 - Non-index aware/ absolute return – all vehicles
 - Global equities – several funds and LIC
- Opportunity to diversify further over time by adding new strategies and businesses

HISTORICAL GROWTH IN FUM (\$M)²

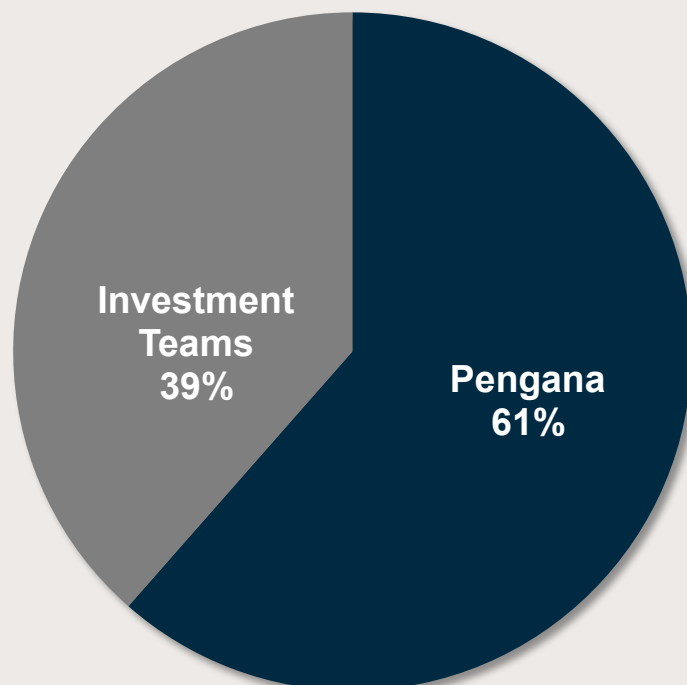


1. The amount of funds under management can increase or decrease due to a range of factors including net fund flows, distributions to investors and investment performance. Past performance is not a reliable indicator of future performance. The reported FUM is prior to any distributions and dividends being paid to investors. 2. Combined Pengana and Hunter Hall FUM at each 30 June. 3. Excludes Lizard movements in FUM

ANALYSIS OF MANAGEMENT FEES

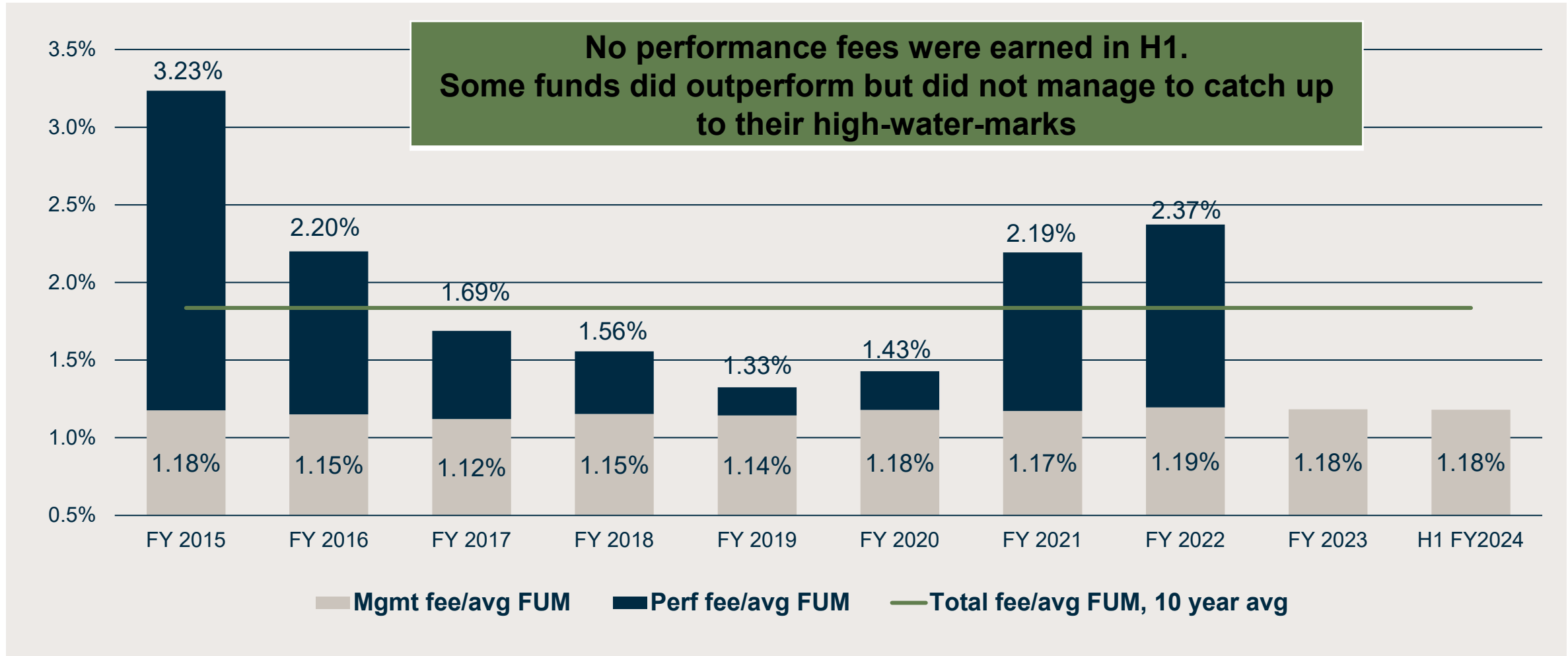
(AS AT 31/12/2023)

MANAGEMENT FEE SPLIT IN H1 FY2024 (\$17.5M)



- Funds under management (“FUM”) subject to management fees of \$3.06bn (at 31/12/2023)
- Average gross management fee rate of 1.20% (FY23: 1.19%)
- Management fees of \$17.5 million in H1 FY2024 split:
 - 39% to Investment Teams (FY23: 38%)
 - 61% to PCG (FY23: 62%)
- As business grows, PCG is targeting:
 - Average gross management fee rate to be maintained at around current levels
 - PCG’s percentage split to grow due to more favorable arrangements with fund management teams

ANNUAL GROSS FEE MARGIN

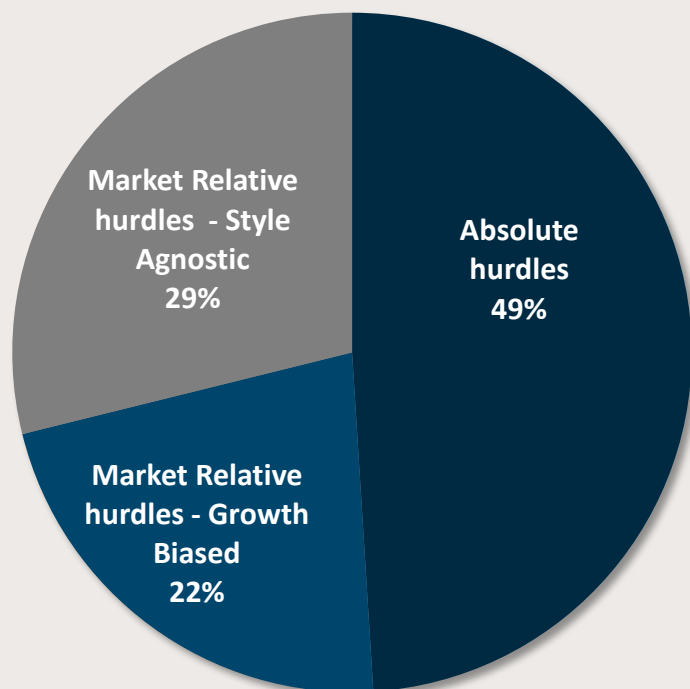


Fee margin for performance fee margin calculated on average annual funds under management subject to performance fees, excluding the impact of Lizard Investors LLC FUM, management and performance fees. Total Average Fund under Management for FY 2023: \$3.040 billion, Total Average Funds Under Management subject to Performance Fees for FY 2023: \$2.405 billion. Funds under management at 31/07/2023 subject to performance fees: \$2.314 billion

OVERVIEW OF PERFORMANCE FEES

(AS AT 31/12/2023)

FUM SUBJECT TO PERFORMANCE FEES (\$2.3BN)



- Diversified sources of performance fees (“PFs”) should provide added stability:
- Average split of PFs to PCG of 65% (FY23: 65%), including:
 - 48% split in unit trusts,
 - **100% in listed vehicles (PE1 & PIA)**
- PCG targeting over the medium/long term:
 - **Increased stability of PF’s due to increasing diversification**
 - Growth in FUM with PF structures
 - **Significant PF’s from PE1; Absolute hurdle; 100% to PCG**
 - Current average split to PCG to expand over time

SECTION II

HALF YEAR IN REVIEW



KEY DEVELOPMENTS IN H1 FY2024

- Continued challenging environment for listed equity fund managers
 - Equity strategies out of favour, particularly those with a quality/growth bias
 - Flat FUM since FY2022¹
 - H1 FY2024 saw
 - Strong absolute performance
 - Modest net outflows in relation to industry
 - Modest inflows
 - However, no performance fees earned as all funds under their high-water-marks
 - It is important to note that performance fees will fluctuate, especially over relatively short periods of time. However, over the long term, we expect a reversion to the mean
- Focus on new product developments in private markets
- Further development of leading-edge digital marketing capabilities

1.. Excludes Lizard movements in FUM

FINANCIAL PERFORMANCE IN YEAR TO 31/12/2023

- Closing 31 December 2023 FUM of **\$3.1bn**
- Average monthly FUM over H1 \$2.9bn, current FUM \$3.2bn (27 Feb 24)
- Significant investment into Credit Business detracted from profitability YoY
 - Operating EBITA down to **\$1.8 million** from \$2.5 million
 - Underlying Profit before tax down to **-\$0.6 million** from \$3.16 million
 - EPS on Underlying Profit after normalised tax down to **2.15 cents per share** from 2.41 cents per share
 - Statutory Loss After Income Tax of \$873k, down from \$209k
- Net tangible underlying assets (“NTA”) per share up to **52.41 cents per share** from 51.34 cents per share in June 2023
- Interim dividend of **1 cent per share**

UNDERLYING PROFITABILITY¹

Pengana Capital Group	Dec 2023 \$'000	Dec 2022 \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Comment
Management fee revenue	17,420	18,032	(612)	(3.4)	Slightly lower average FUM
Performance fee revenue	-	-	-	-	- No performance fees in period
Net fund/other direct expenses	(1,547)	(1,433)	(114)	8.0	
Operating expenses	(8,329)	(8,276)	(53)	0.6	
Team profit share	(4,988)	(5,591)	603	(10.8)	
EBITDA: Established strategies	2,556	2,732	(176)	(6.4)	
EBITDA: Incubating strategies	(723)	(226)	(497)	219.9	Increased incubation activities - future growth
Operating EBITDA¹	1,833	2,506	(673)	(26.9)	
Interest and investment income	351	356	(5)	(1.4)	
Interest on loan funded share plan	1,189	687	502	73.1	
Financing costs	-	(42)	42	(100.0)	Repayment of debt
Gain/(loss) on investments and other non-recurring items	139	399	(260)	(65.2)	
Net impact of Credit JV	(349)	(136)	(213)	156.6	
Underlying profit before tax²	3,163	3,770	(607)	(16.1)	
<i>Basic EPS on underlying profit after tax³</i>	<i>2.15 cps</i>	<i>2.41 cps</i>	<i>(0.26) cps</i>	<i>10.8%</i>	

1. Source: Pengana Management Accounts 2. Underlying profit before tax attributable to Pengana Shareholders 3. Calculated on 110,337,839 weighted average number of shares (i.e. including treasury shares) (2022: 109,546,757), applying normalised 25% tax rate (2022: 30%)

STATUTORY PROFIT

Pengana Capital Group (\$'000)	Dec 2023	Dec 2022
Underlying profit before tax¹	3,163	3,770
Less:		
Less: Loan share plan interest income	(1,189)	(687)
Less: Amortisation and non-cash items	(2,000)	(1,688)
Less: Profit & Loss tax expense	(600)	(762)
Less: FX in other comprehensive income	(5)	-
Less: Investment gains in other comprehensive income	(242)	(311)
Statutory profit after tax attributable to Pengana shareholders²	(873)	322
<i>Basic EPS on statutory profit after tax³</i>	<i>(1.05) cps</i>	<i>0.39 cps</i>

1. Source: Pengana Management Accounts

2. As per Pengana Capital Group Limited 30 June 2023 Annual Report

3. Calculated on 83,217,525 weighted average number of shares (i.e. excluding treasury shares) (2022: 83,413,794 shares)

BALANCE SHEET¹

Pengana Capital Group	31 Dec 2023 (\$'000)	30 Jun 2023 (\$'000)
Cash net of AFSL cash requirements	7,259	10,740
Receivables	4,648	4,064
Payables	(3,196)	(4,206)
Net working capital	8,711	10,598
Investments net of AFSL liquid asset requirements and associated current liabilities	7,329	6,196
AFSL capital requirements	7,204	7,281
Loans (on and off-balance sheet)	33,691	30,412
Other assets and liabilities	966	1,976
Net assets and liabilities held for sale less minority interests	-	54
Net tangible underlying assets attributable to Pengana Shareholders¹	57,901	56,517
<i>Net tangible underlying assets per ordinary security²</i>	<i>52.41 cps</i>	<i>51.34 cps</i>
Less: Off balance sheet Loan Funded Share Plan	(31,727)	(30,060)
Add: minority interests	-	-
Net tangible statutory assets³	26,174	26,457
<i>Net tangible statutory assets per ordinary security⁴</i>	<i>31.50 cps</i>	<i>31.73 cps</i>

1. Source: Pengana Management Accounts 2. Calculated on 110,468,123 shares on issue (i.e. including treasury shares) (June 2023: 110,076,680) 3. As per Pengana Capital Group Limited 31 December 2023 Interim Report 4. Calculated on 83,092,809 shares on issue (i.e. excluding treasury shares) (June 2023: 83,381,366 shares)

PENGANA GLOBAL PRIVATE CREDIT BUSINESS



OVERVIEW

- PCG identified Global Private Credit (“GPC”) as a key opportunity:
 - Favourable risk-return characteristics with low correlation to other asset classes
 - Limited opportunities for Australian retail and HNW investors to access GPC
- **In 2023 PCG established Pengana Private Credit (“PPC”); this is PCG’s major growth initiative**
- Aim for PPC to be the leading GPC provider in the Australian market (ex-large superfunds)
- PPC is working to deliver multiple distinct investment offerings that will leverage off a master GPC portfolio
- PPC commenced raising FUM in its first vehicle (Pengana Diversified Private Credit Fund – Wholesale) in the last quarter of 2023, and planning the launch of other vehicles in the coming months

WHY GLOBAL PRIVATE CREDIT (“GPC”)

- GPC is arguably the most sought-after segment in investment markets today
 - Adds diversification and risk-return characteristics to portfolios
 - GPC benefits from a number of current structural tailwinds; worldwide size of GPC markets is ~\$1.6 trillion, and forecast to grow at double digits to over \$2 trillion by 2027
 - Large sophisticated global investors (including sovereign wealth funds, pension funds and family offices) have significant allocations to GPC; in range of 5-20%+
- PPC’s focus is specifically in GPC market segments with the most compelling risk-return: bilateral loans
 - Driven by lack of bank lending in US and Europe
 - Downside protection from contractual protections and security; Equity-like returns with very low volatility
- Opportunities for Australians to invest in high quality GPC bilateral loans are very limited
 - The few existing products have numerous deficiencies, including volatility, fund structures, currency exposures, and single-manager risk
 - We expect Australian investors to significantly increase exposure to GPC (in line with large sophisticated global investors) when suitable products become available
 - Many Australians already have exposure to Australian Private Credit. GPC is a natural, uncorrelated, extension

PENGANA PRIVATE CREDIT (“PPC”)

- Joint Venture between PCG and Washington H. Soul Pattinson (“Soul Patts”)
- PPC employs only a small number of dedicated resources, as it leverages off existing PCG infrastructure
- Soul Patts has made available up to \$200m of capital to seed a GPC portfolio
- PPC’s master GPC portfolio consists of investments in numerous investment vehicles run by a selection of the worlds leading GPC managers
 - The master GPC portfolio is currently invested across 16 GPC funds, with exposure to >2,000 underlying loans
 - High degree of diversification (across lending strategy, liquidity characteristics, geography, borrower, industry sector, collateral type, structure, credit quality and vintage) is critical for delivering a low-risk portfolio

MERCER STRATEGIC RELATIONSHIP

- **PPC's deep strategic relationship with Mercer is a key strength**
- **PPC has appointed Mercer as Investment Consultant for the master GPC portfolio**
 - One of the world's largest investment consultants with ~US\$16 trillion in global assets under advice (as of June 30, 2022)
 - Significant expertise in GPC with ~US\$182 billion in assets under advisement across all alternatives assets (as of June 30, 2023) and 30+ years' experience in private markets
- For PPC's master GPC portfolio, Mercer assists with a range of activities including
 - Manager identification, selection and due diligence
 - Negotiating underlying investment manager fees utilising the strength of Mercer's manager relationships
 - Portfolio construction to optimise risk/return
 - Efficient portfolio structures, including separate account vehicles only available to Mercer clients
- **Importantly, in addition to investment expertise, Mercer also provides extensive support across the PPC business, utilising expertise, resources and relationships to assist PPC**

PPC'S RANGE OF INVESTMENT OFFERINGS

Through leveraging the master GPC portfolio, PPC will deliver 4 distinct investment offerings, each include purpose-built exposures to the range of underlying investments in different proportions suitable to risk/return targets

1. Wholesale Fund (launched in October 2023)

- For family offices, high net-worth and institutional investors (ex large superfunds)
- Target returns of RBA Cash + 7-9% p.a., with very low volatility (hedged into AUD)
- Exceeding performance targets to date

2. Retail Listed Investment Structure

- IPO planned – focused on financial advisors, direct retail and high net-worth investors
- Target returns of >9% over the cycle, with very low volatility (and hedged into AUD)
- Unique structure to deal with discount to NAV
- Preliminary marketing for IPO is progressing well

PPC'S RANGE OF INVESTMENT OFFERINGS

3. Term Accounts

- 12, 24 and 60 months with monthly income payments
- Highly compelling floating target returns
- Market leading layers of built-in protections for capital stability and income reliability
- Fully digital onboarding and account management infrastructure
- Market leading technology custom built in house to deliver unique product features and customer experience

4. Tailored Accounts

- For institutional clients and large dealer groups seeking bespoke solutions, leveraging PCC's range of investment exposures via the master GPC portfolio
- Working closely with Mercer in this segment

FINANCIAL IMPACT ON PCG

- As PPC mostly leverages off the PCG existing infrastructure there are minimal requirements for separate additional resources
- GPC is generally a high fee margin business for PCG; with different offerings having varying margins
- JV economics:
 - Soul Patts gets paid a return on capital equivalent to returns generated, excluding the \$200m of seed – i.e. essentially a flow-through
 - PPC will be equity accounted in PCG's accounts
 - PCG will also generate some direct revenues from PCC FUM
 - PCC will be allocated a proportion of PCG's expenses
- **Summary economics to PCG from PCC are as follows:**
 - **Breakeven for PCG is ~\$200m (excluding the \$200m of seed)**
 - **It is estimated that above the breakeven level of FUM, PCG should generate (on a look-through basis) profit margin circa 1% of FUM**
 - **i.e. for every \$100m of external FUM (above the Breakeven FUM amount of \$200m) PCG (including its share of PCC) should generate incremental EBITDA of circa \$1m and net profit of circa \$700k**

THANK YOU

- We thank you for taking the time to read our shareholder presentation.
- The Pengana team is excited to deliver on our plans for the coming period
- We are confident these new offerings will be a testament to our ability to continue to provide relevant and differentiated investment products to the Australian market, further complementing our diverse range of existing investment options.

We encourage shareholders to get in touch via pengana.com/contact-us/

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PENGANA CAPITAL GROUP

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