

PENGANA CAPITAL GROUP

RESULTS FOR THE YEAR ENDED 30 JUNE 2020

“Strong Yield with Exceptional Growth Prospects”

Russel Pillemer
Chief Executive Officer

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Chief Financial Officer



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BUSINESS OVERVIEW



PENGANA CAPITAL GROUP OVERVIEW



- Leading Australian provider of premium, value added products
- Proven long-term performance over multiple funds
- Focused on the higher end retail market - SMSF's, advisors and HNW's:
 - Recognised brand
 - Strong distribution and marketing capabilities
- Unique funds management business model, facilitating growth:
 - In-house funds management teams
 - JVs with offshore groups
- Robust and scalable institutional infrastructure
- Recently acquired USA expansion platform - Lizard Investors LLC

FUNDS UNDER MANAGEMENT ¹

FUM growth over last few years has been weak, as focus has been on re-positioning future FUM growth and higher margins

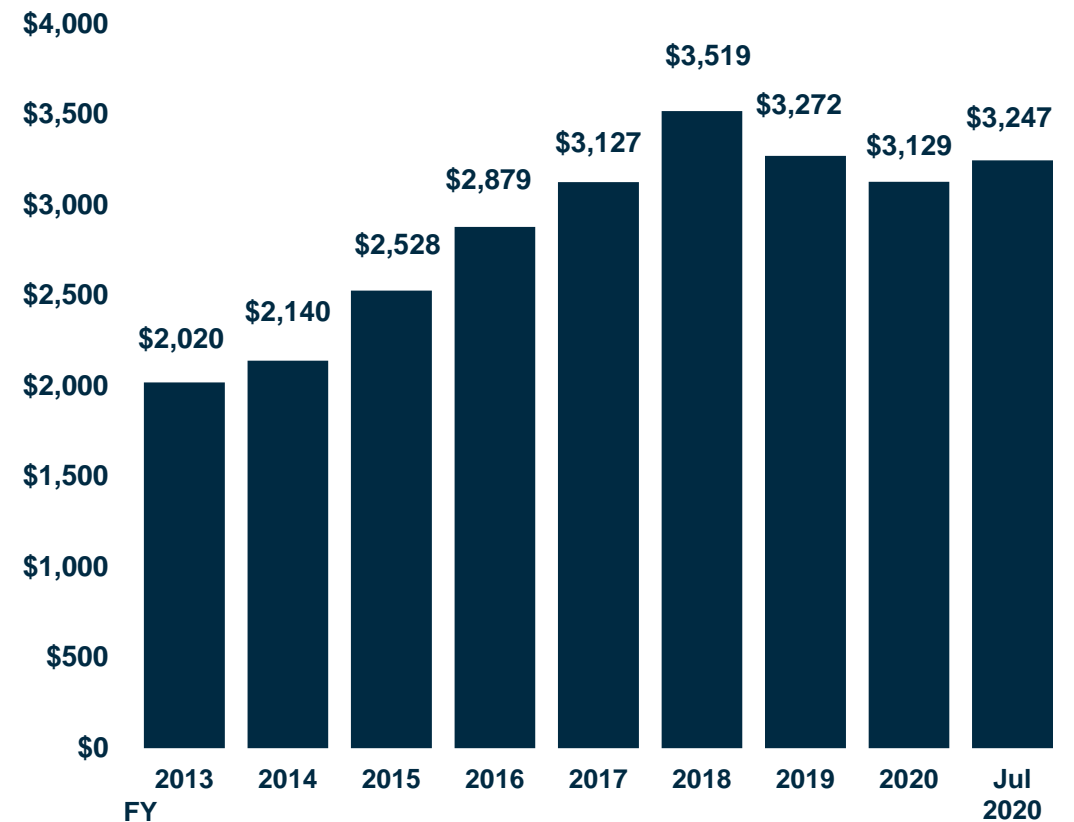
FUM decreased by 4% in 2020

- Distributions negatively impacted: \$178m
- Investment performance negative \$14m
- Positive net inflows of \$50m

FUM increase of 3.6% during month of July 2020

- Positive net inflows of \$157m, including:
 - PE1 rights issue raising \$94m
 - Inflows into Lizard Investors LLC of \$66m
- Positive investment performance of \$55m
- Distributions paid of \$74m

Historical Growth in FUM (\$m)²

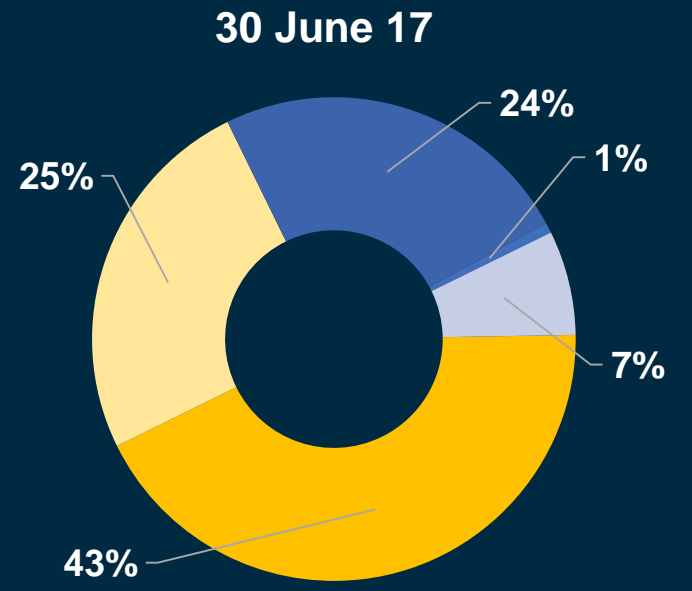
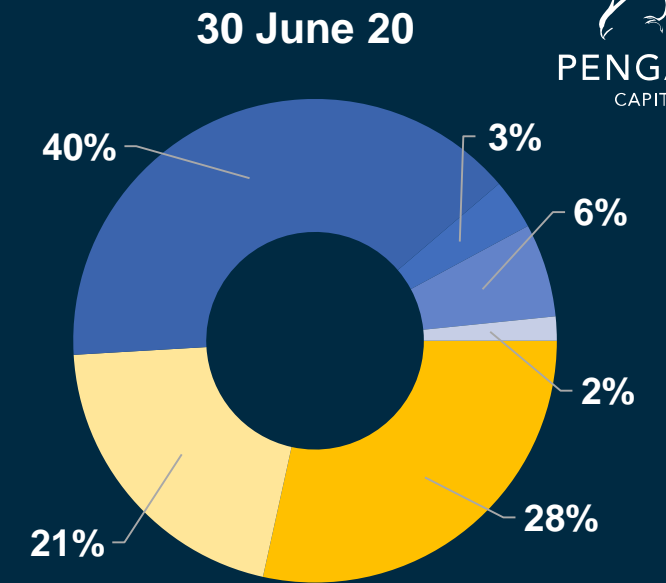


1. The amount of funds under management can increase or decrease due to a range of factors including net fund flows, distributions to investors and investment performance. Past performance is not a reliable indicator of future performance. The reported FUM is prior to any distributions and dividends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

FUNDS UNDER MANAGEMENT ¹

- Growth in Australian FUM is limited due to market dynamics and capacity constraints of our funds
- Major strategic aim has been to increase exposure to international assets; 32% at 6/2017 to 51% at 6/2020
- This trend is likely to continue to accelerate; 53% at 7/2020
- Significant further capacity in various International equity strategies
- Major growth opportunity in Pengana Private Equity Trust
- Opportunity to diversify further over time by adding new strategies

- Australian multi-caps
- Australian small-caps
- Global multi-caps
- Global small-caps
- Global private equity
- Other



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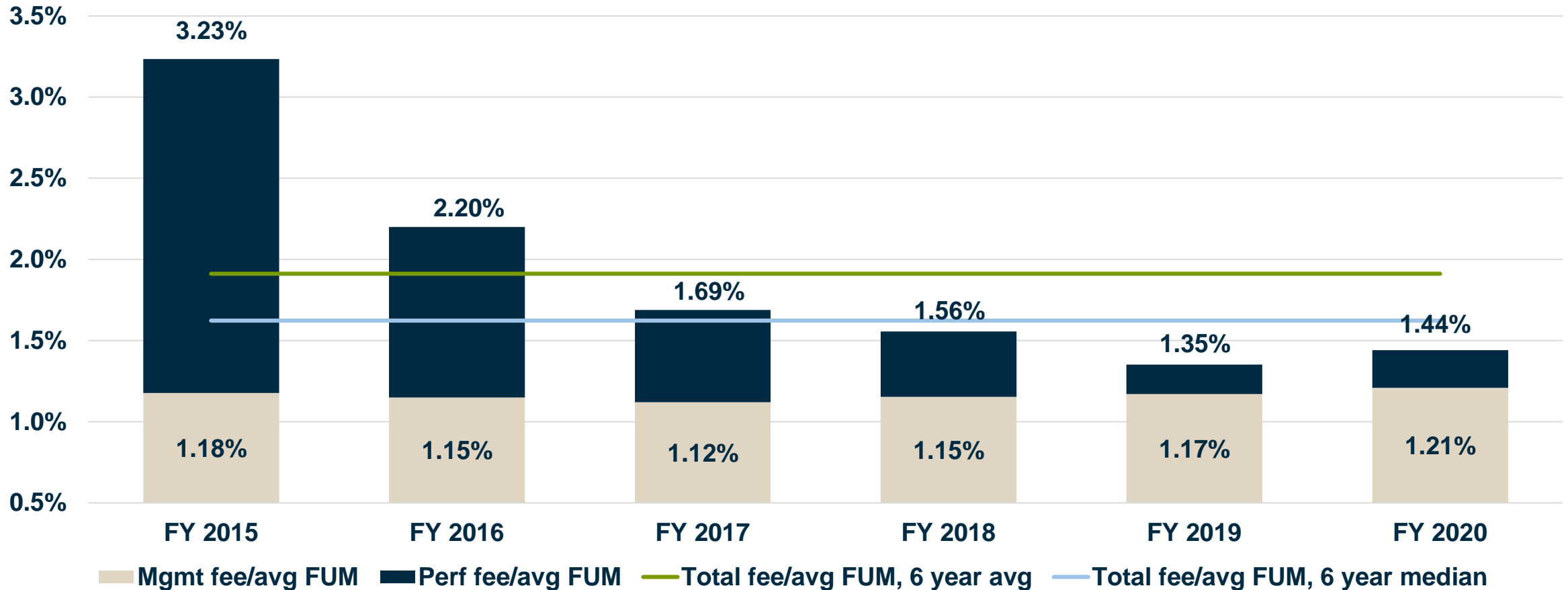
DIVERSIFIED RANGE OF FUNDS ¹



Primary Fund Name	Strategy	Strategy FUM at 31/07/20 (\$m)	Management Fee; Performance Fee (Primary Fund) ²
Pengana Australian Equities	Australian Multi Caps	866	1.0%; 10%
Pengana Emerging Companies	Australian Small Caps	654	1.3%; 20% above ASX Small Ords
Lizard Global Small	Global Multi Caps	421	1%, range of PF structures
Pengana International Fund – Ethical	Global Multi Caps	387	1.32%; N/A
Pengana International Equities Ltd (LIC)	Global Multi Caps	325	1.2%; 15% above MSCI World
Pengana Private Equity	Global Private Equity	279	1.22%; 19.5% above 8%
Pengana Global Small Companies	Global Small Caps	108	1.3%; 20% above MSCI AC World SMID
Pengana International Fund	Global Multi Caps	95	0.95%; N/A
Pengana WHEB Sustainable Impact	Global Impact Investing	57	1.32%; N/A
Pengana Israel Alpha	Global Market Neutral	28	1.5%; 20% above 4%
Pengana High Conviction Equities	High Conviction	24	1.76%; 15% above RBA Cash + 3% p.a.
Pengana High Conviction Property	Australian Multi Caps	2	0.68%; 14.6% above S&P/ASX 300 A-REIT

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. 2. Fees are expressed excluding GST as this reflects the fees that PCG will receive

ANNUAL FEE MARGIN FY 2015 to FY 2020



Performance fees fluctuate over relatively short periods Over the longer term, we expect a reversion to the mean

Fee margin for performance fee margin calculate on average annual funds under management subject to performance fees. Total Average Fund under Management for FY 2020: \$3.153 billion, Total Average Funds Under Management subject to Performance Fees for FY 2020: \$2.614 billion. Funds under management at 30/07/2020 subject to performance fees: \$2.711 billion

THE PENGANA BUSINESS: KEY ATTRactions



- Highly diversified funds management business, across strategies/funds; geographies; market segments; listed equities and private equity, with option to expand into further asset classes
- Excellent long term returns across strategies
- Sticky and loyal client base of financial advisors, retail and HNW
- >20% of FUM in listed vehicles
- Value added strategies with good fee margins and diversified performance fees
- 83% of FUM have performance fee structures
- Profitability is highly leveraged to growth in FUM
- Exceptional range of growth prospects
- Leading edge digital marketing capabilities and sophisticated technology infrastructure

KEY DEVELOPMENTS IN FY 2020

Strategic Initiatives:

- Significant expansion of distribution and marketing team and capabilities
- PE1 rights issue raises \$94m
- Acquisition of controlling stake in Lizard International LLC
- Launch of Lizard International long-only strategy: now managing ~\$170m
- New JV relationship to manage the Pengana Alpha Israel Fund
- Launch of Pengana Property Securities Fund
- Further developed leading edge digital marketing capabilities; ideally suited to COVID environment
- Further developed sophisticated technology infrastructure; easily facilitated remote working during COVID

Exceptional 12-month performance across international funds positioned for growth:

- Pengana International Fund outperformed index by 13.2%
- Pengana International Ethical Fund outperformed index by 8.9%
- Pengana Global Small Companies Fund outperformed index by 7.4%
- Pengana WHEB Sustainable Impact Fund outperformed index by 4.6%

GROWTH PROSPECTS



EXCEPTIONAL GROWTH PROSPECTS

- Over the past few years, PCG has focused on laying the foundations for multiple growth opportunities
- This has been an expensive exercise, requiring PCG to invest substantial amounts, negatively impacting profitability
- These opportunities are now poised to generate upside over the medium term
- The profitability of PCG is highly leveraged to these growth opportunities due to PCG having a largely fixed operating cost base
- Key growth opportunities include:
 - Pengana International Fund
 - Pengana International Equities Ethical Fund
 - Pengana Private Equity Trust (ASX: PE1)
 - Pengana WHEB Sustainable Impact Fund
 - Pengana Global Small Companies Fund
 - Pengana Alpha Israel Fund
 - Lizard International Small Cap Fund
 - **USA expansion platform**

PENGANA INTERNATIONAL FUND



- Recently passed the critical 5 year anniversary mark; FUM ~\$100m
- Top quartile returns since inception
- Exceptional returns in negative markets e.g. 1 year returns of 16.2% vs 3.0% for benchmark¹
- Differentiated returns from differentiated portfolio:
 - very limited exposure to large cap US growth
 - blends well with other international funds
- Indicatively targeted to deliver total fee margins (i.e. base fees plus performance fees) over time of ~1.0%, with ~45% of this adding to PCG's EBITDA
 - *e.g. every additional \$100m raising targeted to generate ~\$0.5m to PCG's EBITDA*
- **Capacity to manage several billion dollars**

	1 Year	3 Years	5 Years	Since Inception
Fund	16.2%	13.6%	9.7%	11.2%
Benchmark	3.0%	10.9%	7.9%	8.9%
Excess	13.2%	2.7%	1.8%	2.3%

To 31 July 2020. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Benchmark: MSCI All Country World Total Return Index in AUD. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Inception date 1 July 2015..

PENGANA INTERNATIONAL ETHICAL FUND



- Multiple vehicles acquired in the Hunter Hall acquisition; FUM currently ~\$750m
- Recently passed the 3 year anniversary mark under PCG management
- Increasing demand for ethical strategies in Australia and globally
- Top quartile returns relative to peers in the International Ethical Equities Sector
- Potential to raise additional FUM in listed vehicle format (ASX ticker: PIA), the largest Ethical LIC on the ASX
- Exceptional returns in negative markets e.g. 1 year returns of 11.9% vs 3.0% for benchmark
- Indicatively targeted to deliver total fee margins (i.e. base fees plus performance fees) over time of >1.0%, with ~45% of this adding to PCG's EBITDA
 - *e.g. every additional \$100m raising targeted to generate >\$0.5m to PCG's EBITDA*
- **Capacity to manage several billion dollars**

	1 Year	3 Years	5 Years	Since Inception
Fund	11.9%	11.8%	8.5%	10.0%
Benchmark	3.0%	10.9%	7.9%	8.9%
Excess	8.9%	0.9%	0.6%	1.1%

To 31 July 2020. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Benchmark: MSCI All Country World Total Return Index in AUD. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Inception date 1 July 2015. From July 2017, performance figures are those of the Pengana International Fund - Ethical class A units (net of fees). Between July 2015 and June 2017 (shown in the green shaded area above), performance figures have been recalculated by adjusting the Pengana International Fund's (ARSN 610 351 641) net returns to reflect the management fee of the Pengana International Fund - Ethical. From July 2017 the Pengana International Fund - Ethical has been managed by the same team and with the same strategy as the Pengana International Equities Fund.

PENGANA PRIVATE EQUITY TRUST (ASX:PE1)



- The only ASX listed vehicle providing exposure to global Private Equity
- \$205m IPO in 2019; plus recent successful rights issue in the midst of COVID crisis raising \$94m
- Private equity considered to be one of the highest growth sectors in Australia and globally
- The only listed investment vehicle focusing on global equities that trades at a premium to NAV
- Highly rated and supported by multiple dealer groups and HNW clients
- Indicatively targeted to deliver total fee margins (i.e. base fees plus performance fees) over time of >2.0%, adding to PCG's EBITDA
 - *e.g. every additional \$100m raising targeted to generate >\$2m to PCG's EBITDA*
- **Capacity to manage several billion dollars**

PENGANA GLOBAL SMALL COMPANIES



- Pengana entered into JV with Chicago-based Lizard Investors LLC in 2015 to launch the Pengana Global Small Companies Fund
- Lizard is a specialist global small-cap manager – a sector that is growing in demand, with very few credible competitors in Australia
- Solid performance since inception of the fund
- Good research house ratings
- Indicatively targeted to deliver total fee margins (i.e. base fees plus performance fees) over time of >1.6%, with 50% of this adding to PCG's EBITDA
 - *e.g. every additional \$100m raising targeted to generate >\$0.8m to PCG's EBITDA*
- **Capacity to manage >\$700m**

	1 Year	3 Years	5 Years	Since Inception
Fund	3.7%	4.9%	7.4%	7.0%
Benchmark	(3.7)%	6.8%	5.7%	6.1%
Excess	7.4%	(1.9)%	1.7%	0.9%

PENGANA WHEB SUSTAINABLE IMPACT



- Pengana entered into JV with London-based WHEB Asset Management LLP in 2017 to launch the Pengana WHEB Sustainable Impact Fund
- WHEB is a global leader in sustainable investing with a focus on the opportunities created by the transition to more sustainable, resource efficient and energy efficient economies
- WHEB has excellent long-term returns since inception
- Fund has strong research house ratings
- Indicatively targeted to deliver a total fee margins (i.e. base fees plus performance fees) over time of >1.2%, with 50% of this adding to PCG's EBITDA
 - *e.g. every additional \$100m raising targeted to generate >\$0.6m to PCG's EBITDA*
- **Capacity to manage >\$500m**

	1 Year	3 Years	5 Years	Since Inception
Fund	7.6%	11.4%	7.4%	6.0%
Benchmark	3.0%	11.4%	8.5%	6.1%
Excess	4.6%	-	(1.1)%	(0.1)%

To 31 July 2020. Net performance figures are shown after all fees and expenses, and assume reinvestment of distributions. Benchmark: MSCI World Total Return Index (net, AUD unhedged). Past performance is not a reliable indicator of future performance, the value of investments can go up and down. The WHEB Listed Equity Strategy was implemented in the Pengana WHEB Sustainable Impact Fund from 1 August 2017 by WHEB Asset Management LLP. The financial information refers to the WHEB Listed Equity Strategy. From August 2017, performance figures are those of the Pengana WHEB Sustainable Impact Fund's class A units (net of fees and including reinvestment of distributions). The strategy's AUD performance between January 2006 and July 2017 (shown in the green shaded area above) has been simulated by Pengana from the monthly net GBP returns of the Henderson Industries of the Future Fund (from 1 January 2006 to 31 December 2011) and the FP WHEB Sustainability Fund (from 30 April 2012 to 31 July 2017). This was done by: 1) converting the GBP denominated net returns to AUD using FactSet's month-end FX rates (London 4PM); 2) adding back the relevant fund's monthly ongoing charge figure; then 3) deducting the Pengana WHEB Sustainable Impact Fund's management fee of 1.35% p.a. The WHEB Listed Equity strategy did not operate between 1 January 2012 and 29 April 2012 – during this period returns are nulled. The Henderson Industries of the Future Fund's and the FP WHEB Sustainability Fund's GBP net track record data is historical.

PENGANA ISRAEL ALPHA FUND



- Pengana recently entered into JV with Israel-based Alpha LTI to take over their existing Australian wholesale unit trust, now renamed the Pengana Alpha Israel Fund
- Alpha is a leader in investing in Israeli listed companies; with most of these companies listed on either the Tel Aviv Stock Exchange or Nasdaq
- Israel is considered to be one of the worlds most attractive markets – driven by technology companies and industrial companies that utilise cutting edge technologies
- Alpha has excellent long-term returns since inception
- Indicatively targeted to deliver total fee margins (i.e. base fees plus performance fees) over time of >2%, with 50% of this adding to PCG's EBITDA
 - *e.g. every additional \$100m raising targeted to generate >\$1m to PCG's EBITDA*
- **Capacity to manage >\$700m**

LIZARD INTERNATIONAL SMALL CAP STRATEGIES/FUNDS



- PCG acquired 67% economic interest in Chicago-based Lizard Investors LLC (“Lizard”) in early 2020
- Lizard is a decade-old funds management firm based in Chicago with an excellent long-term track record in managing global small cap strategies
- Current FUM of \$421 million including:
 - Lizard International hedge fund: ~\$250 million
 - Lizard International long-only vehicles: ~\$170 million
 - Sub-advisor to the Pengana Global Small Companies Fund: >\$100m
- Global small caps is a highly sought after space with limited number of managers in the USA who have good long-term track records
- Launched this year, Lizard Small Cap long-only strategies have been growing strongly, with \$168 million raised from institutional clients
- Fee margins depend upon type of strategy (i.e. lower for long-only and higher for hedge funds) as well as size of mandates

US EXPANSION PLATFORM



- PCG acquired 67% economic interest in Lizard Investors LLC (“Lizard”) in early 2020
- The aim of PCG is to help raise additional FUM for Lizard’s Global Small Cap Strategies, as well as to transform Lizard into a platform for the management of other strategies i.e. similar to Pengana’s Australian business model
- Lizard intends to launch at least 2 additional strategies over the next year, both of which are currently marketed by Pengana in Australia
- Lizard will focus solely on the US institutional market, unlike Pengana which focusses on Australian retail
- Potential to build a business over the longer term that rivals the scale of Pengana’s Australian business

ILLUSTRATIVE EARNINGS POTENTIAL OF SELECTED FUNDS (AT FULL CAPACITY)



	Indicative Additional Capacity	Indicative Gross Fee Margin (from Base + Performance Fees)	% to PCG	Indicative Net Fee Margin adding to PCG EBITA
Pengana International Fund	>\$5bn	1.0%	45%	0.5%
Pengana International Ethical Fund	>\$3bn	1.0%	45%	0.5%
Pengana Private Equity Trust (ASX: PE1)	>\$3bn	2.0%	100%	2.0%
Pengana Global Small Companies Fund	>\$700m	1.6%	50%	0.8%
Pengana Wheb Sustainable Impact Fund	>\$500m	1.2%	50%	0.6%
Pengana Alpha Israel Fund	>\$700m	2.0%	50%	1.0%
Lizard International Small Cap Funds	>\$2bn	1.0%	37%	0.4%

Note, this is not a forecast and is provided as a simplified mathematical illustration only. Capacity for each strategy, gross and net fee margins are indicative only and subject to change. Investors and shareholders need to make their own assessments of these matters

FY 2020 RESULTS



UNDERLYING PROFIT AFTER TAX¹

Pengana Capital Group Operating EBITDA	2020 \$'000	2019 \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Comment
Management fee revenue	38,091	37,619	472	1.3%	AUM down but higher margin products
Performance fee revenue	6,080	4,909	1,171	23.9%	~ 45% to PCG EBITDA
Net fund direct expenses	(3,062)	(3,241)	179	(5.5)%	Business rationalisation
Operating expenses	(18,174)	(17,283)	(891)	5.2%	Increase in sales team
Team profit share	(13,210)	(13,891)	681	(4.9)%	Lower % to fund managers
Non-controlling interests	168	(10)	178		
Operating EBITDA²	9,893	8,103	1,790	22.1%	
Interest and investment income distributions	799	641	158		
Interest on loan funded share plan	2,034	2,233	(199)		
Financing costs	(245)	(53)	(192)		
Underlying profit before tax³	12,481	10,924	1,557	14.3%	
Basic EPS on underlying profit after normalised tax at 27.5% ⁴	8.38 cps	7.65 cps	0.73 cps	9.5%	

1. Source: Pengana Management Accounts, "Underlying profit before tax attributable to Pengana Shareholders" 2. As per Pengana Capital Group Limited 30 June 2020 Annual Report 3. Underlying profit before tax attributable to Pengana Shareholders 4. Calculated on 107,927,281 weighted average number of shares (i.e. including treasury shares) (2019: 103,534,926 shares)

STATUTORY PROFIT AFTER TAX

Pengana Capital Group Operating EBITDA (\$'000)	2020	2019
Underlying profit before tax ¹	12,481	10,924
Add: Items excluded from underlying profit before tax		
Non-cash amortisation and impairment	(3,250)	(3,410)
Product development	(623)	(16,560)
Other non-operating items	(185)	(572)
Realised/unrealised fair value changes in investments	120	(231)
Tax	(391)	(2,213)
Less: Items not included in Audited Annual Report		
Interest on Loan Funded Share Plan	(2,034)	(2,233)
Statutory profit after tax attributable to Pengana shareholders²	6,118	(14,295)
Basic EPS on statutory profit ³	7.28 cps	(17.75) cps

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

2. As per Pengana Capital Group Limited 30 June 2020 Annual Report

3. Calculated on 84,019,2221 weighted average number of shares (i.e. excluding treasury shares) (2019: 80,528,415 shares)

BALANCE SHEET¹

Pengana Capital Group Balance Sheet (\$'000)	30 June 2020	30 June 2019
Cash net of AFSL cash requirements	12,209	10,346
Current receivables	6,234	5,919
Current liabilities	(12,209)	(9,545)
Net working capital	6,234	6,720
Investments net of AFSL liquid asset requirements	12,940	9,163
AFSL capital requirements	6,200	8,200
Loans (on and off-balance sheet)	32,812	30,269
Borrowings (current and non-current)	(3,750)	(5,000)
Other non-current assets and liabilities	257	797
Non-controlling interests	168	(44)
Total non-current assets and liabilities	48,627	43,385
Net tangible assets²	54,861	50,105
Less: Off balance sheet Loan Funded Share Plan	(31,949)	(29,395)
Add: Intangibles	66,676	65,456
Add: Deferred tax	(4,916)	(5,766)
ROU assets and lease liabilities	(18)	-
Net Assets attributable to Pengana Shareholders as per Financial Statements³	84,654	80,400

1. Source: Pengana Management Accounts 2. Source: Pengana Management Accounts 3. As per Pengana Capital Group Limited 30 June 2020 Annual Report

VALUATION COMPONENTS



VALUATION COMPONENTS



PENGANA CAPITAL GROUP

- Net investable assets (includes Employee Share Loan Plan): \$54m¹

Plus

- Base fees on existing \$3.2bn of FUM: generate EBITDA of ~\$7.5m p.a.

Plus

- Performance fees on existing \$2.7bn of FUM: historically has generated fees in the range of 18-205bps, with mean of 49bps, ~45% of fees adding to EBITDA

Plus

- Potential growth in FUM from multiple existing funds (with large aggregate capacity) generating base and performance fees

Plus

- Leverage existing infrastructure, brand and relationships to add additional new strategies/funds generating base and performance fees

Plus

- US expansion platform: platform with potential to expand into the world's largest market

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