

PENGANA INTERNATIONAL EQUITIES STRATEGY SUMMARY OF RESPONSIBLE INVESTMENT PROCESS

Pengana's International Equities team is committed to responsible investing and seeks to avoid investing in businesses that are, in their opinion, currently involved in activities that are unnecessarily harmful to people, animals or the environment.

Stock selection is based on six criteria, three of which are quantitative (cash generative, growing businesses at a reasonable valuation) while the other three are qualitative criteria (businesses with good management, that are unlikely to blow-up and that are experiencing positive tail winds) that is assessed through our Environmental, Social and Governance ("ESG") framework. This criteria typically results in investments in companies with low ESG risk and in sectors that are experiencing positive tailwinds due to the shift to a sustainable economy.

The Pengana International Equities team utilises a negative screening process which seeks to avoid investment in companies that derive operating revenues from direct and material business involvement in these sectors.

Before a company is added to a portfolio, the extent of an investee company's business involvement in screened activities is assessed by reference to a report sourced from Sustainalytics, an independent provider of ESG and corporate governance research and ratings. The report forms the basis for our assessment of business involvement and recent controversies related to the company in question. The Pengana Capital Group ("PCG") Risk Officer has final veto power on whether a stock meets the screening criteria for inclusion in the portfolio.

Consideration of ESG issues raised by prospective and existing investments are investigated within the investment research process and discussed at Investment Team meetings as required. The ESG assessment forms a part of the research conducted on each stock and is incorporated into the analysts' company research notes. The potential financial impacts of ESG risks/opportunities are considered when determining a company's valuation and may impact the weighting of the investment in the overall portfolio.

Portfolios are monitored on an ongoing basis for contraventions of the ethical screen, major controversies and ESG related issues, utilising a monitoring service provided by Sustainalytics. Using this analysis in conjunction with Pengana's own analysis, the Investment Team and Pengana's Risk Team use their judgement to determine whether the issue amounts to a sufficiently material breach to warrant exiting the position.

Where it is decided to divest, the asset is disposed of as soon as practicable, as determined on a case-by-case basis, whilst endeavouring to realise the best price it reasonably can, taking into account liquidity and other market forces. On occasion we may choose to engage with an investee company rather than divest as a better way to effect change.

An oversight committee comprised of members of the Investment Team and Risk Team meets at least quarterly and agenda items include monitoring of the portfolio for negative screen compliance, monitoring investee companies with higher ESG risk relative to the average portfolio holding, discussion of material ESG issues for a company or sector, consideration of new and ongoing controversies, review of voting records, consideration of engagement opportunities and monitoring the sustainability and carbon risk of the portfolios against peers and appropriate benchmarks.

Aims

Consistently make money for our investors
 Protect capital and minimise volatility
 Invest ethically and responsibly
 Genuinely represent the interests of our investors

Beliefs

Shareholders have duties and privileges as owners of companies
 Asset managers are the custodians of their investor's wealth
 Asset managers have a duty of transparency and accountability to their investors
 Companies should be supported if they evolve for the better
 Well-run companies can have a positive effect on society and the environment

Principles: we will

Be true to the stated aims of the strategy
 Avoid investing in companies that harm people, animals or the environment
 Actively engage with our investors and the companies we invest in
 Support and abide by the Principles for Responsible Investment (PRI)

Negative Screens

Screened activities	Pengana International Ethical Fund	Pengana International Fund - Ethical Opportunity	Pengana International Equities Limited (ASX: PIA)	Pengana International Fund	Pengana High Conviction Equities Fund
Adult content ¹	Screened	Screened	Screened	Screened	Screened
Alcohol ¹	Screened	Screened	Screened	-	Screened
Animal cruelty (production of cosmetics tested on animals) ¹	Screened	Screened	Screened	Screened	Screened
Fossil fuels (coal, coal seam gas, oil) ²	Screened	Screened	Screened	-	-
Gambling ³	Screened	Screened	Screened	Screened	Screened
Genetically modified organisms ⁴	Screened	Screened	Screened	-	-
Human rights abuses and exploitation	Screened	Screened	Screened	Screened	Screened
Mining ⁵	Screened	Screened	Screened	-	-
Nuclear ⁶	Screened	Screened	Screened	Screened	Screened
Old growth forest logging ¹	Screened	Screened	Screened	-	-
Securities from issuers on UN sanctions list	Screened	Screened	Screened	Screened	Screened
Tobacco ¹	Screened	Screened	Screened	Screened	Screened
Weapons ⁷	Screened	Screened	Screened	Screened	Screened

¹ Threshold: 5% of revenue from production, 15% aggregate revenue from production, distribution and retail

² Global industry classification standard (GICS) 101020 "Oil, Gas and Consumable Fuels"

³ Threshold: 5% of revenue from gambling operations, 15% aggregate revenue from gambling related activities

⁴ Threshold: 5% of revenue from development of GMOs used in agricultural and food industries

⁵ Global industry classification standard (GICS) 151040 "Metals and Mining"

⁶ Threshold: 5% of total electricity distributed from nuclear power in a given year, 5% of power generating capacity attributed to nuclear sources in a given fiscal year

⁷ Manufacturers of Controversial Weapons (cluster munitions, landmines, depleted uranium weapons, biological/chemical weapons, blinding lasers, non-detectable fragments and incendiary weapons), 5% or more revenue from the production of firearms, ammunitions, nuclear warheads, military weapon systems and/or their integral, tailor-made components, 15% or more aggregate revenue from the production, distribution and retail of firearms and ammunitions.