

PENGANA CAPITAL GROUP

SHAREHOLDER PRESENTATION
FOR THE YEAR ENDED 30 JUNE 2021

Russel Pillemer
Chief Executive Officer

Katrina Glendinning
Chief Financial Officer



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BUSINESS OVERVIEW



PENGANA CAPITAL GROUP OVERVIEW



- Leading Australian provider of premium, value added products
- Focused on the higher-end retail market: advisors; SMSF's; and HNW's
- Recognised and well-regarded brand built over 18 years
- >\$4bn of funds under management ("FUM")
- Unique funds management business model, facilitating horizontal growth:
 - In-house funds management teams
 - JVs with offshore groups
- Robust, scalable and technologically advanced "institutional-grade" infrastructure

KEY ATTRactions

- FUM diversified across: strategies/funds; geographies; market-caps; listed and private equity
- Compelling long-term returns across the range of strategies
- Well-rated by research houses; availability across all advisor platforms
- Recognised brand with loyal client base of financial advisors, retail and HNW; serviced by experienced and capable distribution team
- Good fee margins and diversified sources of performance fees across 77% of FUM
- Profitability is highly leveraged to growth; infrastructure capable of managing much larger FUM with minimal additional expenses
- Multiple growth prospects in “high-demand” segments/themes; capacity to grow in existing strategies as well as optionality to add new strategies
- 18% of FUM in listed vehicles
- Sophisticated digital marketing capabilities

COMPELLING TRACK RECORDS WITH CAPACITY TO GROW (AS AT 30/6/2021)

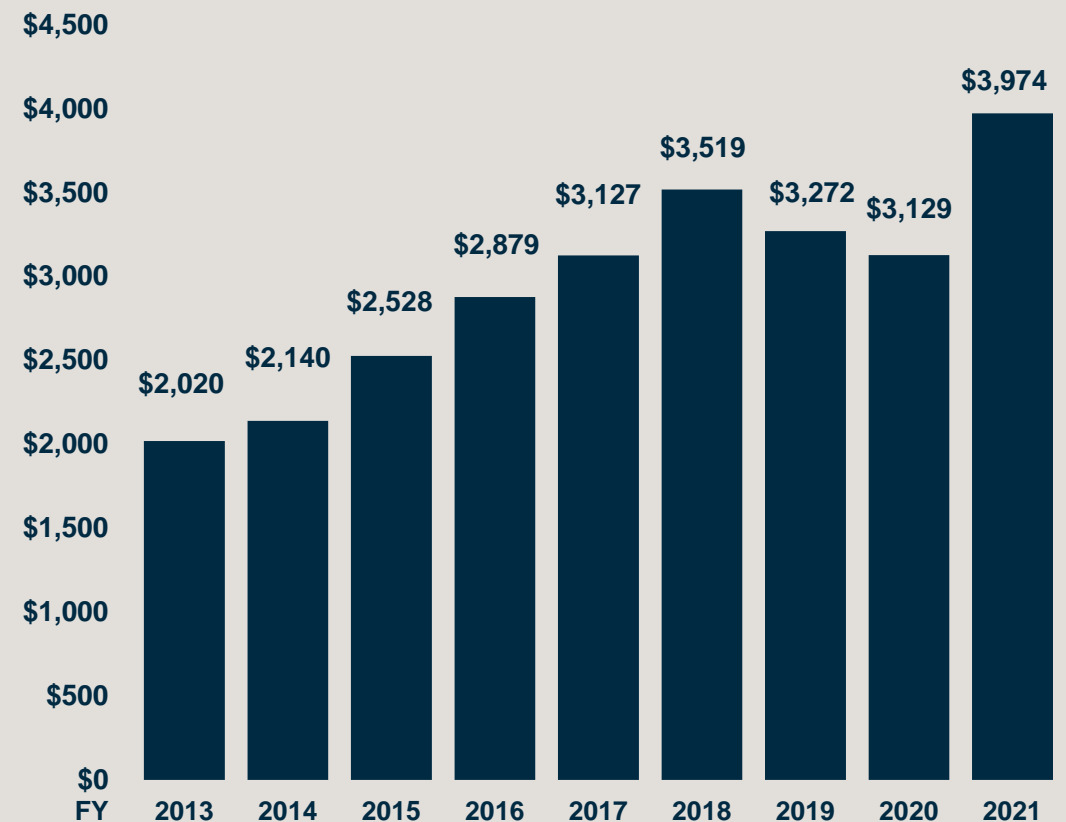
Primary Fund/Vehicle Name	Strategy	Team	FUM Current (\$m)	Indicative Further FUM Capacity (\$bn)	Performance Since Inception p.a. ¹³		
					Fund %	Benchmark %	Relative %
Pengana Australian Equities ¹	Australian Multi Caps	Internal	987	Limited	10.2	7.1	3.1
Pengana Emerging Companies ²	Australian Small Caps	Internal	842	Limited	13.7	5.8	7.9
Lizard Global Small ³	Global, Small Caps	Internal	483	~2bn	10.1	8.9	1.1
Pengana Axiom International Ethical ⁴	Global, Multi Caps, Ethical	JV	434	Very large	9.0	7.9	1.1
Pengana International Equities Ltd (LIC) ⁵	Global, Multi Caps, Ethical	JV	379	Very large	9.2	8.4	0.8
Pengana Private Equity (LIT) ⁶	Global, Multi Caps	JV	333	Very large	7.7	n/a	n/a
Pengana Global Small Companies ⁷	Global, Small Caps	Internal	179	~\$500m	10.6	10.4	0.2
Pengana Harding Loevner International ⁸	Global, Multi Caps, ESG	JV	69	Very large	10.1	7.2	2.9
Pengana WHEB Sustainable Impact ⁹	Global, Multi Caps, Impact	JV	180	~\$800m	3.5	3.7	- 0.2
Pengana Alpha Israel ¹⁰	Israel, Small-Mid Caps	JV	37	~\$500m	10.9	7.6	3.3
Pengana High Conviction Equities ¹¹	Global, Multi Caps	Internal	45	~\$200m	32.8	12.8	20.0
Pengana High Conviction Property ¹²	Australian, Multi Caps, ESG	Internal	8	~\$700m	21.3	3.3	18.0

1. Benchmark: ASX All Ordinaries Accumulation Index, Inception Jul-08 2. Benchmark: ASX Small Ordinaries Accumulation Index, Inception Nov-04 3. Lizard International Master Fund LP, Benchmark: MSCI ACWI SMID Cap, Inception Dec08 4. Benchmark: MSCI AC World Total Return Index (Net), Inception Jun-04 5. Benchmark: MSCI World Total Return Index (Net), Inception Mar-04 6. Inception Apr-19 7. Benchmark: MSCI AC World SMID Cap Index (Unhedged)2, Inception Apr-15 8. Benchmark: MSCI AC World Total Return Index (Net), Inception Nov-89 9. Benchmark: MSCI World Total Return Index (Net), Inception Jan-06 10. Benchmark: Tel Aviv Stock Exchange 125 Index, Inception Dec-17 11. Benchmark: MSCI World Total Return Index (Net)2, Inception Dec-14 12. Benchmark: S&P/ASX 200 A-REIT TR Index2, Inception Feb-20 13. Performance Since Inception to 30 June 2021

GROWTH IN FUNDS UNDER MANAGEMENT (“FUM”) ¹

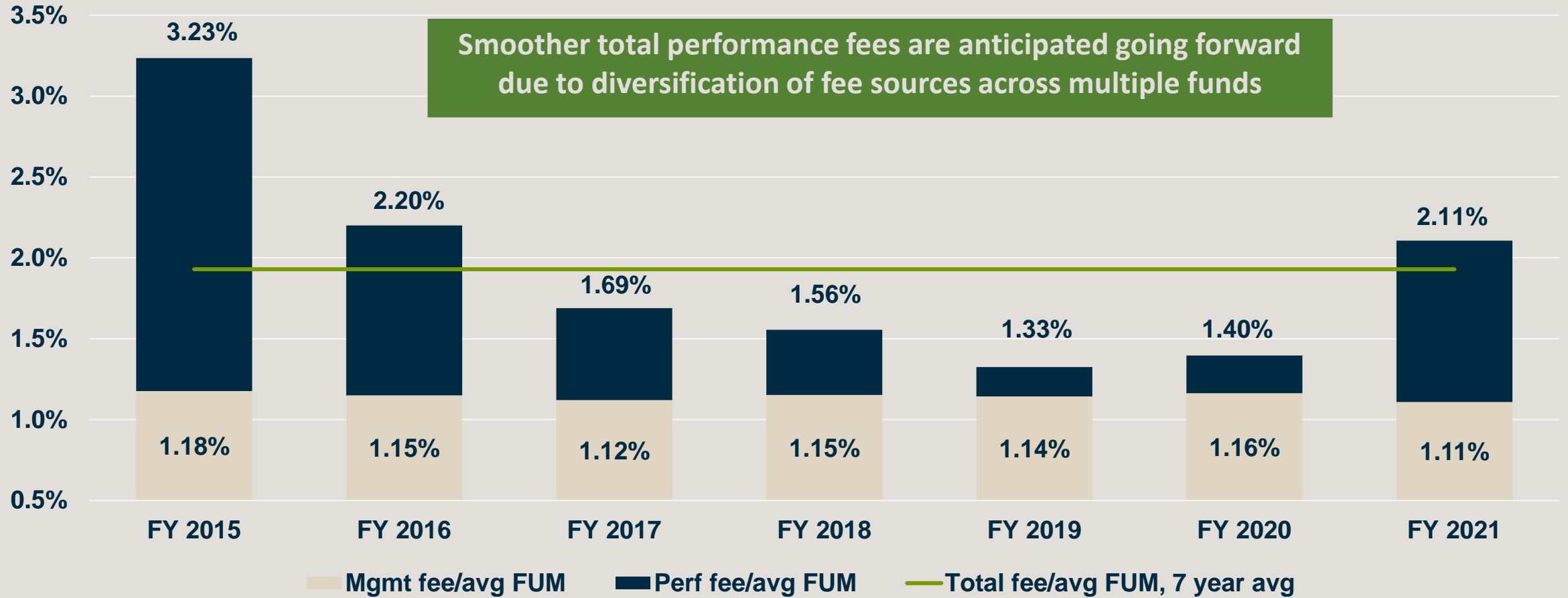
- Focus over the past few years has been on re-positioning the business for future FUM growth at higher margins
- Business currently experiencing FUM growth from both investment returns as well as inflows
- Well-positioned for future growth due to the quality of offerings in “high-demand” segments/ themes
 - Global equities – several funds and LIC
 - ESG, Ethical and Impact Investing – across multiple vehicles
 - Private Equity – market-leading LIT
 - Non-index aware/ absolute return – all vehicles
 - Concentrated – across several vehicles
- Opportunity to diversify further over time by adding new strategies

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.

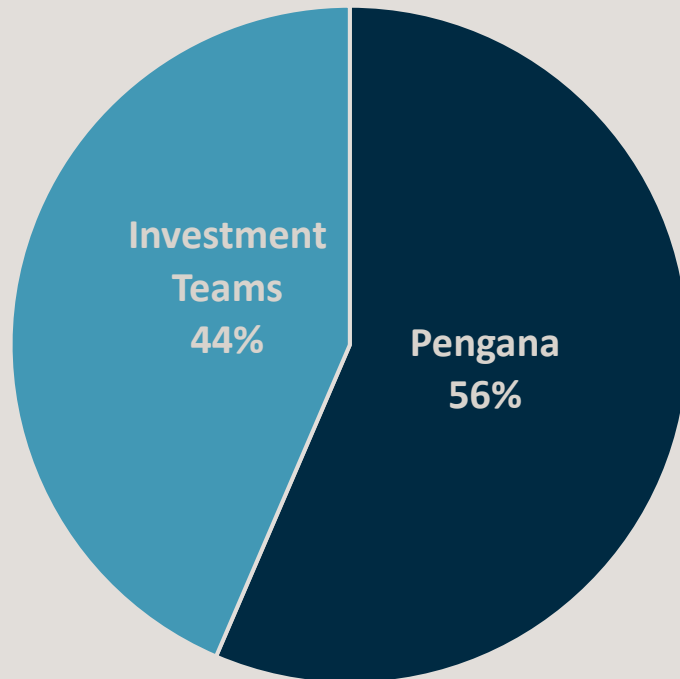
ANNUAL GROSS FEE MARGIN



Fee margin for performance fee margin calculated on average annual funds under management subject to performance fees. Total Average Fund under Management for FY 2021: \$3.568 billion, Total Average Funds Under Management subject to Performance Fees for FY 2021: \$2.753 billion. Funds under management at 31/07/2021 subject to performance fees: \$3.063 billion

ANALYSIS OF MANAGEMENT FEES (AS AT 30/6/2021)

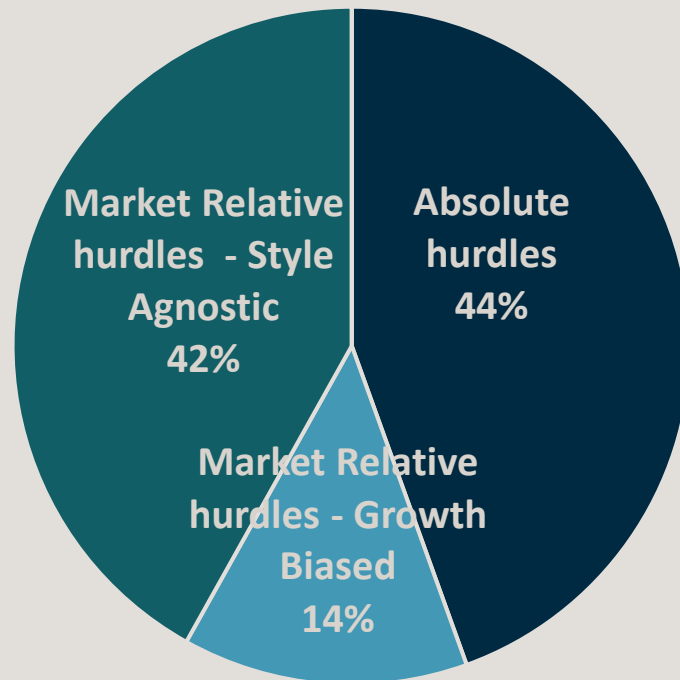
Management Fee Split in FY2021 (\$41.2m)



- \$4.0bn of funds under management (“FUM”) subject to management fees (30/6/2021)
- Average gross management fee rate of 1.1%
- Management fees of \$41.2m in FY2021 split:
 - 44% to Investment Teams
 - 56% to PCG
- 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 FM teams

ANALYSIS OF PERFORMANCE FEES (AS AT 30/6/2021)

FUM subject to Performance Fees (\$3.1bn)



- Well diversified sources of performance fees (“PFs”) provide added stability
 - **Absolute hurdles (higher level of certainty and consistency): 44%**
 - Market Relative hurdles – (predominantly) Style Agnostic strategies: 42%
 - Market Relative hurdles – Growth Biased strategies: 14%
- Average split of PFs to PCG of 55%, including:
 - 48% split in unit trusts
 - **100% in listed vehicles (PE1 & PIA)**
- PCG targeting
 - **Increased stability of PF’s due to increasing diversification**
 - Growth in FUM with PF structures
 - **Significant PF’s from PE1 from FY 2022 onwards; these were zero in 2021, due to start-up phase; Absolute hurdle; 100% to PCG**
 - Current average split of 55% to PCG to expand over time

FY 2021 IN REVIEW



KEY DEVELOPMENTS IN FY 2021

- Strong absolute and relative investment performance across most of the funds
- Continued progress in improving ratings as well as platform access
- Expansion of distribution team
- Further development of leading-edge digital marketing capabilities
- Appointment of two world-class managers to manage our 4 international equity vehicles
 - Harding Loevner: NJ based with >US\$80bn FUM; Quality/Growth style; 32-year record of outperformance
 - Axiom Investors: NY/CT based with >US\$20bn of FUM; Growth style; 23-year record of outperformance
 - Significantly increased FUM capacity due to these changes
- Increased resources for Pengana High Conviction Equities team
- All major strategies with performance fees at or close to fee high-water-marks

FINANCIAL PERFORMANCE IN YEAR TO 30/6/2021

- FUM **up 27%** to \$4bn
- Operating EBITA **up 95%** to \$19.2m
- Comprehensive Income before tax **up 83%** to \$21.9m
- EPS on Comprehensive Income after tax **up 77%** to 14.18 cents
- NTA per share **up 7.6%** to 54.69 cents
- Final dividend per share **up 100%** to 8 cents per share
- Total dividends per share for 12 months **up 63%** to 13 cents per share

EBITDA, UNDERLYING PROFIT AND COMPREHENSIVE INCOME¹

Pengana Capital Group Operating EBITDA	2021 \$'000	2020 \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Comment
Management fee revenue	41,186	38,091	3,095	8.1%	~ 56% to PCG; full impact of increase in FUM not shown due to Q4 increase
Performance fee revenue	27,454	6,080	21,374	351.6%	~ 55% to PCG
Net fund direct expenses	(3,215)	(3,062)	(153)	5.0%	
Operating expenses	(21,762)	(18,174)	(3,588)	19.7%	Employee STIs and increased distribution and marketing resources
Team profit share	(24,368)	(13,210)	(11,158)	84.5%	Due to increases in performance fees
Non-controlling interests	(53)	168	(221)	(131.5)%	
Operating EBITDA²	19,243	9,893	9,350	94.5%	
Interest and investment income distributions	607	799	(192)	(24.1)%	
Interest on loan funded share plan	1,471	2,034	(563)	(27.7)%	Repayment of loans
Financing costs	(153)	(245)	92	(37.7)%	Repayment of debt
Underlying profit before tax³	21,168	12,481	8,687	69.6%	
Adjustments for non-recurring items	716	(549)	1,265	(230.4)%	
Comprehensive income before tax⁴	21,884	11,932	9,952	83.4%	
<i>Basic EPS on comprehensive income after tax</i>	<i>14.18 cps</i>	<i>8.02 cps</i>	<i>6.17 cps</i>	<i>77.0%</i>	

1. Source: Pengana Management Accounts, "Underlying profit before tax attributable to Pengana Shareholders" 2. As per Pengana Capital Group Limited 30 June 2021 Annual Report 3. Underlying profit before tax attributable to Pengana Shareholders 4. Comprehensive income before tax attributable to Pengana Shareholders 5. Calculated on 108,000,189 weighted average number of shares (i.e. including treasury shares) (2020: 107,927,281), applying normalized tax rate of 30% in 2021 and 27.5% in 2020

STATUTORY PROFIT

Pengana Capital Group (\$'000)	2021	2020
Comprehensive profit before tax¹	21,884	11,932
Less:		
Less: investment gains recorded in other comprehensive income reserve	(2,126)	(138)
Less: Non-cash amortisation and impairment	(4,766)	(3,250)
Less: LSP interest income (not on profit & loss)	(1,471)	(2,034)
Less: Tax	(4,802)	(391)
Statutory profit after tax attributable to Pengana shareholders²	8,718	6,119
<i>Basic EPS on statutory profit³</i>	<i>10.42 cps</i>	<i>7.28 cps</i>

1. Source: Pengana Management Accounts, "Underlying profit before tax attributable to Pengana Shareholders"

2. As per Pengana Capital Group Limited 30 June 2021 Annual Report

3. Calculated on 83,660,113 weighted average number of shares (i.e. excluding treasury shares) (2020: 84,019,221 shares)

BALANCE SHEET¹

Pengana Capital Group Balance Sheet (\$'000)	30 June 2021	30 June 2020
Cash net of AFSL cash requirements	16,569	12,209
Receivables	22,214	4,370
Liabilities	(22,722)	(6,363)
Net working capital	16,061	10,216
Investments net of AFSL liquid asset requirements and associated current liabilities	7,471	7,306
AFSL capital requirements	6,663	6,200
Loans (on and off-balance sheet)	30,093	32,812
Non-current borrowings	(1,250)	(2,500)
Other assets and liabilities	(39)	659
Less: non-controlling interests	118	168
Net tangible underlying assets attributable to Pengana Shareholders¹	59,117	54,861
<i>Net tangibles underlying assets per ordinary security²</i>	<i>54.69 cps</i>	<i>50.83 cps</i>
Less: Off balance sheet Loan Funded Share Plan	(29,636)	(31,949)
Add: non-controlling interests	(118)	(168)
Net tangible Statutory Assets³	29,363	22,744
<i>Net tangibles statutory assets per ordinary security⁴</i>	<i>35.03 cps</i>	<i>27.24 cps</i>

1. Source: Pengana Management Accounts 2. Calculated on 108,093,901 shares on issue (i.e. including treasury shares) (2020: 107,935,545) 3. As per Pengana Capital Group Limited 30 June 2021 Annual Report 4. Calculated on 83,818,045 shares on issue (i.e. excluding treasury shares) (2020: 83,507,479 shares)

VALUATION COMPONENTS



VALUATION COMPONENTS

Net tangible assets of \$59m¹ generating investment income
(includes Employee Share Loan Plan which is interest generating and mostly to be repaid in 2024)

+

Management fees on existing total FUM of \$4bn;
generating EBITDA of ~\$9m p.a.²

+

Performance fees on existing \$3.1bn of FUM, noting: strong margins; diversified sources;
Incl. \$1.4bn of FUM with Absolute hurdles; PE1 now above high-water-mark with 100% to PCG

+

Potential growth in FUM from several existing funds (with large aggregate capacity);
generating management and performance fees (with minimal associated expenditure)

+

Leverage existing infrastructure, brand and relationships to add additional new strategies/funds;
generating management and performance fees (with limited associated expenditure)

= Total Value of PCG

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PENGANA
CAPITAL



PENGANA CAPITAL GROUP LIMITED

ABN 43 059 300 426

Levels 1, 2 & 3
60 Martin Place
Sydney

T: +61 2 8524 9917

E: clientservice@Pengana.com

PENGANA.COM