

# CORPORATE GOVERNANCE STATEMENT

APPROVED: 27 AUGUST 2024



## PENGANA PRIVATE EQUITY TRUST (ASX: PE1)

Pengana Investment Management Limited  
ACN 063 081 612, AFSL 219 462  
as the Responsible Entity for Pengana Private Equity Trust  
ARSN 630 923 643  
Suite 1, Level 27, Governor Phillip Tower, 1 Farrer Place  
Sydney NSW 2000

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

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# CORPORATE GOVERNANCE STATEMENT

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Pengana Investment Management Limited (**'Responsible Entity'** or **'PIML'**) is the responsible entity for the Pengana Private Equity Trust (**'Trust'** or **'PE1'**) (ASX: PE1), a registered managed investment scheme that is listed on the Australian Securities Exchange (**'ASX'**).

The Responsible Entity is a wholly owned subsidiary of Pengana Capital Group Limited (**'Pengana'** or **'PCG'**) (ASX: PCG). PIML is the holder of an Australian Financial Securities Licence (AFSL Licence: 219 462) (**'AFSL'**).

PIML is also the Investment Manager for the listed investment company Pengana International Equities Limited (ASX: PIA).

Pengana Capital Limited (**'Manager'** or **'PCL'**) is the manager of PE1 and is a wholly owned subsidiary of PCG. The Manager has engaged Grosvenor Capital Management, L.P. (**'GCM'** or **'Investment Manager'**) as the investment manager of PE1.

Responsibility for the Trust's proper corporate governance rests with the Responsible Entity. The Responsible Entity's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of unitholders of the Trust (**'Unitholders'**).

The Responsible Entity has entered into a management agreement with the Manager (**'Management Agreement'**) pursuant to which the Manager will provide certain management services to the Trust. The Manager, in turn, has entered into an investment management agreement with the Investment Manager (**'Investment Management Agreement'**) pursuant to which the Investment Manager will provide certain investment management services to the Trust. The Responsible Entity, with reliance upon the Manager and the Investment Manager, will monitor the operational and financial position, and performance of the Trust.

The directors of the Responsible Entity (**'Directors'**) are committed to implementing high standards of corporate governance in operating the Trust. Accordingly, the Responsible Entity has created a framework for managing the Trust, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Trust's business and which are designed to promote the responsible management and conduct of the Trust.

The Directors recognise the importance of good corporate governance and are committed to the highest standard of corporate governance. Continual improvement in this area remains a focus point of the Directors. The Responsible Entity Board has completed a comprehensive review of its corporate governance policies and procedures during the year and will regularly review all policies and charters to ensure the Responsible Entity on a continuing basis reviews and, where appropriate, enhances its corporate governance standards.

The Responsible Entity Board has approved this Corporate Governance Statement (**'Statement'**), which summarises the Trust's corporate governance framework, practices and policies and complies with the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**'ASX Principles'**) for the year ending 30 June 2024.

The ASX Corporate Governance Council has developed and released the ASX Principles for Australian listed entities in order to promote investor confidence and assist entities to meet stakeholder expectations. The ASX Principles are not prescriptions, but guidelines. Nonetheless, the Responsible Entity will conduct itself with respect to its operation of the Trust in accordance with the ASX Principles to the extent they apply to externally managed entities. The Responsible Entity has developed the Trust's corporate governance policies and practices having regard to the ASX Principles.

Copies of the Trust's Corporate Governance documentation can be found on Pengana's [website](http://www.pengana.com/pe1), at [www.pengana.com/pe1](http://www.pengana.com/pe1).

# 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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## ALTERNATIVE TO RECOMMENDATION 1.1 FOR EXTERNALLY MANAGED LISTED ENTITIES

The responsible entity of an externally managed listed entity should disclose:

- a. the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; and
- b. the role and responsibility of the board of the responsible entity for overseeing those arrangements.

### COMPLIANCE

Complies

### COMMENT

The Responsible Entity is responsible for the operation and management of the Trust.

The Responsible Entity Board is constituted and empowered under the Company's constitution, the ASX Listing Rules and the Corporations Act. The Responsible Entity Board has been appointed to ensure that both the Responsible Entity and the Trust are properly managed and that the interests of Unitholders are enhanced and protected. This includes monitoring the Trust's performance, viewing and overseeing the risk management framework, approval of annual and half year financial reports, monitoring and reviewing service providers, ensuring compliance with the Trust's Constitution, the Responsible Entity's Constitution and with the continuous disclosure requirements of the Listing Rules and the *Corporations Act 2001(Cth)*, and monitoring the Responsible Entity's affairs in order to ensure that it acts in the best interests of all Unitholders.

The key responsibilities of the Responsible Entity Board include:

- demonstrating leadership;
- monitoring and assessing the performance of PIML and ensuring that its actions are consistent with the values, purpose and strategic objectives of Pengana and its subsidiaries;
- approving PIML's statement of values and code of conduct;
- appointing the chair;
- overseeing management in its implementation of PIML's values, purpose and strategic objectives;
- overseeing the integrity of PIML's accounting and corporate reporting systems, including the external audit;
- satisfying itself that PIML has in place an appropriate risk management framework (for both financial and non-financial risks) and setting the risk appetite within which the Responsible Entity Board expects management to operate;
- satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Responsible Entity Board;
- whenever required, challenging management and holding it to account;
- satisfying itself that PIML's Non-Executive Director remuneration policies are aligned with PIML's purpose, values, strategic objectives and risk appetite; and
- monitoring the effectiveness of PIML's governance practices

To this end the Responsible Entity Board has adopted appropriate corporate governance policies and practices to lay solid foundations for management and oversight. The Responsible Entity Board has adopted a Charter that details the functions and responsibilities of the Responsible Entity Board. A copy of the Charter is available in the Trust's Corporate Governance section of Pengana's [website](http://www.pengana.com/pe1): [www.pengana.com/pe1](http://www.pengana.com/pe1).

The Responsible Entity Board delegates to the Responsible Entity's management team all matters not reserved to the Responsible Entity Board, including the day-to-day management of the Responsible Entity and the operation of the Trust. Directors, management and staff are guided by Pengana's Code of Conduct which is designed to assist them in making ethical business decisions.

The Audit and Risk Charter provides details of how the Responsible Entity Board is fulfilling its corporate governance and oversight responsibilities in relation to the integrity of financial reporting, control structure, risk management and the external audit function of the Trust and of the Responsible Entity.

## RECOMMENDATION 1.2

A listed entity should:

- a. undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and
- b. provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

### COMMENT

While this recommendation is not applicable, prior to appointing a director to the Board of the Responsible Entity, appropriate screening checks are undertaken as to the person's criminal history and bankruptcy history.

The Responsible Entity Board is responsible for ensuring it is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the best governance standards.

The Responsible Entity Board's framework to assess whether a person has the appropriate skills, experience and knowledge to perform the role and act with the requisite character, diligence, honesty, integrity and judgement includes pre-appointment screening, annual skills reviews and performance assessments, and on-going disclosures of material and/or conflicting interests.

Prior to appointing a director or nominating a new candidate for election, appropriate screening checks are undertaken as to the person's character, experience, education, criminal history, bankruptcy history and any material directorships currently held by the candidate. The skills nominees will bring to the Responsible Entity Board are evaluated in the context of the Board Skills Matrix. This information is provided to shareholders when a candidate is standing for election or re-election as a Director.

## RECOMMENDATION 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

### COMMENT

While this recommendation is not applicable.

Directors are engaged pursuant to letters of appointment setting out the terms of their appointment and comply with the Responsible Entity's constitution, the *Corporations Act 2001 (Cth)* and, where appropriate, the ASX Listing Rules.

## RECOMMENDATION 1.4

The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the board.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

### COMMENT

While this recommendation is not applicable, the Responsible Entity's Company Secretary is accountable to the Responsible Entity Board, through the Chair, for all governance matters and the proper functioning of the Responsible Entity Board.

Each Director has access to the Company Secretary and vice versa.

The appointment and removal of the Company Secretary must be determined by the Responsible Entity Board as a whole.

## RECOMMENDATION 1.5

A listed entity should:

- a. have and disclose a diversity policy;
- b. through its board or a relevant committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and
- c. disclose as at the end of each reporting period:
  - i. the measurable objectives set for that period to achieve gender diversity;
  - ii. the entity's progress towards achieving those objectives; and
  - iii. either:
    - A. the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined "senior executive" for these purposes); or
    - B. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

### COMMENT

The Responsible Entity Board has not developed a formal diversity policy and has not followed Recommendation 1.5. The Responsible Entity Board has also not set measurable objectives for achieving gender diversity.

In respect of the Responsible Entity Board, it is the aim of the Directors to ensure the Responsible Entity Board is comprised of individuals that are best equipped to contribute to the success of the business and who can represent the interest of all shareholders, irrespective of gender.

The Responsible Entity Board currently has 25% female representation. The Responsible Entity is not a "relevant employer" under the Workplace Gender Equality Act.

## RECOMMENDATION 1.6

A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b. disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

### COMMENT

While this recommendation is not applicable, the Responsible Entity Board reviews its performance in terms of objectives and the performance of the Investment Manager against the Investment Management Agreement. The Responsible Entity Board ensures each Director has the necessary skills, experience and expertise, and the mix remains appropriate for the Responsible Entity Board to function effectively. As a result of these performance reviews, the Responsible Entity Board may implement changes to improve the effectiveness of the Board and corporate governance structures. Independent professional advice may be sought as part of this process.

Directors' profiles setting out their skills, experience, expertise, period of office and other directorships of listed entities are disclosed in the Directors' Report included in the Trust's Annual Report and on Pengana's [website](#).

The Responsible Entity Board reports on whether the evaluation has taken place on an annual basis in the Corporate Governance Statement and includes, where appropriate, any insights it has gained from the evaluation and any resulting governance changes.

During the 2024 financial year the Responsible Entity Board undertook a formal Board performance evaluation. The skills and experience of nominees were considered in context of the skills and experience of current Board members.

## RECOMMENDATION 1.7

A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of its senior executives at least once every reporting period; and
- b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process during or in respect of that period.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity .

### COMMENT

The Responsible Entity does not directly employ executives and other employees but rather they are employed by Pengana, the Responsible Entity's parent company.

## 2 STRUCTURE THE BOARD TO ADD VALUE

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### RECOMMENDATION 2.1

The board of a listed entity should:

- a. have a nomination committee which:
  - i. has at least three members, a majority of whom are independent directors; and
  - ii. is chaired by an independent director,and disclose:
  - iii. the charter of the committee;
  - iv. the members of the committee; and
  - v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

#### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

#### COMMENT

A nomination committee has not been formed.

Given the size of the Responsible Entity Board (comprising two non-executive directors and two executive directors, with the independent Chair having the casting vote), the Responsible Entity Board is of the view that they are able to deal efficiently and effectively with the composition of the Responsible Entity Board and succession issues without establishing a separate nomination committee. Accordingly, the Responsible Entity Board as a whole considers the composition of the Responsible Entity Board, the appointment of new Directors and has responsibility for succession and Responsible Entity Board renewal.

The Responsible Entity Board identifies suitable candidates to fill vacancies as they arise with consideration to the optimal mix of skills and independence. The Responsible Entity Board maintains a Board Skills Matrix and periodically reviews the skills and experience of each Director.

Appointment of Directors to the Boards and standing committees of the key operating subsidiaries are made subject to the approval of the Pengana Board.

The Responsible Entity does not directly employ executives and other employees but rather they are employed by Pengana, the Responsible Entity's parent.

### RECOMMENDATION 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.

#### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.



## COMMENT

While this recommendation is not applicable, the Responsible Entity Board has adopted a Board Skills Matrix which sets out the mix of skills and diversity that the Responsible Entity Board currently has or is seeking to achieve in its membership.

The Board Skills Matrix sets out the broad skills that the Responsible Entity Board believe are important for the Responsible Entity Board as a whole to carry out the Directors' duties.

During the reporting period each Director individually undertook a self-assessment by completing a Board Skills Matrix. The Responsible Entity Board concluded that the experience, diversity and skills identified enable the Responsible Entity Board to discharge its duties and responsibilities effectively. The mix of skills, experience and diversity represented on the Board as at 30 June 2024 is as follows:

<b>Total number of Directors</b>		<b>4</b>
<b>Finance/Investments</b>		<b>3</b>
<b>Accounting</b>		<b>3</b>
<b>Legal</b>		<b>2</b>
<b>Other</b>		<b>1</b>
<b>Director experience: unlisted</b>		
Experience as a board member for an Australian listed entity.		4
<b>Director experience: listed</b>		
Experience as a board member for an unlisted entity.		2
<b>Executive leadership</b>		
Senior executive (or higher) experience.		4
<b>Strategic planning</b>		
Track record in developing and implementing a successful strategy.		4
<b>Financial acumen</b>		
Senior executive (or higher) experience in financial accounting and reporting, corporate finance and internal controls.		3
<b>Risk management</b>		
Senior executive (or higher) experience in risk and internal controls.		3
<b>Capital management</b>		
Experience in capital management strategies.		3
<b>Investment management</b>		
Experience in investment management.		3
<b>Distribution, sales and/or marketing</b>		
Senior executive (or higher) experience in distribution, sales and/or marketing combined with an understanding of the Company's objective to create long term shareholder value.		1
<b>Remuneration</b>		
Board remuneration committee membership or senior executive experience in relation to remuneration.		3
<b>Social responsibility and sustainability</b>		
Experience in sustainability and environmental, corporate or social responsibility		1
<b>DIVERSITY</b>		
Female		1
Male		3

The Responsible Entity Board will also take account of the Board Skills Matrix in filling any Board vacancies.

## RECOMMENDATION 2.3

A listed entity should disclose:

- a. the names of the directors considered by the board to be independent directors;
- b. if a director has an interest, position or relationship of the type described in Box 2.3 of the ASX Principles but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and
- c. the length of service of each director.

### COMPLIANCE

Complies

### COMMENT

At the date of this statement, the Responsible Entity Board comprises two independent non-executive Directors (one of whom is the Chair) and two Directors who are executives of Pengana. The Chair has the casting vote. The following table provides the analysis of the independent and non-independent Directors of the Responsible Entity:

NAME	INDEPENDENT	REASON IF NOT INDEPENDENT	DATE OF APPOINTMENT
<b>Russel Craig Pillemer</b>	No	Executive, shareholding	05 June 2017
<b>Katrina Elizabeth Glendinning</b>	No	Executive, shareholding	05 June 2017
<b>Ellis Neville Varejes</b>	Yes	n/a	24 January 2019
<b>Ilan Zimmerman</b>	Yes	n/a	24 January 2019

Details of the background, experience and professional skills of each Director are set out in the Director's Report section of the Trust's Annual Report.

An independent Director is a Non-Executive Director that the Responsible Entity Board considers to be independent of the Responsible Entity in that he or she does not hold a substantial interest in Pengana, and is free from any business or other relationship with Pengana that could materially interfere with, or could reasonably be perceived to interfere with the exercise of independent judgement and has not been employed in an executive capacity or been a material professional advisor in the last three years. The Responsible Entity Board gives consideration to tenure when considering independence and the tenure of each director is disclosed in the Directors' Report section of the Trust's Annual Report.

Directors must disclose any material personal or family contract or relationship in accordance with the Corporations Act. Each Director may from time to time have personal dealings with the Responsible Entity. Some Directors are involved with other companies or professional firms that may from time to time have dealings with Pengana. Details of offices held by Directors with other organisations are set out in the Directors' Report section of the Trust's Annual Report.

If a Director's independence status changes, this will be disclosed to the market in a timely manner.

## RECOMMENDATION 2.4

A majority of the board of a listed entity should be independent directors.

### COMPLIANCE

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

**COMMENT**

At the date of this Statement, the Responsible Entity Board is comprised of two independent Non-Executive Directors: Ellis Varejes (Chair) and Ilan Zimmerman, and two Executive Directors: Russel Pillemer (Pengana Managing Director) and Katrina Glendinning.

The independent Chair has a casting vote.

**RECOMMENDATION 2.5**

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

**COMPLIANCE**

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

**COMMENT**

While this recommendation is not applicable, the Chair of the Responsible Entity Board is an independent Non-Executive Director.

**RECOMMENDATION 2.6**

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

**COMPLIANCE**

Not applicable as the Trust is an externally managed listed entity which is externally managed by the Responsible Entity.

**COMMENT**

While this recommendation is not applicable, a new Director is offered an induction and training program about the Responsible Entity, its policies and charters and their roles and responsibilities. New Directors also have the opportunity of meeting with key management staff.

As part of its ongoing review of its own performance and skill set, the Responsible Entity Board is committed to offering education and training to Directors to ensure they remain fit and proper to act as Directors with the requisite skills for the proper functioning of the Responsible Entity Board.

## 3 INSTILL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

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### RECOMMENDATION 3.1

A listed entity should articulate and disclose its values

#### COMPLIANCE

Complies

#### COMMENT

The Responsible Entity acknowledges the importance of values and pursues Pengana's purpose and ethical and responsible investment objectives in a manner that is consistent with its values as outlined in Pengana's Board Charter, Code of Conduct, Anti-Bribery Policy, Whistleblower Policy and its Sustainable & Responsible Investment Policy.

All Directors and employees of Pengana receive training on these policies as part of their induction.

### RECOMMENDATION 3.2

A listed entity should:

- a. have and disclose a code of conduct for its directors, senior executives and employees; and
- b. ensure that the board or a committee of the board is informed of any material breaches of that code.

#### COMPLIANCE

Complies

#### COMMENT

The Responsible Entity has a board but no employees.

The Responsible Entity Board has adopted Pengana Capital Group's Code of Conduct which sets out the expectations placed on directors, officers and employees of Pengana and its subsidiaries. A copy of the Code of Conduct is available in the Corporate Governance section of Pengana's [website](#).

The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of shareholders and others and observance of all relevant laws.

Under the Code of Conduct, the standards expected of designated officers include:

- acting honestly, fairly and ethically in all business dealings;
- acting to prevent bribery and corruption;
- protecting assets, resource and information;
- working with others including showing proper courtesy, consideration and sensitivity in their dealings with clients and colleagues; and
- acting in the best interest of Pengana, its clients, shareholders, unitholders and other stakeholders.

All breaches are reviewed by executives of the Investment Manager and analysed for materiality and thematic or systemic issues. Material breaches of the Code of Conduct are reported to Audit, Risk and Compliance Committee and/or the Responsible Entity Board. Designated officers are required to attest annually that they have read, understood and complied with the Code of Conduct.

### RECOMMENDATION 3.3

A listed entity should:

- a. have and disclose a whistleblower policy; and
- b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

#### COMPLIANCE

Complies

#### COMMENT

Pengana has adopted a Whistleblower Policy which outlines Pengana's policy for reporting actual or suspected behaviours that breach Pengana's values, policies or the law, without fear of reprisal or dismissal. The Whistleblower Policy is available on Pengana's [website](#).

All incidents are reviewed by executives of the Investment Manager and analysed for materiality and thematic or systemic issues. Material incidents reported under the Whistleblower Policy are also reported to the Responsible Entity Board. Designated officers are required to attest annually that they have read, understood and complied with the Whistleblower Policy

### RECOMMENDATION 3.4

A listed entity should:

- a. have and disclose an anti-bribery and corruption policy; and
- b. ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

#### COMPLIANCE

Complies

#### COMMENT

Pengana has adopted an Anti-Bribery and Corruption Policy which sets out Pengana's zero tolerance for any bribery or corruption in its business dealings. The Anti-Bribery and Corruption Policy is available on Pengana's [website](#).

All incidents are reviewed by executives of the Investment Manager and analysed for materiality and thematic or systemic issues. Material incidents of bribery, corruption or fraud are reported to the Responsible Entity Board. Designated officers are required to attest annually that they have read, understood and complied with the Anti-Bribery and Corruption Policy.

## 4 SAFEGUARD INTEGRITY IN CORPORATE REPORTING

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### RECOMMENDATION 4.1

The board of a listed entity should:

- a. have an audit committee which:
  - i. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
  - ii. is chaired by an independent director, who is not the chair of the Board,and disclose:
  - iii. the charter of the committee;
  - iv. the relevant qualifications and experience of the members of the committee; and
  - v. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

#### COMPLIANCE

Complies

#### COMMENT

The Responsible Entity does not have an Audit Committee. Given the small size of the Responsible Entity Board (comprising two non-executive directors and two executive directors, with the independent Chair having the casting vote), the Responsible Entity Board is of the view that they are able to oversee the corporate reporting process efficiently and effectively without establishing a separate audit committee. Accordingly, the functions that would be performed by the Audit Committee are undertaken by the Responsible Entity Board, with assistance from management of Pengana. This is also consistent with ASX's position (explained in the ASX Principles) which recognises that "ultimate responsibility for a listed entity's financial statements rests with the full board".

The Responsible Entity Board has adopted an Audit and Risk Charter to assist and advise the Responsible Entity Board in fulfilling its corporate governance and oversight responsibility in relation to the integrity of the Trust's financial reporting and internal control structure and reviewing the Trust's compliance, risk management systems and external audit functions. The Audit and Risk Charter is available on Pengana's [website](#).

As a registered managed investment scheme, the Trust has a compliance plan that has been lodged with the Australian Securities and Investments Commission ('ASIC'). The compliance plan is reviewed every year to ensure that the way in which the Trust operates protects the rights and interests of Unitholders and that major compliance risks are identified and properly managed.

The Responsible Entity manages the engagement and monitoring of independent external auditors for the Trust. The Responsible Entity Board receives periodic reports from external auditors in relation to financial reporting and the Compliance Plans for the Trust. Annually, the Responsible Entity reviews the performance of external auditors and assesses their continued independence. The external auditor is required to rotate the partner responsible for the Trust financial reporting audit and review at least once every 5 years.

The Responsible Entity has appointed a fund administrator to maintain the financial records for the Trust pursuant to an agreement that contains agreed service levels. The fund administrator must report any failure to adhere to these service levels to the Responsible Entity and breaches and incidents relating to

the fund administrator's performance are reported to the Responsible Entity Board. Annually the Responsible Entity reviews the performance of the fund administrator.

## RECOMMENDATION 4.2

The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### COMPLIANCE

Complies

### COMMENT

Declarations under section 295A of the *Corporations Act 2001 (Cth)* provide formal statements to the Responsible Entity Board in relation to the Trust. The declarations confirm the matters required by the *Corporations Act 2001 (Cth)* in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Manager, which assists the Responsible Entity's Chief Executive Officer and Chief Financial Officer in making the following declarations under section 295A of the *Corporations Act 2001 (Cth)*:

- the financial records of the Trust for the financial year have been properly maintained;
- the Trust's financial statements and notes applicable thereto give a true and fair view of its financial position and performance and comply with the requirements of the Accounting Standards, *Corporations Act 2001 (Cth)* and *Corporations Regulations 2001 (Cth)*;
- the integrity of the Trust's financial statements is founded on a sound system of risk management and internal compliance and control which, in all material aspects, implements the policies adopted by the Responsible Entity Board; and
- the risk management and internal compliance and control systems are sound, appropriate, operating efficiently and effectively managing the Trust's material risks.

## RECOMMENDATION 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

### COMPLIANCE

Complies

### COMMENT

The process the Responsible Entity uses to verify the content of any periodic reports not subject to audit or review by external auditors (including the monthly Net Tangible Assets (NTA) announcements, monthly performance reports, Directors' Report, this Corporate Governance Statement and investor presentations) varies depending on the nature of the report, but typically includes:

- non-financial components of a market announcement are initially prepared by or under the supervision of the Company Secretary, based on matters as known to them and instructions from the Responsible Entity Board or Investment Manager with firsthand information as to the matters reported;
- financial components of a market announcement are initially prepared by or under the supervision of the Investment Manager's Chief Operating Officer;

- drafts market announcements receive comments from the Investment Manager's Chief Financial Officer, Chief Operating Officer, Lawyer, Chief Operating Officer and/or Chief Risk Officer as appropriate;
- individuals engaged in the preparation or commentary are professionals with duties to identify any material that is potentially misleading, having regard to their knowledge of the Responsible Entity's activities and position;
- market announcements are subject to a rigorous internal review process coordinated by Pengana's executives with signoffs confirming the announcement is accurate and not misleading and is supported by appropriate verification provided to the Company Secretary prior to release to the market; and
- market announcements not of a routine or administrative nature are reviewed and approved by the Responsible Entity Board prior to release to the market.

## 5 MAKE TIMELY AND BALANCED DISCLOSURE

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### RECOMMENDATION 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under ASX Listing Rule 3.1.

#### COMPLIANCE

Complies

#### COMMENT

The Responsible Entity Board is committed to:

- the promotion of investor confidence by ensuring that trading in Trust units takes place in an efficient, competitive and informed market;
- complying with the Responsible Entity's disclosure obligations under the ASX Listing Rules and the Corporations Act; and
- ensuring the Trust's stakeholders have the opportunity to access externally available information issued by the Trust.

The Responsible Entity has adopted a Continuous Disclosure Policy to ensure it meets its disclosure obligations under the Corporations Act and the ASX Listing Rules in relation to the Trust. The policy requires timely disclosure of information to be reported to the Responsible Entity's management and/or Directors to ensure that information that would influence a reasonable person's investment decision in relation to the Trust, is disclosed to the market. The Responsible Entity's Company Secretary assists management and/or the Responsible Entity Board in making disclosures to the ASX after appropriate Responsible Entity Board consultation. The Responsible Entity requires service providers, including the Manager and the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

Announcements not of a routine or administrative nature are reviewed and approved by the Responsible Entity Board prior to release to the market.

The Company Secretary is responsible for coordinating the disclosure of information to ASIC and ASX.

A copy of the Trust's Continuous Disclosure Policy is available in the Corporate Governance section of Pengana's [website](#).



## RECOMMENDATION 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

### COMPLIANCE

Complies

### COMMENT

The Responsible Entity uses various measures to ensure that it communicates effectively with its Board including an email alert system allowing members of the Responsible Entity Board to receive a notification email following the lodgement of an ASX market announcement, along with a copy of the announcement.

## RECOMMENDATION 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

### COMPLIANCE

Complies

### COMMENT

The Responsible Entity uses various measures to ensure that it communicates effectively with its Unitholders including ensuring copies of presentation materials are available via the ASX Market Announcements Platform in advance of any new and substantive investor or analyst presentation.

## 6 RESPECT THE RIGHTS OF SECURITY HOLDERS

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### RECOMMENDATION 6.1

A listed entity should provide information about itself and its governance to investors via its website.

### COMPLIANCE

Complies

### COMMENT

The Responsible Entity recognises that Unitholders are entitled to accurate, timely and relevant information and should be fully informed of material matters that affect the Trust's position and prospects. Any prospective investors should be able to make informed investment decisions regarding the Trust. The Responsible Entity seeks to accomplish this through the release of:

- monthly NAV notices to the ASX;
- monthly updates in respect of the Trust;
- the Trust's Half Year results each year;
- the Trust's Full Year results each year; and
- significant information on Pengana's website promptly after it is disclosed to the market.

All information is available on Pengana's [website](http://www.pengana.com) after it has been disclosed to the ASX at [www.pengana.com](http://www.pengana.com) under ASX Releases.

The Responsible Entity also maintains information about itself, the Trust and its governance on Pengana's [website](http://www.pengana.com) including:

- ASX Releases;

- Board Members - the names, photographs and brief biographical information for each of its directors;
- Unit Registry details;
- Distribution Schedule – including access to the Trust’s Distribution Reinvestment Plan;
- Key Date and Events – including Investor Presentations;
- Corporate Governance section where all relevant corporate governance information can be accessed, including its Board charter;
- News and Insights; and
- Reports and resources - copies of its annual directors’ reports, financial statements and other corporate reports and copies of any materials distributed at investor or analyst presentations.

Information about the Responsible Entity, the Trust and its Corporate Governance is posted on Pengana’s [website](#).

In addition to the continuous disclosure obligations, the Responsible Entity communicates with Unitholders and convenes formal and informal meetings of Unitholders, as required. The Responsible Entity handles any complaints received from Unitholders in accordance with Pengana’s Complaints Handling Policy. The Responsible Entity is a member of the Australian Financial Complaints Authority, an independent dispute resolution body, which is available to Unitholders.

## RECOMMENDATION 6.2

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

### COMPLIANCE

Complies.

### COMMENT

The Responsible Entity is committed to:

- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act; and
- ensuring that Unitholders and the financial markets are provided with full and timely information about the Trust’s activities in a balanced and understandable way through the annual and half yearly reports, Investor Presentations, ASX releases, general meetings and Pengana’s website.

The Company Secretary oversees and coordinates the distribution of all information by the Responsible Entity to the ASX. The Manager oversees and coordinates the distribution of information to shareholders, the media and the public.

The Manager conducts regular updates where investors have the opportunity to hear from and meet the Investment Manager.

## RECOMMENDATION 6.3

A listed entity should disclose how it facilitates and encourage participation at meetings of security holders.

### COMPLIANCE

Not applicable.

**COMMENT**

As the Responsible Entity does not intend to hold periodic meetings of Unitholders, this Recommendation is not applicable. If the Responsible Entity were to hold periodic meetings of Unitholders of the Trust in the future, the Recommendation would be complied with.

**RECOMMENDATION 6.4**

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

**COMPLIANCE**

Not applicable.

**COMMENT**

As the Responsible Entity does not intend to hold periodic meetings of Unitholders, this Recommendation is not applicable. If the Responsible Entity were to hold periodic meetings of Unitholders in the future, the Recommendation would be complied with.

**RECOMMENDATION 6.5**

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

**COMPLIANCE**

Complies.

**COMMENT**

The Responsible Entity recognises the benefits of the use of electronic communications and Unitholders have the option to receive communications from, and send communications to, the unit registry electronically. Unitholders have, and the Responsible Entity actively encourages, the opportunity to elect to receive relevant documentation electronically from the Responsible Entity and communicate with the Responsible Entity via email. Unitholders receive the following information electronically:

- distribution statements;
- periodic statements;
- annual taxation statements;
- Annual Reports;
- if any meetings are held, notices of meetings and proxy forms and the ability to vote online; and
- other general Trust communications.

Unitholders can log into their account to make these changes. The unit registry can also be contacted via telephone. Contact details can be found on Pengana's [website](#).

## 7 RECOGNISE AND MANAGE RISK

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### RECOMMENDATION 7.1

The board of a listed entity should:

- a. have a committee or committees to oversee risk, each of which:
  - i. has at least three members, a majority of whom are independent Directors; and
  - ii. is chaired by an independent director,and disclose:
  - iii. the charter of the committee;
  - iv. the members of the committee; and
  - v. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

#### COMPLIANCE

Complies

#### COMMENT

Due to the size of the Responsible Entity Board (comprising two non-executive directors and two executive directors, with the independent Chair having the casting vote), the Responsible Entity Board is of the view that they are able to oversee the entity's risk management framework efficiently and effectively without establishing a risk committee. Accordingly, the Responsible Entity does not have a separate risk committee or an internal audit function. The functions that would be performed by this committee are undertaken by the Responsible Entity Board.

The Responsible Entity Board recognises the importance of prudent identification of and management of risk factors as part of its responsibility to the Trust's unitholders and other significant stakeholders.

The Responsible Entity Board is responsible for:

- assessing the effectiveness of the risk management framework, including compliance and internal controls practices and policies; and
- overseeing and monitoring the Responsible Entity's effectiveness in managing its key risks and internal controls.

The Responsible Entity Board has implemented risk management and compliance frameworks. These frameworks ensure that:

- emphasis is placed on maintaining a strong control environment;
- accountability and delegations of authority are clearly identified;
- risk profiles are in place and regularly reviewed and updated;
- timely and accurate reporting is provided; and
- compliance with the law, contractual obligations and internal policies is communicated and demonstrated.

Management executes the Responsible Entity Board-approved strategy and manages the Responsible Entity's operations within the Responsible Entity Board-approved risk appetite. Management is responsible for identifying, monitoring, mitigating and reporting on risks.

The Responsible Entity Board receives regular reports from management on financial matters, on compliance matters; on enterprise, operational, technology and cyber security risks, as well as receiving reports from the external auditor.

In addition to the responsibilities above, the Responsible Entity Board has a role in safeguarding the integrity of the Trust's financial reporting.

The Responsible Entity Board seeks assurance from Pengana's Chief Executive Officer and Chief Financial Officer that their declaration under Section 295A of the *Corporations Act 2001 (Cth)* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Details of the Directors qualifications and attendance at Board meetings are set out in the Directors' Report section of the Trust's Annual Report.

Due to the nature of the Trust's business, the Trust and its Unitholders are exposed to risk and uncertainty. The Responsible Entity has established various corporate governance, compliance and risk systems to mitigate the risks, but the Responsible Entity cannot guarantee that these safeguards and systems will be effective. Additionally, some risks are outside the control of the Responsible Entity.

## RECOMMENDATION 7.2

The board or a committee of the board should:

- a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and
- b. disclose, in relation to each reporting period, whether such a review has taken place.

### COMPLIANCE

Complies

### COMMENT

The Responsible Entity Board recognises the importance of prudent identification of and management of risk factors as part of its responsibility and has adopted Pengana's formal risk management program which encompasses governance, compliance and risk systems designed to understand, quantify and mitigate risks. However, the Responsible Entity Board recognises that it cannot guarantee that these safeguards and systems will be effective. Additionally, some risks are outside the control of the Responsible Entity.

The Responsible Entity Board conducts an annual review of assessment of risks and reviews the risk management framework of Pengana and its subsidiaries every two years or as required to satisfy itself that it continues to be sound and that the Trust is operating with consideration of the risk appetite set by the Responsible Entity Board.

A review has taken place during the reporting period and the Responsible Entity is satisfied that the framework remains sound and that the Trust is operating with due regard to the risk appetite set by the Board.

## RECOMMENDATION 7.3

A listed entity should disclose:

- a. if it has an internal audit function, how the function is structured and what role it performs; or
- b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

### COMPLIANCE

Complies

**COMMENT**

The Responsible Entity does not have an internal audit function.

The Responsible Entity is the holder of AFSL 219 462 and is subject to external audits and reviews. These external audits provide reasonable assurance on the design and operating effectiveness of the Responsible Entity's compliance and control environment. In addition, periodic monitoring of compliance with key policies and procedures is performed by the Responsible Entity Board and the results are reported up to the Pengana Board. Pengana's culture, size, simple and scalable operations, transparent reporting and flat organisational structure allow the Boards and management full and direct visibility of the key activities undertaken.

The boards and senior management of Pengana and its subsidiaries have the skills and expertise to understand and rigorously review and challenge the information provided and recommendations submitted for approval. Where additional assurance is desired, the Responsible Entity Board can commission external independent advice and reviews as necessary.

**RECOMMENDATION 7.4**

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

**COMPLIANCE**

Complies

**COMMENT**

The Responsible Entity regularly evaluates its overall risk. The Responsible Entity Board does not believe that the Trust has any direct material exposure to environmental and social sustainability risk, however may have indirect exposure through its investments.

The Trust's Manager has adopted an Environmental, Social and Governance (ESG) Policy. The policy provides a framework for how the Manager applies ESG considerations to how it operates its business, how it engages with the communities in which it does business, and how it pursues, evaluates, and implements investments. A copy of the policy can be found in Pengana's [website](#).

## **8 REMUNERATE FAIRLY AND RESPONSIBLY**

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### **ALTERNATIVE TO RECOMMENDATIONS 8.1, 8.2 AND 8.3 FOR EXTERNALLY MANAGED LISTED ENTITIES**

An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.

**COMPLIANCE**

Complies

**COMMENT**

A summary of the fees payable and actual management and performance fees paid can be found in the Half Yearly Reports and Annual Reports of the Trust on the Pengana [website](#).