

PENGANA CAPITAL GROUP

RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2020

“Strong Yield with Exceptional Growth Prospects”

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BUSINESS OVERVIEW



PERFORMANCE IN H1 FY2021

- Fund under Management up **15%** in 6 months to 31 December 2020
- Underlying Profit Before Tax Profit after tax up **17.1%**
- EPS on underlying profit after normalised tax at 30% up **13%**
- Interim dividend of 5 cents per share up **25%**
- Strong investment performance, with all strategies outperforming respective benchmarks for the period
- Significant improvement in net flows

FUNDS UNDER MANAGEMENT ¹

FUM growth to historically high levels, due to strong investment performance and based on higher margin products

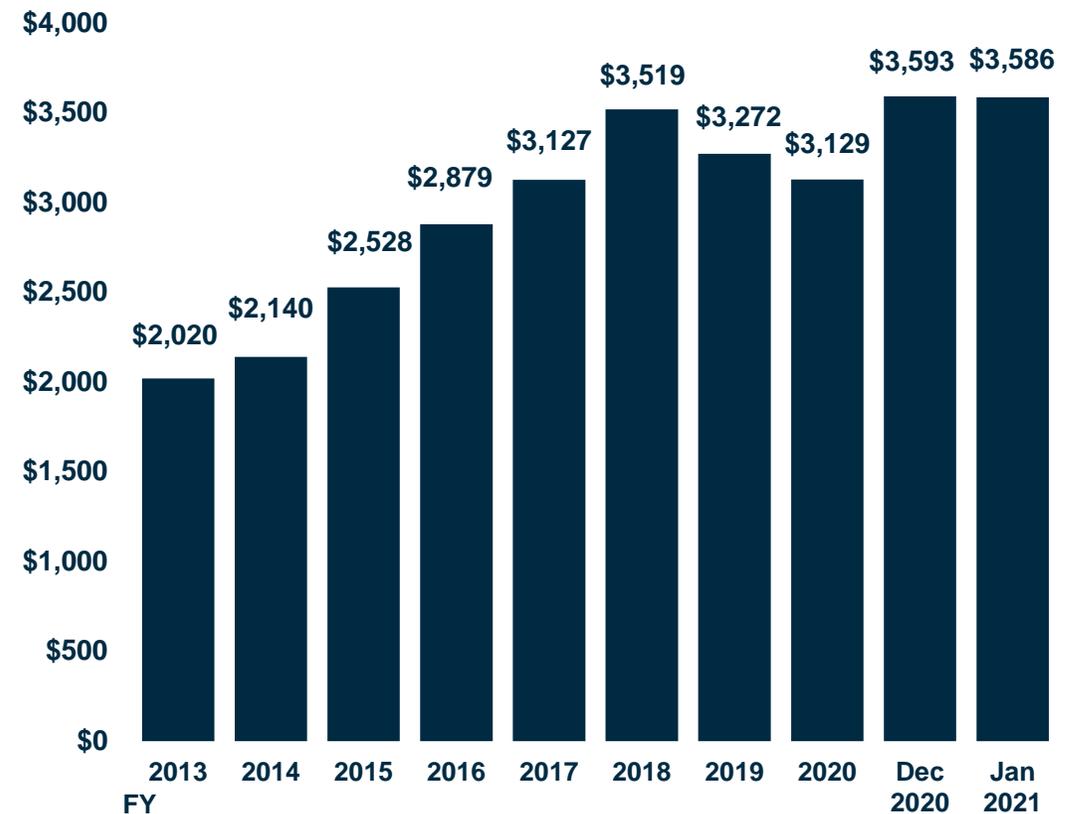
FUM increased by 15% in 6 months to Dec 2020:

- Investment performance \$463m
- Positive net inflows of \$81m
- Distributions negatively impacted: \$80m

FUM flat during month of Jan 2021:

- Positive net inflows of \$2m
- Positive investment performance of \$31m
- Distributions paid of \$39m

Historical Growth in FUM (\$m)²



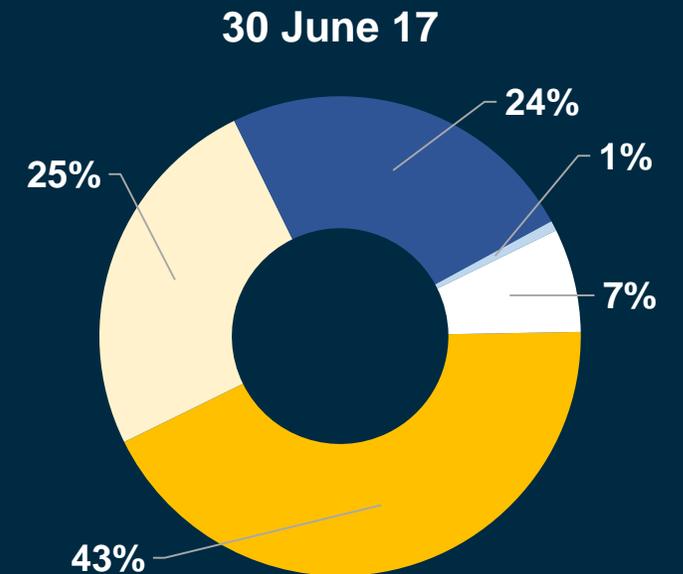
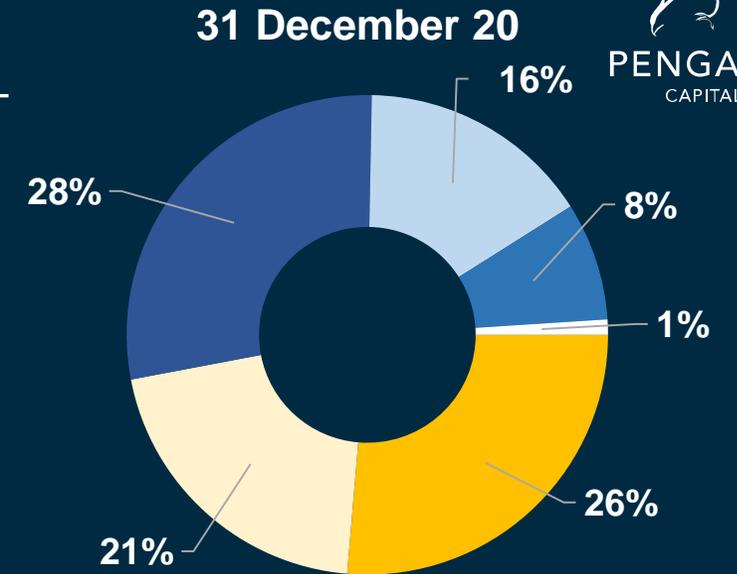
1. The amount of funds under management can increase or decrease due to a range of factors including net fund flows, distributions to investors and investment performance. Past performance is not a reliable indicator of future performance. The reported FUM for each period is prior to any distributions and dividends due for that period-end date 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 53% at 12/2020
- This trend is likely to continue to accelerate; 54% at 1/2021
- 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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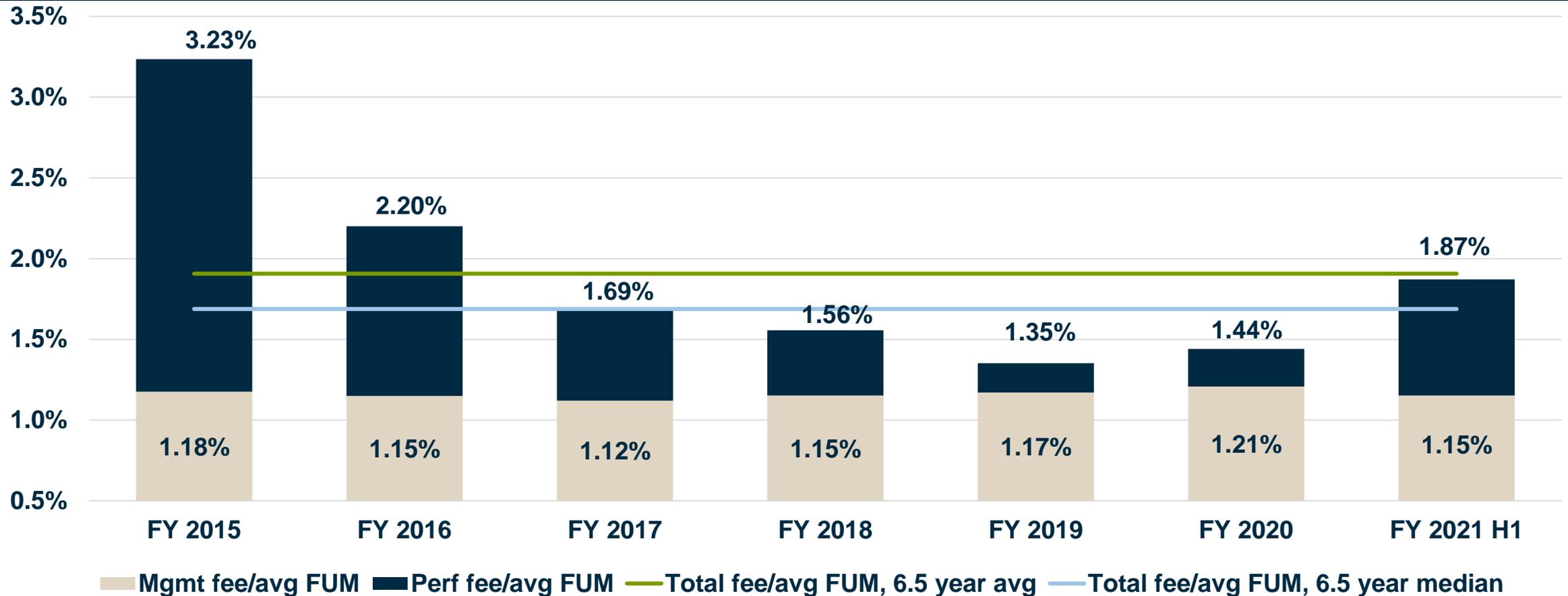
DIVERSIFIED RANGE OF FUNDS ¹



Primary Fund Name	Strategy	Strategy FUM at 31/01/21 (\$m)	Management Fee; Performance Fee (Primary Fund) ²
Pengana Australian Equities	Australian Multi Caps	923	1.0%; 10%
Pengana Emerging Companies	Australian Small Caps	717	1.3%; 20% above ASX Small Ords
Lizard Global Small	Global Multi Caps	456	1%, range of PF structures
Pengana International Fund – Ethical	Global Multi Caps	437	1.32%; N/A
Pengana International Equities Ltd (LIC)	Global Multi Caps	354	1.2%; 15% above MSCI World
Pengana Private Equity	Global Private Equity	282	1.22%; 19.5% above 8%
Pengana Global Small Companies	Global Small Caps	134	1.3%; 20% above MSCI AC World SMID
Pengana International Fund	Global Multi Caps	113	0.95%; N/A
Pengana WHEB Sustainable Impact	Global Impact Investing	97	1.32%; N/A
Pengana Israel Alpha	Global Market Neutral	35	1.5%; 20% above 4%
Pengana High Conviction Equities	High Conviction	33	1.76%; 15% above RBA Cash + 3% p.a.
Pengana High Conviction Property	Australian Multi Caps	5	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 2021 (H1)



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

Fee margin for performance fee margin calculated on average annual funds under management subject to performance fees. Total Average Fund under Management for FY 2021 H1 (annualized): \$3.392 billion, Total Average Funds Under Management subject to Performance Fees for FY 2021 H1 (annualized): \$2.855 billion. Funds under management at 31/01/2021 subject to performance fees: \$2.982 billion.

KEY DEVELOPMENTS IN FY 2021 – H1

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 12.8%
- Pengana International Ethical Fund outperformed index by 12.1%
- Pengana Global Small Companies Fund outperformed index by 4.2%
- Pengana WHEB Sustainable Impact Fund outperformed index by 8.1%

H1 FY 2021 RESULTS



UNDERLYING PROFIT AFTER TAX¹

Pengana Capital Group Operating EBITDA	Dec 2020 \$'000	Dec 2019 \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Comment
Management fee revenue	19,714	19,412	302	1.6%	Benefit of higher FUM at period end will be reflected in H2
Performance fee revenue	10,345	5,477	4,868	88.9%	~ 45% to PCG EBITDA
Net fund direct expenses	(1,404)	(1,787)	383	(21.4)%	Business rationalisation
Operating expenses	(9,781)	(8,171)	(1,610)	19.7%	Cost US operations now consolidated
Team profit share	(10,567)	(8,594)	(1,973)	23.0%	Performance fee share
Non-controlling interests	(56)	-	(56)		
Operating EBITDA²	8,251	6,337	1,914	30.2%	
Interest and investment income distributions	329	449	(120)		
Interest on loan funded share plan	699	1,201	(502)		
Financing costs	(84)	(136)	52		
Underlying profit before tax³	9,195	7,851	1,344	17.1%	
Basic EPS on underlying profit after normalised tax at 30% (2019: 27.5%) ⁴	5.96 cps	5.28 cps	0.69 cps	13.0%	

1. Source: Pengana Management Accounts, "Underlying profit before tax attributable to Pengana Shareholders" 2. As per Pengana Capital Group Limited 31 December 2020 Financial Report 3. Underlying profit before tax attributable to Pengana Shareholders 4. Calculated on 107,935,545 weighted average number of shares (i.e. including treasury shares) (2019: 107,888,236 shares)

STATUTORY PROFIT AFTER TAX

Pengana Capital Group Operating EBITDA (\$'000)	Dec 2020	Dec 2019
Underlying profit before tax ¹	9,195	7,851
Add: Items excluded from underlying profit before tax		
Non-cash amortisation and impairment	(2,139)	(1,446)
Product development	(518)	(277)
Other non-operating items	(499)	23
Realised/unrealised fair value changes in investments	110	(38)
Tax	(2,285)	(1,656)
Less: Items not included in Audited Annual Report		
Interest on Loan Funded Share Plan	(699)	(1,201)
Statutory profit after tax attributable to Pengana shareholders²	3,165	3,256
Basic EPS on statutory profit ³	3.79 cps	3.86 cps

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

2. As per Pengana Capital Group Limited 31 December 2020 Financial Report

3. Calculated on 83,532,296 weighted average number of shares (i.e. excluding treasury shares) (2019: 84,379,505 shares)

BALANCE SHEET¹

Pengana Capital Group Balance Sheet (\$'000)	30 Dec 2020	30 June 2020
Cash net of AFSL cash requirements	13,358	12,209
Net short-term operating assets and liabilities	1,381	(743)
Net working capital	14,739	11,466
Investments less associated liabilities and liquid asset requirements	7,126	7,329
AFSL capital requirements	6,443	6,200
Loans (on and off-balance sheet)	32,338	32,812
Borrowings (current and non-current)	(3,125)	(3,750)
Other assets and liabilities	163	635
Net tangible assets	57,684	54,692
Non-controlling interests	112	169
Net tangible assets attributable to PCG shareholders¹	57,796	54,861
Less: Off balance sheet Loan Funded Share Plan	(31,464)	(31,949)
Add: Intangibles	65,349	66,674
Right-of-use assets and liabilities	(18)	(18)
Add: Deferred tax	(5,353)	(4,916)
Net assets attributable to Pengana Shareholders as per Financial Statements²	86,310	84,652

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