

PENGANA CAPITAL GROUP

SHAREHOLDER PRESENTATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2021



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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") as at 31 December 2021
- 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 75% 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 31/12/2021)



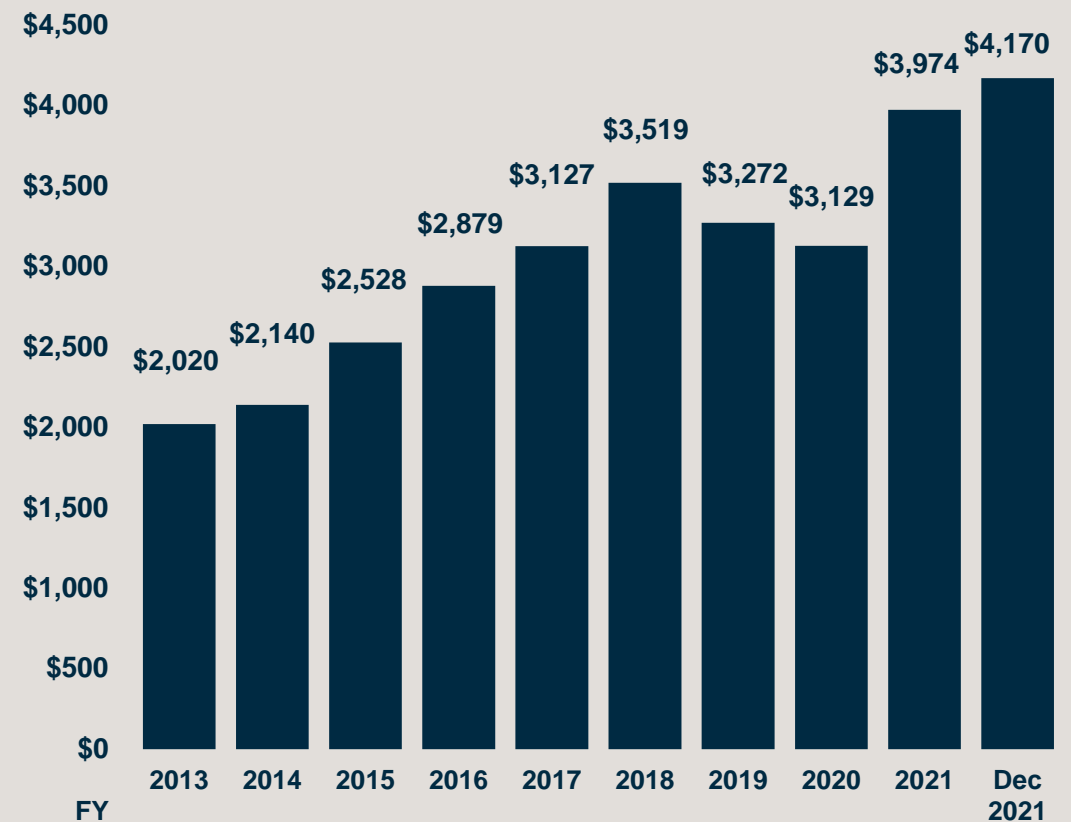
Primary Fund/Vehicle Name	Strategy	Team	FUM Current (\$m)	Indicative Further FUM Capacity (\$bn)	Performance Since Inception p.a. ¹³		
					Fund %	Benchmark %	Relative %
Pengana Australian Equities ¹	Australian Multi Caps	Internal	958	Limited	10.0	7.2	2.8
Pengana Emerging Companies ²	Australian Small Caps	Internal	956	Limited	14.2	6.0	8.2
Pengana Axiom International Ethical ³	Global, Multi Caps, Ethical	JV	452	Very large	9.4	8.2	1.2
Lizard Global Small ⁴	Global, Small Caps	Internal	390	~2bn	9.2	8.5	0.7
Pengana International Equities Ltd (LIC) ⁵	Global, Multi Caps, Ethical	JV	389	Very large	9.4	8.8	0.6
Pengana Private Equity (LIT) ⁶	Global, Multi Caps	JV	374	Very large	13.3	-	-
Pengana WHEB Sustainable Impact ⁷	Global, Multi Caps, Impact	JV	287	~\$800m	7.4	7.7	(0.3)
Pengana Global Small Companies ⁸	Global, Small Caps	Internal	195	~\$500m	9.8	10.5	(0.7)
Pengana Harding Loevner International ⁹	Global, Multi Caps, ESG	JV	71	Very large	10.1	7.4	2.7
Pengana High Conviction Equities ¹⁰	Global, Multi Caps	Internal	48	~\$200m	29.6	13.6	16.0
Pengana Alpha Israel ¹¹	Israel, Small-Mid Caps	JV	37	~\$500m	9.3	9.6	(0.3)
Pengana High Conviction Property ¹²	Australian, Multi Caps, ESG	Internal	13	~\$700m	23.8	10.6	13.2

1. Benchmark: ASX All Ordinaries Accumulation Index, Inception Jul-08 2. Benchmark: ASX Small Ordinaries Accumulation Index, Inception Nov-04 3. Benchmark: MSCI AC World Total Return Index (Net), Strategy Inception Jun-04 4. Lizard International Master Fund LP, Benchmark: MSCI ACWI SMID Cap, Inception Dec-08 5. Benchmark: MSCI World Total Return Index (Net), Inception Mar-04 6. Inception Apr-19 7. Benchmark: MSCI World Total Return Index (Net), Strategy Inception Jan-06 8. Benchmark: MSCI AC World SMID Cap Index (Unhedged)2, Inception Apr-15 9. Benchmark: MSCI AC World Total Return Index (Net), Strategy Inception Nov-89 10. Benchmark: MSCI World Total Return Index (Net)2, Inception Dec-14 11. Benchmark: Tel Aviv Stock Exchange 125 Index, Inception Dec-17 12. Benchmark: S&P/ASX 200 A-REIT TR Index2, Inception Feb-20 13. Performance Since Inception to 31 December 2021

GROWTH IN FUNDS UNDER MANAGEMENT (“FUM”) ¹

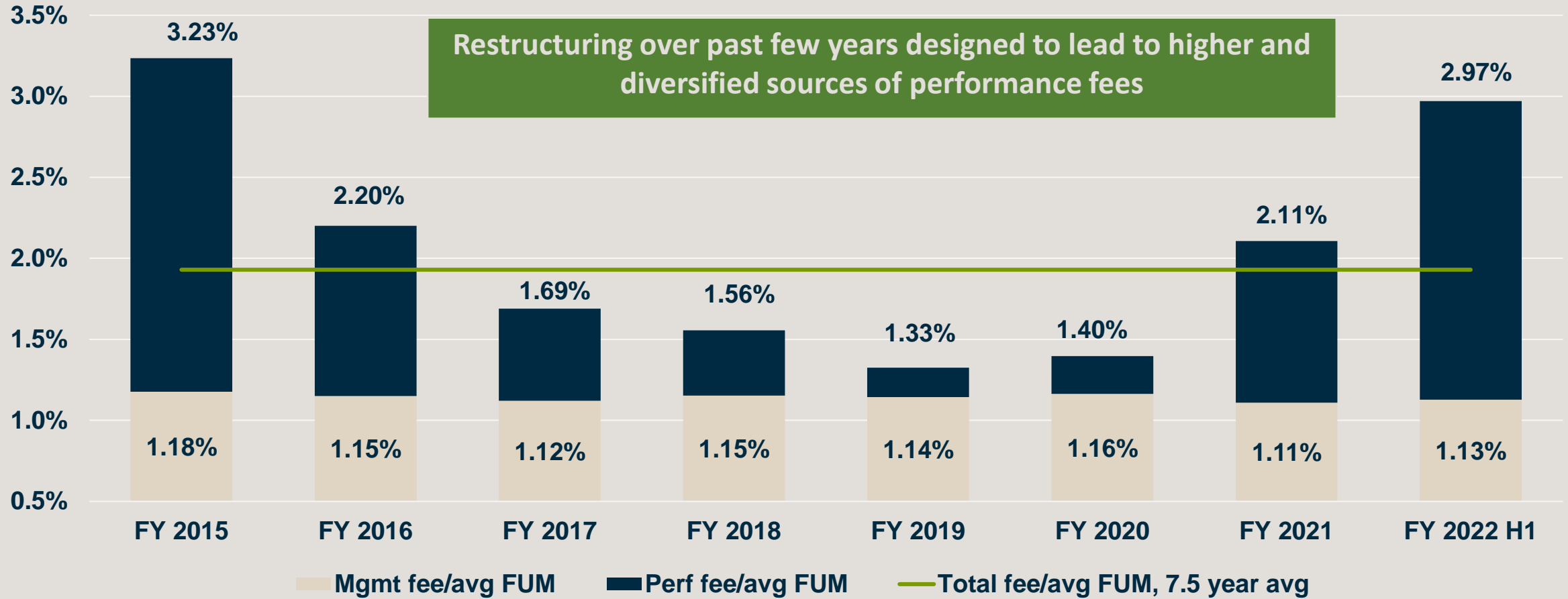
- Focus over the past few years has been on re-positioning the business for future FUM growth at higher margins
- Business currently experiencing FUM growth from both investment returns as well as inflows
- Well-positioned for future growth due to the quality of offerings in “high-demand” segments/ themes
 - 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.

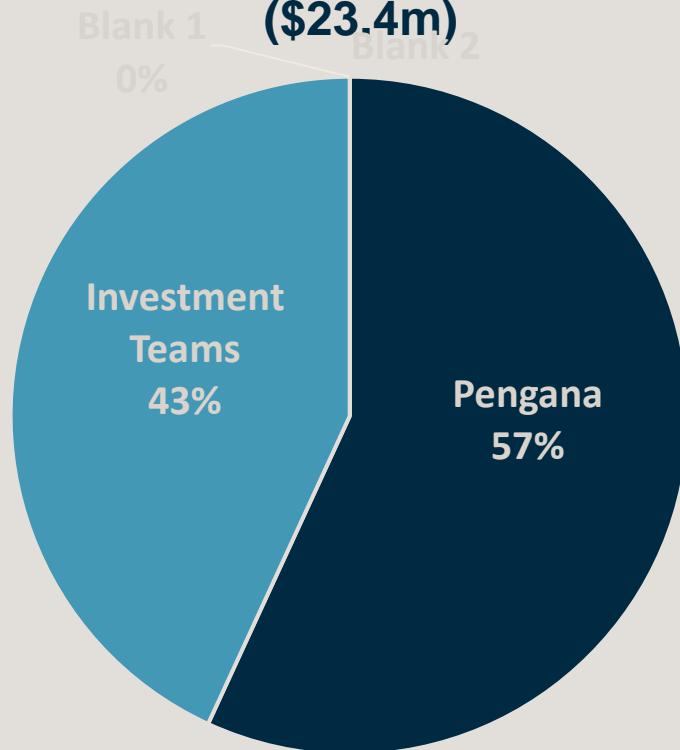
ANNUAL GROSS FEE MARGIN



Fee margin for performance fee margin calculated on average annual funds under management subject to performance fees. Total Average Fund under Management for H1 2022: \$4.121 billion, Total Average Funds Under Management subject to Performance Fees for H1 2022: \$3.117 billion. Funds under management at 31/01/2022 subject to performance fees: \$2.875 billion

ANALYSIS OF MANAGEMENT FEES (AS AT 31/12/2021)

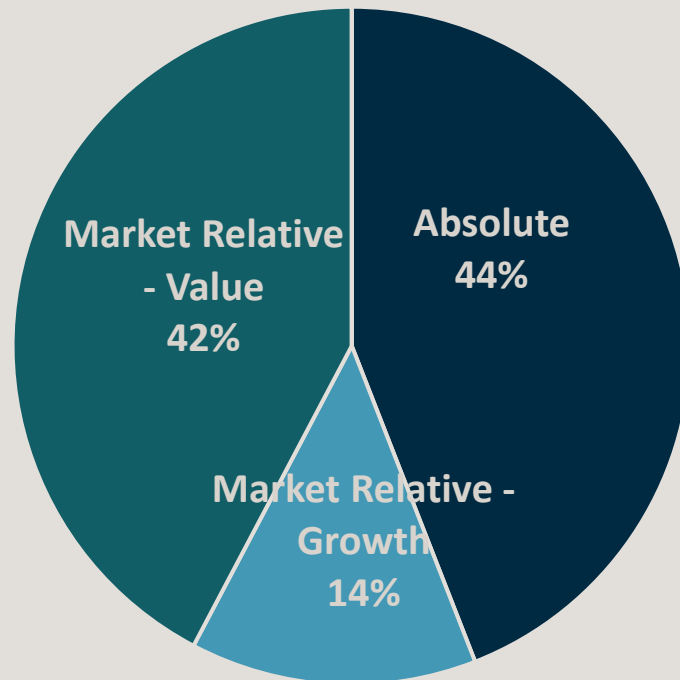
Management Fee Split in H1 FY2022 (\$23.4m)



- \$4.2bn of funds under management (“FUM”) subject to management fees (31/12/2022)
- Average gross management fee rate of 1.1%
- Management fees of \$23.4m in H1 FY2022 split:
 - 43% to Investment Teams
 - 57% 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 31/12/2021)

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 (by FUM) of 61%, 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; Absolute hurdle with 100% to PCG**
 - Current average split (by FUM) of 61% to PCG to expand over time
 - Split of actual PF’s earned in six-month period was 67% to PCG

H1 2022 IN REVIEW



KEY DEVELOPMENTS IN H1 FY 2022

- Growth in FUM and management fees
- Diversification of revenue
- Substantial returns to investors in PE1 with stable and strong performance fees
- Further strengthening of distribution team
- Flat operational expenses – continual focus on digitalization, process improvements, technology infrastructure
- Further improvements in ESG and ethical product offering
- Staff wellbeing – WFH, minimal turnover, strong culture and high morale

FINANCIAL PERFORMANCE IN HALF-YEAR TO 31/12/2021

- FUM **up 5%** to \$4.2bn
- Operating EBITA **up 174%** to \$22.6m
- Comprehensive Income before tax **up 152%** to \$25.2m
- EPS on Comprehensive Income after tax **up 150%** to 16.23 cents
- NTA per share **up 21%** to 66.22 cents
- Interim dividend per share **up 140%** from prior comparable period to 12 cents per share

EBITDA, UNDERLYING PROFIT AND COMPREHENSIVE INCOME¹

Pengana Capital Group Operating EBITDA	Dec 2021 \$'000	Dec 2020 \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Comment
Management fee revenue	23,433	19,714	3,719	18.86%	Growth in FUM and margin; 70% to PCG
Performance fee revenue	28,951	10,345	18,606	179.86%	Strong contribution from Emerging Companies and PE1; 67% to PCG
Net fund direct expenses	(1,620)	(1,404)	(216)	15.38%	
Operating expenses	(8,802)	(8,550)	(252)	2.95%	No material increases
Team profit share and group bonuses	(19,412)	(11,798)	(7,614)	64.54%	Due to increases in performance fees, higher margin in PE1
Non-controlling interests	52	(56)	108	-192.86%	
Operating EBITDA¹	22,602	8,251	14,351	173.93%	
Interest and investment income distributions	220	329	(109)	-33.13%	
Interest on loan funded share plan	718	699	19	2.72%	
Financing costs	(55)	(83)	28	-33.73%	
Underlying profit before tax¹	23,485	9,196	14,289	155.38%	
Gain/(loss) on investments	1,620	1,808	(188)	-10.40%	
Adjustments for non-recurring items	78	(1,017)	1,095	-107.67%	
Comprehensive income before tax¹	25,183	9,987	15,196	152.16%	
<i>Basic EPS on comprehensive income after tax¹</i>	<i>16.23 cps</i>	<i>6.48 cps</i>	<i>9.75 cps</i>	<i>150.51%</i>	

1. Source: Pengana Management Accounts. All amounts attributable to Pengana Shareholders i.e. excluding outside equity interests. EPS calculated on 108,645,230 weighted average number of shares (i.e. including treasury shares) (2020: 107,935,545), applying normalized tax rate of 30%

STATUTORY PROFIT

Pengana Capital Group (\$'000)	Dec 2021	Dec 2020
Comprehensive profit before tax¹	25,183	9, 987
Less:		
Less: investment gains recorded in other comprehensive income reserve	(1,311)	(1,699)
Less: Non-cash amortisation and impairment	(1,361)	(2,139)
Less: LSP interest income (not on profit & loss)	(718)	(699)
Less: Tax	(6,287)	(2,285)
Statutory profit after tax attributable to Pengana shareholders²	15,506	3,165
<i>Basic EPS on statutory profit³</i>	<i>18.51 cps</i>	<i>3.79 cps</i>

1. Source: Pengana Management Accounts

2. As per Pengana Capital Group Limited 31 December 2021 Interim Report

3. Calculated on 83,750,225 weighted average number of shares (i.e. excluding treasury shares) (2020: 83,532,295 shares)

BALANCE SHEET¹

Pengana Capital Group Balance Sheet (\$'000)	31 December 2021	30 June 2021
Cash net of AFSL cash requirements	20,467	16,569
Receivables	35,656	22,214
Liabilities	(29,000)	(22,722)
Net working capital	27,124	16,061
Investments net of AFSL liquid asset requirements and associated current liabilities	7,189	7,471
AFSL capital requirements	6,868	6,663
Loans (on and off-balance sheet)	31,208	30,093
Non-current borrowings	(625)	(1,250)
Other assets and liabilities	252	(39)
Less: non-controlling interests	175	118
Net tangible underlying assets attributable to Pengana Shareholders¹	72,190	59,117
<i>Net tangibles underlying assets per ordinary security²</i>	<i>66.22 cps</i>	<i>54.69 cps</i>
Less: Off balance sheet Loan Funded Share Plan	(30,779)	(29,636)
Add: non-controlling interests	(175)	(118)
Net tangible Statutory Assets³	41,236	29,363
<i>Net tangibles statutory assets per ordinary security⁴</i>	<i>49.37 cps</i>	<i>35.03 cps</i>

1. Source: Pengana Management Accounts 2. Calculated on 109,019,805 shares on issue (i.e. including treasury shares) (June 2021: 108,093,901) 3. As per Pengana Capital Group Limited 31 December 2021 Interim Report 4. Calculated on 83,529,844 shares on issue (i.e. excluding treasury shares) (June 2021: 83,818,045 shares)

OUTLOOK

- Difficult start to calendar year for financial markets
- FUM at 31 January 2022 of \$3,828 million
- Net flows in calendar 2022 remain positive
- Listed products continue to trade close to their NAV
- Robust balance sheet and diversified income streams
- Current market volatility presents opportunities

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