



30 October 2018

Markets Announcement Office
ASX Limited
Level 5, 20 Bridge Street
Sydney NSW 2000

**PENGANA CAPITAL GROUP LIMITED
ANNUAL GENERAL MEETING
30 OCTOBER 2018**

CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S PRESENTATION

Please find attached:

- a. Copy of an address to be delivered by Mr Warwick Negus, Chairman of Pengana Capital Group Limited (ASX: **PCG**) at the Company's 2018 Annual General Meeting to be held today; and
- b. Slides to be presented by Mr Russel Pillemer, Managing Director and Chief Executive Officer of Pengana Capital Group Limited.

Yours faithfully,

Paula Ferrao
Company Secretary

**PENGANA CAPITAL GROUP LIMITED
ANNUAL GENERAL MEETING
30 OCTOBER 2018**

CHAIRMAN'S ADDRESS

Good afternoon ladies and gentlemen. On behalf of my fellow directors I would like to welcome you all to the 2018 Annual General Meeting of Pengana Capital Group Limited.

My name is Warwick Negus and I am the Chairman of your Company. With me today are my fellow directors, David Groves (Chair of our Audit Committee), Kevin Eley, Jeremy Dunkel (Chair of our Remuneration Committee) and Russel Pillemer (our Managing Director). Also present today are Mr David Ryan of DLA Piper, the Company's legal advisers; and Mr Matt Adam-Smith, a representative from our auditor, Grant Thornton, who will be available to address any questions relating to the Company's Financial Statements.

May I please remind you to switch your mobile devices to silent. It is now just after 3:00pm and I call this meeting to order. I have been advised by our Company Secretary that a quorum is present, and I am pleased to declare the meeting open.

I will first give you a brief overview of the Company's 2018 financial year and following my address, I will formally move Resolutions 1 through to 5 in the Notice of Meeting and invite questions and comments. Each of the resolutions to be considered at this meeting will be taken to a poll. While the result of the poll is being determined I will invite our Managing Director, Russel Pillemer, to discuss the Company's financial results, strategy and outlook in more detail.

Following Russel's presentation, I will announce the results of the poll (if available) and, if there is no further business, I will close the meeting and invite you to join us for afternoon tea.

The year ending 30 June 2018 was the first full year of operation since the merger of Pengana Holdings and Hunter Hall. At the time of the merger we forecast significant savings, all of which have been achieved. We also saw great value in the operation of a high-quality fund management company with multiple strategies - a benefit for shareholders and our investors alike. In 2018, we have been extremely successful in the full launch of our international equities products, building on the Hunter Hall history. International Equities, Global Small Cap, Australian Equities and Emerging Australian Companies all share a similar operating model and distribution channels and have all delivered positive returns to our investors in the financial year. Importantly, it also gives Pengana multiple opportunities for future expansion - a key element of success for our shareholders.

In response to investor interest we expect to further leverage our current infrastructure with the 2019 launch of the Pengana Private Equity Trust, Australia's first global private equity listed investment trust or LIT. Russel will give you more details on the status of the LIT later in his presentation.

We are keenly aware of the trust our investors place on us by allowing Pengana to manage their savings and we are focused on achieving the aims we set out, to generate long-term consistent returns while reducing volatility and the risk of losing capital.

All our key strategies delivered positive absolute performance for the year ending 30 June 2018 and have done so since their inception; and at \$3.5 billion our funds under management at 30 June 2018 were almost half a billion higher than at 1 June 2017, the merger date. During this period our strategies also paid over \$175 million in distributions.

Pengana's dividend policy is to pay out the majority of PCG's earnings after addressing the capital needs of the company. The final fully franked dividend of 6.5 cents per share was paid on the 28 September 2018 and in conjunction with the interim dividend paid in March 2018, brought the total dividends paid for the financial year to 13 cents per share, fully franked.

Over the financial year Pengana's share price increased by 18% from \$2.90 at 30 June 2017 to \$3.42 at 30 June 2018. This share price increase, combined with the fully franked dividends of 13 cents per share paid during the year delivered a Total Shareholder Return of 22% to Pengana shareholders for the year.

With no debt and \$19 million of net liquid assets in excess of our regulatory requirements of \$10 million we remain focused on continuing to utilise our strong balance sheet in a highly disciplined way.

Our investors and supporting advisers are, as always, Pengana's core focus and over the last year we continued our roadshow program, which took our various investment teams to most Australian capital cities and to New Zealand. Over the year we met over 4,500 advisers and 1,800 investors, and this year's increased attendance numbers reflect the extremely positive feedback we have received. In the last year we have further invested in our sales and distribution capability by making key hires in New South Wales and Victoria.

Later today you will have the opportunity to ask questions and vote on the Company's 2018 Remuneration Report. In the 2018 financial year there were no material changes in remuneration paid to your Board, other key management personnel or to other Pengana executives. Staff costs were 16% lower in the 2018 financial year, reflecting part of the merger cost synergies set out in the Explanatory Memorandum of 27 April 2017. Since 30 June, we have issued shares under the Pengana Loan Share Plan to fund managers who had not been part of the pre-merger issue of shares. As Russel mentioned in the 2018 Annual Report, our staff own approximately 34% of the Company and we believe that this is a key factor in our continued success and growth.

Your Board of Directors came together at the time of the merger. Since then we have spent time ensuring that the Company's risk systems remain robust. In addition to general oversight of investment risk we have made recommendations in the areas of cyber-security and regulatory risk which have been embraced by the Company. We are a small board with a good cross-section of experiences and skills and I believe give great support to the management of Pengana. The board members are all shareholders in the Company and I think this alignment with other shareholders is important. As the Company expands in the future we may appoint additional directors depending upon the needs of the Company but for the time being I believe we have an effective team overseeing Pengana's operation.

I would also like to thank our 1,869 shareholders for the support and trust they continually place on us. The continued good performance of our funds coupled with the impending launch of our new listed investment trust give your Board reason to remain optimistic about the Company's future prospects.

ASX: PCG



PENGANA CAPITAL GROUP

Annual General Meeting 2018



ASX: PCG



Chairman's Welcome

Mr Warwick Negus



PENGANA CAPITAL GROUP LIMITED

BOARD OF DIRECTORS



Warwick Negus

Chairman



Russel Pillemer

Managing Director



Kevin Eley

Non-executive Director



Jeremy Dunkel

Non-executive Director



David Groves

Non-executive Director

AGENDA

1

Chairman's Address: Warwick Negus

2

Pengana Capital Group Limited AGM Formal Business

3

Managing Director's Address: Russel Pillemer

4

Q&A



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Chairman's Address

Mr Warwick Negus



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Managing Director's Address

Mr Russel Pillemer



Pengana Capital Group Overview

“A Unique Funds Management Business”



- Established in 2003 and listed in 2017
- Business model provides foundation for success
- Diverse offering across Australian and International equities
 - Managed by distinct teams
 - Proven long term performance across funds
- Focused on the higher end of retail market
- Leading brand in benchmark-unaware actively managed equities with capital preservation

Pengana Capital Group

Market Positioning



- Aligned FM teams with substantial expertise and long term track records
- Retail focus with strong brand and distribution capabilities
 - High margins
 - >50,000 underlying retail investors across platforms, dealer groups, IFAs, direct HNW and SMSF clients
 - Listed Investment Company (“LIC”) platform
- Increasing demand for our products:
 - Benchmark-unaware, absolute return and alternative asset spaces
 - International equities
 - Ethical investing and sustainable impact strategies
- Excellent growth prospects
 - Existing funds
 - New funds

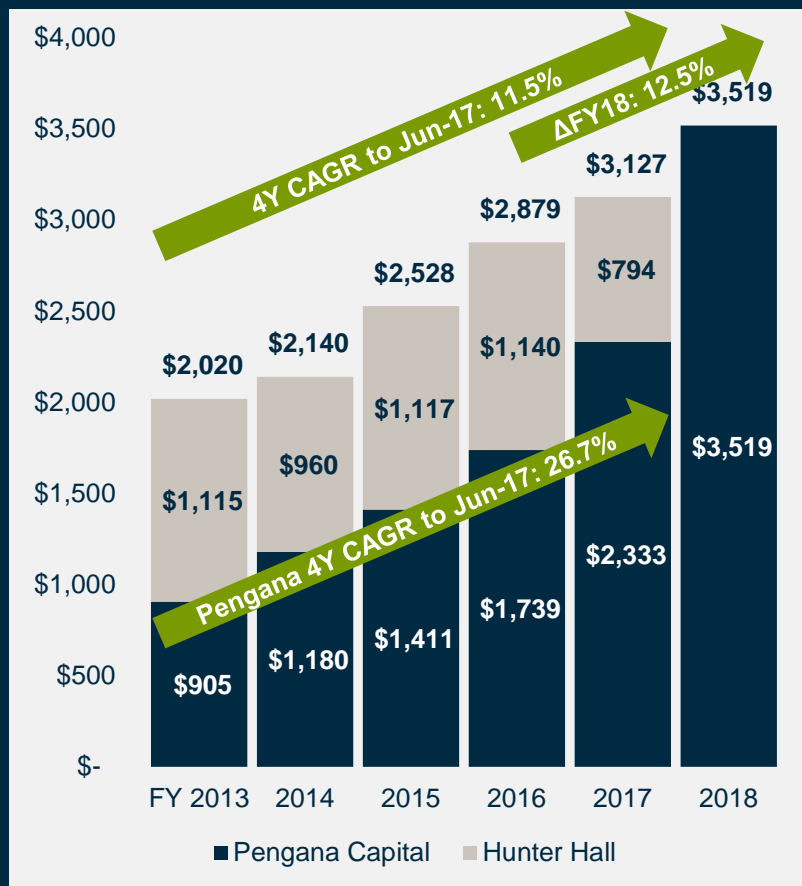
Pengana: An Attractive Investment Proposition



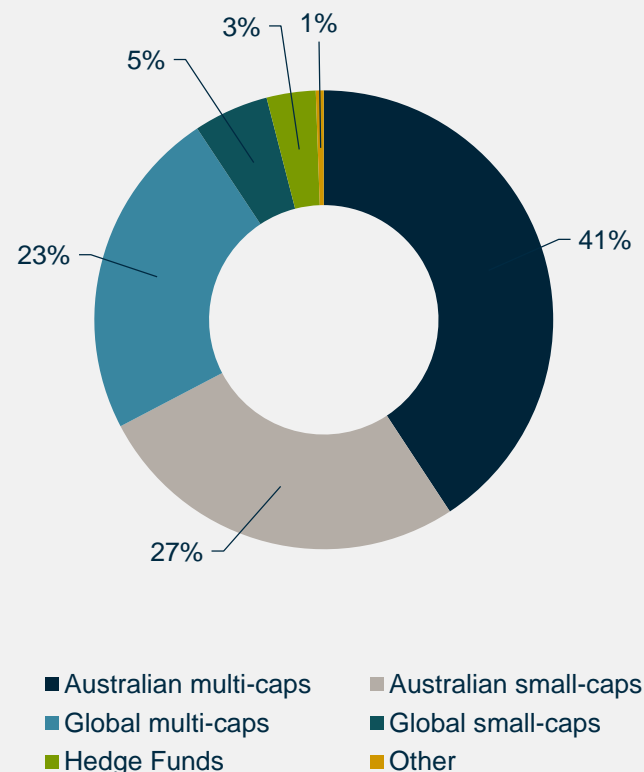
- Australian funds management is extremely attractive market due to superannuation; 4th largest savings market in the world
- PCG operates in high margin retail; the most attractive segment of market
- Strong vertical growth prospects for existing funds >\$10bn
- Also uniquely placed to grow horizontally due to “plug and play model”; leverages client/advisor base and brand
- PCG business is highly scalable; limited increases in expenses to take FUM from \$3.5b to ~\$15b
- Exponential value/profit creation potential by leveraging platform with FUM growth

Growth in Funds Under Management ¹

Historical Growth in FUM (\$m)



FUM Strategy Breakdown (30/6/2018)



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.

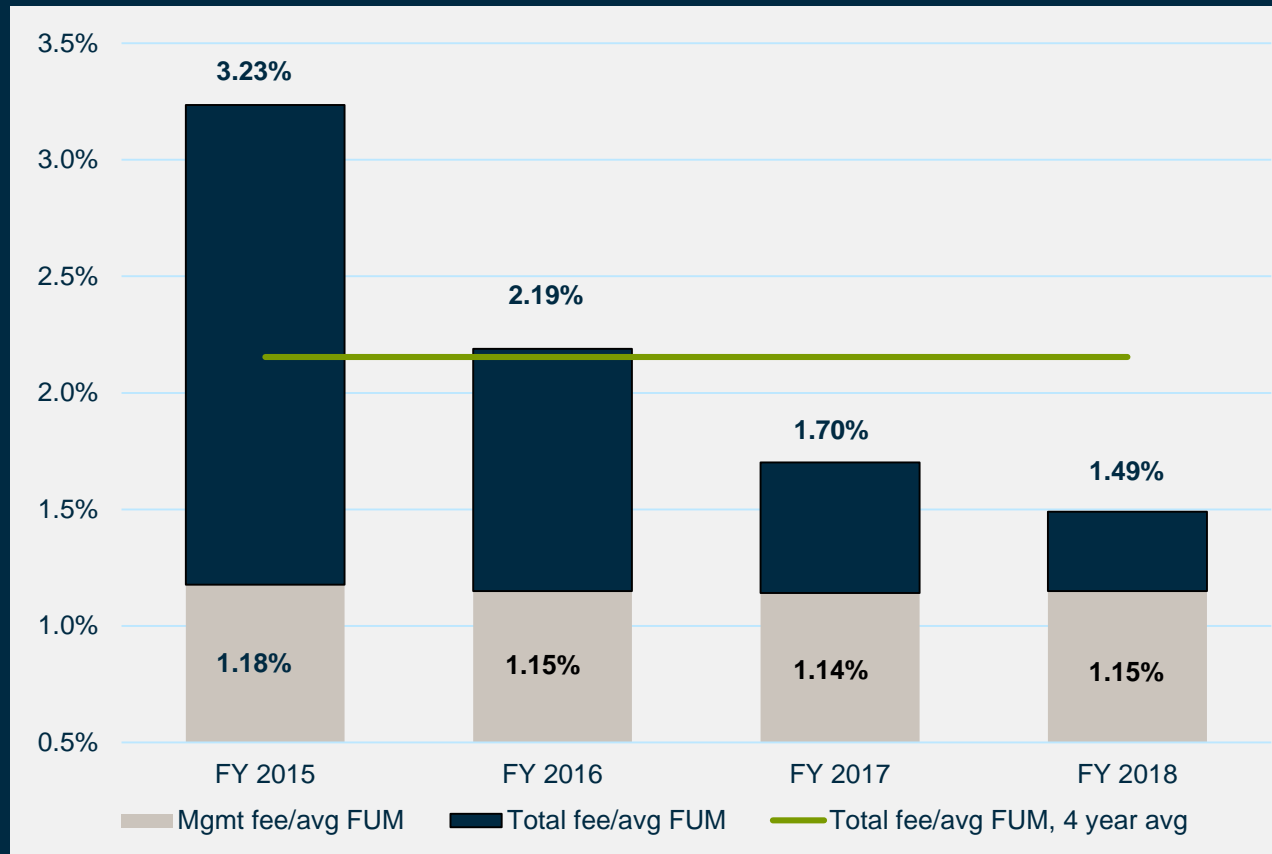
The reported FUM is prior to any distributions and dividends being paid to investors.

Diversified Range of Funds ¹

Acronym	Primary Fund Name	Strategy	Strategy FUM at 30/6/18 (\$m)	Management Fee; Performance Fee (Primary Fund)
PAEF	Pengana Australian Equities	Australian Multi-caps	1,414	1.0%; 10% above 0%
PECF	Pengana Emerging Companies	Australian Small-caps	936	1.3%; 20% above ASX Small Ords
PIF	Pengana International Fund	Global Multi-caps	500	1.25%; N/A
PIA	Pengana International Equities Ltd (LIC)	Global Multi-caps	309	1.2%; 15% above MSCI World
PGSC	Pengana Global Small Companies	Global Small-caps	186	1.3%; 20% above MSCI AC World SMID
PanAgora	Pengana PanAgora Absolute Return Global Equities	Global Market Neutral	71	1.5%; 20% above RBA Cash
PAR Asia	Pengana Absolute Return Asia Pacific	Absolute Return Asia	50	1.5%; 20% above RBA Cash
PAEIF	Pengana Australian Equities Income	Australian Multi-caps	20	0.7%; 10% above 0%
HCT	Pengana High Conviction Equities	High Conviction	20	1.76%; 15% above RBA Cash + 3% p.a.
WHEB	Pengana WHEB Sustainable Impact	Global Impact Investing	14	1.32%; N/A

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



Performance fees fluctuate over relatively short periods

Over the longer term, we expect a reversion to the mean

2018 Financial Year in Review

- Completion of merger integration and capture of synergies
- Growth in FUM from net inflows and performance
- Management fee revenue as expected
- Performance fee revenue lower than historical averages: expected from time to time
- Improvement in research house ratings for:
 - Pengana international equity funds (“PIEF, VGT, GET”)
 - Pengana Global Small Companies Fund (“PGSCF”)
 - Pengana WHEB Sustainable Impact Fund (“WHEB”)
- Increase in distribution and marketing resources
- Listed Investment Company (“PIA”) announced one-for-one bonus option issue; potential large increase of vehicle over 18 months
- Strategic investment in boutique credit fund manager, Global Credit Investments Pty Ltd (‘GCI’).
- Fully franked final dividend of 6.5 cents per share

Platform for Long Term Growth



Superior Business Model

- Attract, retain and align “in-house” teams
- “JV model” enables growth at low cost
- Plug and play: identify opportunities and deliver solutions
- Opportunity to expand into other FM segments



Scalable Infrastructure Model

- Manage significantly larger asset base with very low incremental cost
- Experienced and aligned management team
- Sophisticated operations, risk and compliance framework; segregated from FMs



Distribution and Brand

- FUM growth in existing funds – focus on Global
- Potential to launch new funds
- Potential to launch additional listed vehicles
- Leverage brand and relationships in Advisor and mass HNW markets



Acquisition Opportunities

- Attractive partner/buyer for select opportunities
- Revenue (and maybe cost) synergies
- Valuation multiple arbitrage
- Opportunity to expand into other FM segments

Key Sources of Short-Medium Term Growth

- FUM growth from investment performance
- FUM Inflows, especially for International Equities strategies from:
 - Financial advisors; recent improved ratings and platform access
 - Direct investors/ SMSF's
- Evaluate acquisition opportunities whilst being highly disciplined
- Proposed launch of new listed vehicle investing in Global Private Equity ("PE1")

Case Study

Pengana Private Equity LIT ("PE1) Proposed Listing

"A Game Changer for Australian Retail Investors"



Platform for Long Term Growth

Application to PE1



Superior Business Model

- Attract, retain and align “in-house” teams
- “JV model” enables growth at low cost
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- Opportunity to expand into other FM segments



Scalable Infrastructure

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Major Steps Involved in New Strategy Launch

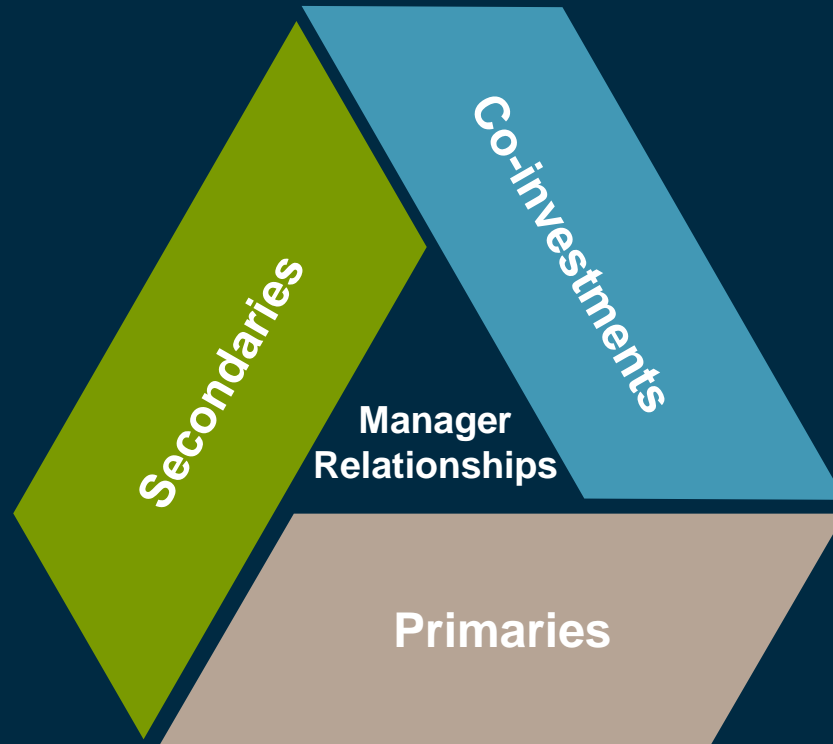
**Identify the
Opportunity**

**Structure the
Fund/Offer**

**Find the
“Best” Manager**

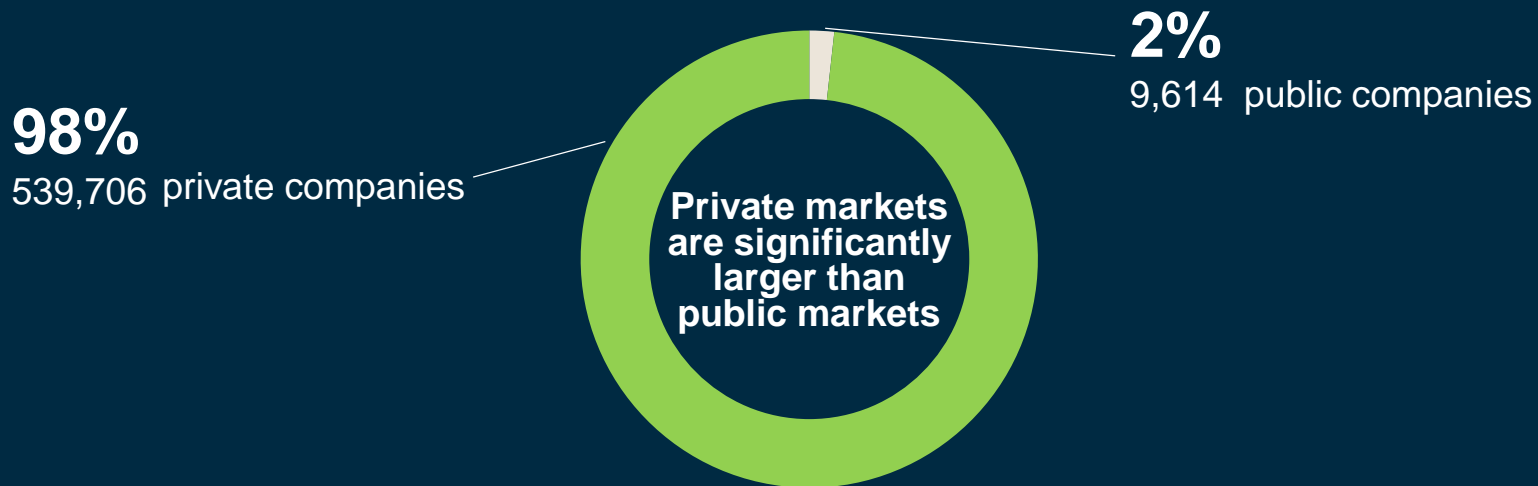
**Execute/ Raise
the Money**

The Opportunity: Private Equity to Retail Investors



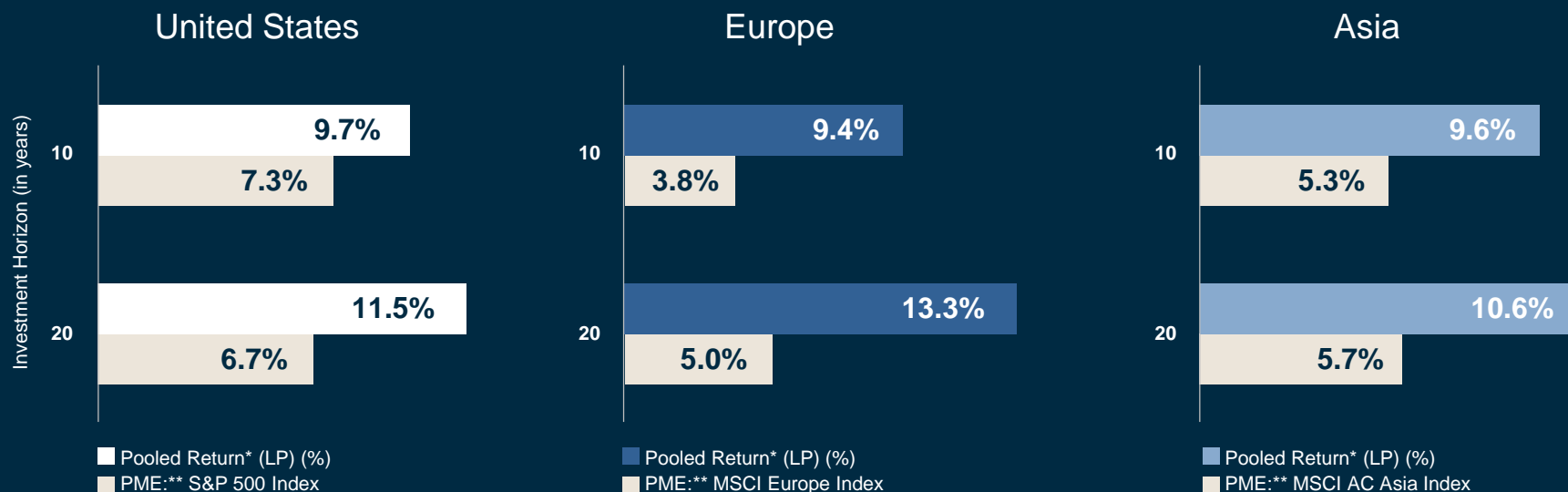
**An investment in private companies,
through/alongside hands-on expert investment managers (PE Fund Managers)**

The Private Equity Universe



- Over the last 20 years, the number of publicly listed US companies has fallen by ~ 50%
- Increase in capital demand from private companies resulting in increased supply of investment opportunities for PE
- Unlisted markets have less competition with lower transparency and fewer buyers

Highly Attractive Investment Returns



* The overall internal rate of return: The IRR is used to measure performance by taking into account the time value of all cash flows including drawdowns and distributions.

** Public Market Equivalents: The PME concept allows investors to compare the performance of private equity and other private markets investments (Private Equity) to other types of investments, such as public market indices (Public Equity). The methodology assumes buying and selling a given index according to the timing and size of the cash flows between the investor and the private investment

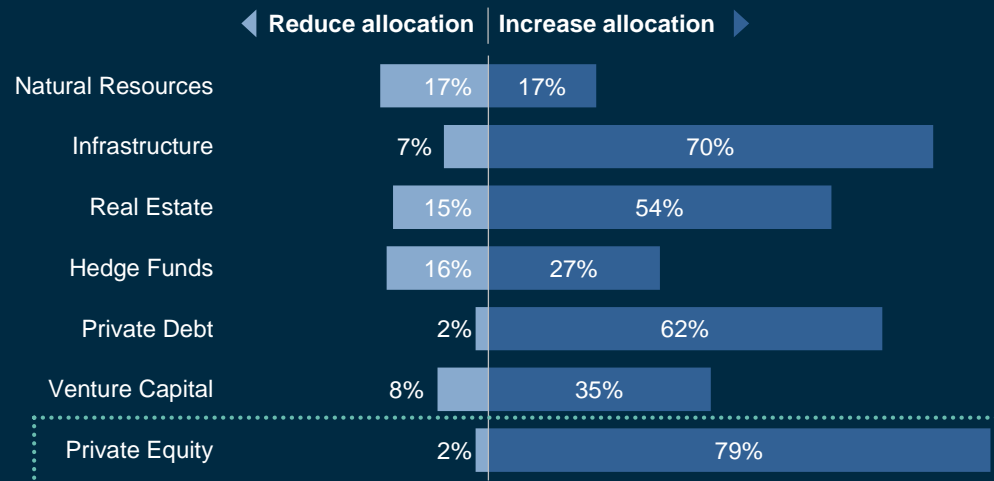
Sources: BURGISS. MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This report is not approved or produced by MSCI. S&P. S&P and its third-party information providers do not accept liability for the information and the context from which it is drawn. Data as of March 2018. All data shown as net to limited partners, unless otherwise noted. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of any future results.**

Global Allocation to Private Equity is Increasing

Global private equity assets under management (US\$bn)

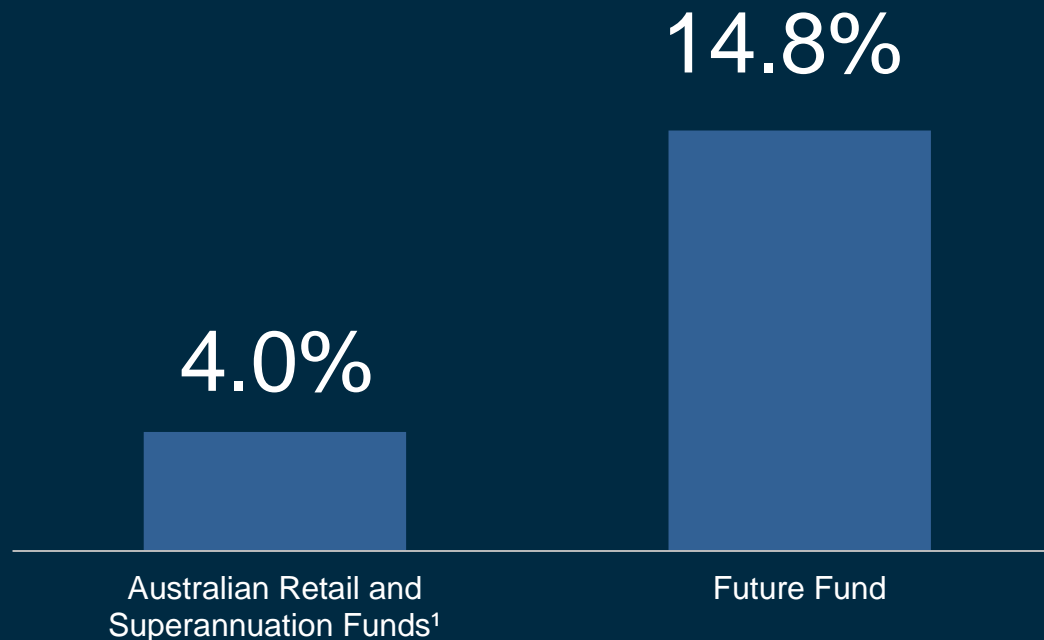


Institutional investors' plans for the longer term



Australian Allocation to Private Equity

Portfolio allocation to Private Equity for Australian investors



¹ Includes Funds with more than 4 members

Sources: ASFA's September 2018 Superannuation Statistics. Future Fund's quarterly portfolio update at 30 September 2018

Why retail investors have not allocated to Private Equity

ACCESS

- Direct PE not available due to exclusivity of raisings and large minimums
- Direct PE unattractive due to slow draw-downs and long term lock ups
- Lack of suitable investment vehicles with liquidity and daily pricing

RETURN PROFILE

- Stated returns in the first couple of years are low
- No regular distributions
- Investors don't have the scale to achieve a diversified exposure

Our FM Partners: Grosvenor Capital Management, L.P.



One of the world's largest and most diversified independent alternative asset management firms

>US\$51.1bn
Assets under management²

- >US\$23.5bn of AUM across its private markets platform
- ~87% managed through customised mandates
- >400 private markets investment manager relationships
- >700 underlying funds commitments
- >200 co-investments

GCM GROSVENOR

1971 First year of investing

474 Employees

141 Investment professionals

95% Institutional client base

75% of AUM in customised client portfolios

US\$515m

Capital invested and committed alongside clients¹

PE1: Addressing Retail Investor Challenges

Challenges to Investing

Addressed by the PE1

ACCESS

- Direct PE not broadly available due to exclusivity of raisings and large minimums
- Direct PE complex due to slow draw-downs and long term lock ups
- Lack of suitable investment vehicles offering liquidity and daily pricing

- ✓ GCM's relationships provide investors with exposure to difficult-to-access PE Fund managers
- ✓ Single point of entry with all capital drawn down upfront
- ✓ LIT provides the potential for daily liquidity to investors who can buy and sell units on market

RETURN PROFILE

- Stated returns in the first couple of years are low
- No regular distributions
- Most investors won't have the scale to achieve a diversified exposure

- ✓ Structured to provide strong returns from inception; targeting top quartile PE returns over the long term
- ✓ Trust to target a 6 monthly cash distribution
- ✓ Diversified portfolio of ~500 companies when fully invested

ASX: PCG



Q&A



Disclaimer



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THANK YOU



FOR MORE INFORMATION

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