

**PENGANA
ALPHA ISRAEL
FUND**



PENGANA
CAPITAL

**INFORMATION
MEMORANDUM**

23 December 2021

PENGANA ALPHA ISRAEL FUND

Issued: 23 December 2021

Issued by: Pengana Capital Limited AFSL 226566

ABN: 30 103 800 568

Pengana Alpha Israel Fund

Fund:	Pengana Alpha Israel Fund
Unit class:	Wholesale
Trustee and Investment Manager:	Pengana Capital Limited (ABN: 30 103 800 568, AFSL: 226566) referred to in this Information Memorandum as 'Pengana', 'we' or 'us'
Fund Administrator:	Unity Fund Services Pty Ltd (ACN 146 747 122)
Fund Registry:	One Registry Services Pty Ltd (ABN 69 141 757 360)
Fund Advisor:	Alpha Investment Opportunities 2 Ltd (Company registration number 515137958) referred to in this Information Memorandum as Alpha
Custodians:	Bank Leumi Interactive Brokers

Important Information

The Fund

Pengana is the issuer of this Information Memorandum. Pengana Alpha Israel Fund (the **Fund**) is an unregistered managed investment scheme structured as a unit trust. This Information Memorandum is not a Prospectus or Product Disclosure Statement for the purposes of the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been, and is not required to be, lodged with the Australian Securities and Investments Commission. Any information provided in this Information Memorandum and in any other document or communication is subject to the constituent documents for the Fund, including the trust deed. To the extent there is any inconsistency between this Information Memorandum and the constituent documents for the Fund, the latter prevail.

Exclusion of warranties

To the maximum extent permitted by law, no representation or warranty, express or implied, is made in relation to the accuracy, completeness or reliability of the information provided in this Information Memorandum or any other information concerning Pengana otherwise provided to recipients.

Limitation of liability

Pengana, its affiliates, agents and associates (“Relevant Persons”) do not accept any responsibility for errors or omissions in this Information Memorandum. The Relevant Persons disclaim and exclude all liability for all loss, claims, damages, costs and expenses of any nature arising out of or in connection with this Information Memorandum (or any accompanying or subsequent information). The Relevant Persons do not have an obligation to advise any person upon becoming aware of any inaccuracy in, or omission from, this Information Memorandum (or any accompanying or subsequent information).

Independent advice required

In preparing this Information Memorandum, Pengana has taken no account of the investment objectives, financial situation and particular needs of any particular person, and prospective investors must not construe the contents of this Information Memorandum as tax, legal or financial product advice. Before making any decision to invest in the Fund, prospective investors should:

- seek and rely on their own professional advice, in particular obtain appropriate tax, legal, financial and investment advice having regard to their own circumstances; and
- conduct their own independent investigation and analysis regarding any information contained in this Information Memorandum or any other information provided or obtained in relation to the Fund.

Past performance not indicative of future performance

Certain information in this Information Memorandum may constitute forward-looking statements. All statements of opinion or belief, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund, any prior or other platform, fund or asset, represent Pengana's assessment and interpretation of information available as at the date of this Information Memorandum. No representation is made or assurance given that such statements, views, projections or forecasts are reasonable or correct or that the objectives or prospective returns of the Fund, any prior or other platform, fund or asset will be achieved.

Third party information

Certain information contained in this Information Memorandum has been obtained from published sources prepared by other parties and no responsibility is assumed for the accuracy or completeness of such information. All industry and market data has been sourced from research of Pengana, unless otherwise indicated.

Supplementary information

Pengana may in its absolute discretion update or supplement this Information Memorandum at any time. Such further information is provided under the same terms and conditions as this Information Memorandum.

Jurisdictions outside Australia

This Information Memorandum is not intended to constitute an offer in any jurisdiction outside of Australia where, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the units in the Fund or the offer of units in the Fund, or otherwise to permit an offering of the units in any jurisdiction outside Australia. The distribution of this Information Memorandum (electronically or otherwise) in jurisdictions outside Australia is limited and may be restricted by law. Anyone coming into possession of this Information Memorandum should seek advice on its provision and distribution, and observe any relevant legal restrictions on using, providing or distributing it. Failure to comply with such restrictions may constitute a violation of applicable securities law. It is your responsibility to comply with any laws of any country relevant to your subscription for units in the Fund.

Consent

Alpha consents and, as at the date of this Information Memorandum, has not withdrawn its consent to the statements (in the form and context in which they are included) about it. Alpha has not otherwise issued or caused the issue of this Information Memorandum.

Contents

1. About Pengana Capital	6
2. About Alpha	8
3. Overview Of The Fund	9
4. Fund Operation	10
5. Risks Of Investment	15
6. Fees & Charges.....	19
7. Tax Considerations.....	22
8. Other Important Information.....	25
9. Applying For An Investment.....	28
10. Accessing Your Monies.....	30
11. Application Forms.....	32
12. Contact Details.....	33

1. About Pengana

Pengana is an Australian funds management group, with a diverse range of International and Australian investment strategies, managed by distinct teams that aim to deliver superior long-term risk-adjusted returns to investors.

Pengana strives to provide investors access to superior global funds management strategies: strategies that will create an impact on portfolio returns. We do this through our in-house investment teams, and by partnering with differentiated investment managers around the world.

Pengana's premium investment products employ active strategies with non-benchmark mandates, giving our investment teams the freedom to invest in their best ideas.

Our unique business model also delivers centralised support from our corporate team, so our fund managers can focus on what they do best - managing investor money.

Our People

Russel Pillemer

Russel Pillemer co-founded Pengana in 2003. He has been the company's Chief Executive Officer since inception. Prior to founding Pengana, Russel worked in the Investment Banking Division of Goldman Sachs in New York where he specialised in providing advice to funds management businesses. Before moving to New York, he was responsible for leading Goldman Sachs' Australian Financial Institutions Group. Russel was previously Chairman of Centric Wealth Group and a Principal of Turnbull Pillemer Capital. He is a member of the Institute of Chartered Accountants in Australia and has a Bachelor of Commerce (Hons) from the University of New South Wales.

Nick Griffiths

Nick Griffiths is the Chief Investment Officer of Pengana. In this role he is responsible for manager monitoring, performance analysis and risk management across Pengana's investment strategies. He also chairs the Risk Management Committee. Nick is a strong advocate and regular commentator on the use of alternatives and absolute return funds in retail and wholesale portfolios. He has more than 20 years' experience in the actuarial and investment industries in the UK and Australia.

Prior to his current role Nick was Head of Investment Research within Aon's Investment Consulting Practice in Sydney. He managed the Australian based research team and was the regional representative within Aon's Global Research Unit. His educational background includes a Joint Honours degree in Law and Economics from the University of Durham, English and Australian actuarial qualifications and the completion of the Chartered Financial Analyst exams in 2002.

Katrina Glendinning

Katrina Glendinning is the Chief Financial Officer of Pengana and has held this role since the inception of the company in 2003. She is an Executive Director of Pengana Capital and Pengana Investment Management Limited and is a member of Pengana's Compliance and Risk Management Committees.

Katrina is an experienced financial services executive with over 25 years' experience across a diverse range of products, investors and regulatory regimes. Prior to joining Pengana, Katrina was an Executive Vice President at BT Funds Management where she held a number of roles in the nine year period. Prior to that she worked for Price Waterhouse specialising in banking and financial services audit. Katrina has a Bachelor of Economics from the University of Sydney, is an Australian Chartered Accountant, a Fellow of FINSIA and a Graduate of the Australian Institute of Company Directors.

2. About Alpha

The Alpha Group was founded in 2005 and is one of the pre-eminent equity fund managers in Israel. Alpha's portfolio managers have established strong reputations and have many years of experience investing in equity markets.

Our People

Michael Weiss

Michael co-founded Alpha in 2005. In his previous roles he was the CEO of Tamir Fishman Mutual Funds from 2003 to 2005. From 1996 to 2003 Michael was the CEO of Evergreen Mutual Funds and founded the first High-Tech Mutual Fund in Israel. Prior to that, Michael was an Investment Manager specialising in technology and small companies at Analyst Investment Limited.

Michael has a B.Sc. in Electrical Engineering from Ben Gurion University and an MBA from Tel Aviv University and was a Lt. Colonel in the Israeli Air Force.

Gabi Dishi

Gabi Dishi co-founded Alpha in 2005. His prior experience includes being a portfolio manager at Tamir Fishman Asset Management; and a corporate and high net worth advisor in capital markets. Gabi is a Board Member of Babylon Technologies (Israeli public company).

Gabi has a BA from Tel Aviv College and an MBA from Bar Ilan University.

Sagi Ben Yosef

Sagi joined Alpha in 2017. His prior experience includes positions as Director of Marketing and Sales at Tamir Fishman Asset Management and founder and partner at Profound Investment House. In his last position from 2012 to 2017, Sagi was the Executive Director of the United Israel Appeal fundraising arm in Sydney Australia.

Sagi has a BA from the American University of Paris (AUP).

Aviran Revivo

Aviran joined Alpha in 2015. His prior experience includes a role as a senior analyst at Sphera Hedge Funds, a senior analyst at Clal Finance Investment House and as an analyst at Halman-Aldoubi Investment House.

Aviran has a B.A. in Business Administration and History from the Hebrew University of Jerusalem.

3. Overview of the Fund

At a glance:

Investment Objective	The goal of the Fund is to achieve long term capital growth by investing In Israeli and Israeli related companies, generating returns that consistently outperform the relevant benchmarks. Returns are not guaranteed.
Who Can Invest?	Wholesale clients as defined in the <i>Corporations Act</i>
Minimum Investment Amount	A\$250,000 for the AUD class and the US\$ equivalent of A\$250,000 for the USD class <i>(Pengana, as trustee of the fund, reserves the right to accept lower investment amounts)</i>
Fee Structure	Management fee – 1.5% per annum paid monthly in arrears Performance fee – 20% above the Hurdle with a high water mark, paid semi-annually in arrears
Hurdle	4%
Buy/Sell Spread	0.25% / 0.25%
Applications and Redemptions	Monthly
Distribution Frequency	The Fund aims to pay distributions annually
Recommended Investment Term	5+ years

Investment approach:

The Funds investment strategy is based on fundamental and comprehensive research of Israeli companies predominantly listed in Israel or overseas. The Fund will:

- Focus on Israeli high growth industries that have a competitive technological, product or market advantage;
- Typically invest in mature small/mid cap companies;
- Implement a Private Equity investment approach in listed companies – seeking under the radar companies with low analyst coverage and best in class management;
- Employ a fundamental focus with an emphasis on free cash flows enabling consistent dividend payouts;
- Access private pre-IPO securities with lucrative growth potential.

4. Fund Operation

Goal

The goal of the Fund is to achieve long term capital growth by investing in Israeli and Israeli related companies, generating returns that consistently outperform the relevant benchmarks. Returns are not guaranteed.

Strategy

The Fund will seek to exploit the Israeli high-tech edge through an investment process that takes advantage of the Portfolio Managers experience across the technology sector. Investments will range from high tech to industrial companies with a distinct technology advantage. While the Fund will seek investments in companies with a strong growth potential, valuations are paramount.

Types of investments

The Fund will obtain exposure to Israeli and Israeli related securities through a concentrated portfolio of approximately 30 companies with a focus on Israeli high growth industries that have competitive technological, product or market advantages. The Fund will typically invest in mature small to mid-cap companies.

The Fund may hold a substantial proportion of its assets in cash or cash equivalents, may invest in securities which are expected to be listed within 6 months of being acquired, and may use derivatives to hedge market risks.

Currency hedging

The Fund employs currency hedging at the Portfolio level and the Class level.

Portfolio Hedging is designed to hedge against FX movements in the Portfolio by hedging non AUD assets back to the portfolio currency – AUD. It is the intent to hedge all meaningful currency exposures however this is at the discretion of the Fund Advisor and any hedging may not provide complete protection against currency movements. Currency hedges will typically be implemented through currency forwards and adjusted as appropriate. Portfolio Hedging gains and losses are attributed to the Portfolio.

Class Hedging is designed to hedge against FX movements in the USD Class by hedging non-USD exposures back to USD. The unit values for the USD Class are based on a hedged AUD valuation. It is the intent to hedge all the non-USD exposure however the hedging may not provide complete protection against currency movements. Currency hedges will typically be implemented through currency forwards and adjusted as appropriate. Class Hedging gains and losses are attributed to the USD class.

Refer to Section 5 “Risks of Investing” for further information on currency risk.

Who can invest?

Investment in the Fund through this Information Memorandum can only be made by persons who are wholesale clients as defined in the Corporations Act. Refer to Section 8 “Applying for an investment” for information on who qualifies as a wholesale client.

How to invest

Applications may be made into the Australian Dollar class (AUD class) or the US Dollar class (USD class).

Investors in the AUD class should complete the application form accompanying the Information Memorandum and submit it to the Fund Administrator with their investment of at least A\$250,000 payable by direct deposit (see the ‘Applying for an investment’ section of this Information Memorandum). Note, Pengana, as trustee of the Fund, reserves the right to accept lower investment amounts.

Investors wishing to invest into the USD class should contact Pengana for the USD class application form.

More detailed information about how to invest is provided in the ‘Applying for an investment’ section of this Information Memorandum.

Processing applications

Applications must be submitted before 2pm (AEST) two business days before the last business day of each month. **All funds, completed application forms and associated Anti Money Laundering identification documents are required to be received by 2pm (AEST) two business days before the last business day of each month in order to allow for processing of the application.** Pengana reserves the right to waive or change this deadline in its sole discretion.

Terms and conditions of investing

The offer to invest in the Fund is subject to the terms and conditions described in this Information Memorandum and as set out in the Fund’s Trust Deed (see the ‘Other important information’ section).

Pengana reserves the right to change the terms and conditions and to refuse or reject an application. All application moneys must be deposited in the Fund’s bank account by electronic means on or before 2 pm (AEST) two business days before the end of each month to allow for investments to be processed at the relevant unit price for the end of that month.

Issue and redemption price

The Fund Administrator calculates unit prices in three steps:

- first, they calculate the value of the investments of the Fund for the relevant class (AUD or USD) and take away the value of the liabilities for the class as defined in the Fund's Trust Deed;
- then they divide this result by the number of units on issue in the class to obtain the unit mid-price;
- finally, they make an adjustment (up for the issue price, to take account of the costs of buying investments or down for the redemption price to take account of the costs of realising investments) called a buy-sell spread. The buy-sell spread does not represent a fee to Pengana or Alpha and is discussed in more detail in Section 5 "Fees & Charges".

The issue price will be the unit price on the day the units are issued. The redemption price will be the unit price on the day the units are redeemed.

Cooling off rights

Wholesale investors do not have cooling off rights in relation to an investment in the Fund.

Valuation of Fund assets

The Fund Administrator calculates the value of the investments of the Fund in the relevant class (AUD and USD) and takes away the value of the liabilities for the class as defined in the Fund's Trust Deed. In line with market practice, Pengana may determine valuation methods and policies for each category of asset and may change these methods and policies from time to time. Unless determined otherwise, the value of a listed asset will be its last closing sale price. The values of liabilities include all significant accrued income and expenses that are due and payable to or from the relevant class. The valuation of each class of the Fund is calculated monthly on the last business day of the relevant month. The methodology and practice used is reviewed annually by the auditor as part of the annual Fund audit.

The value of the investment

Investments made through this Information Memorandum relate to units. Unit prices can rise and fall on a monthly basis. Consequently, investment value will vary from time to time. The investment value at any point in time is calculated by multiplying the number of units held in the class by the unit price. The unit price reflects the NAV and the NAV is determined monthly.

Distributions

Pengana intends to pay distributions annually. Investors should be aware that although Pengana's intention is to pay distributions annually, the amount of each distribution will vary depending on the performance of the Fund's assets.

Where the trustee elects for the Fund to be an 'attribution managed investment trust' or 'AMIT' for a financial year, the trustee will have the power to accumulate all or any part of the income of the Fund. If this power is utilised then the trustee may allocate (but not pay) taxable income to unit holders. The Trustee intends to elect for the Fund to be an AMIT from 1 July 2019 onwards, but Pengana does not intend to utilise this accumulation power unless the circumstances require.

Payment of distributions

Distributions will be paid directly into each investor's nominated bank account unless distribution reinvestment is requested. Please contact Pengana Client Service if you would like to reinvest your distributions.

Redemptions

Redemptions can be made on a monthly basis with one month's notice. Redemptions must be made via the redemption form available on request from Pengana and must be received by 2pm (AEST) on the last business day of the prior calendar month.

Transfer of units

Units can be transferred with the permission of Pengana and to those persons who qualify as a wholesale client within the meaning of the Corporations Act. Please contact Pengana for all transfer requests.

Investment information

Confirmation of each transaction will be sent by our Fund Administrator.

Fund information

The following information will be available electronically:

- The Fund's annual financial reports;
- Regular updates from Pengana about the performance and composition of the Fund's portfolio;
- Any replacement or supplementary Information Memorandum; and
- A copy of the Trust Deed (available in electronic form on request from Pengana).

Communications

Please note that Pengana intends to communicate with you by email. All reports, updates and other information that will be provided will be sent to the email address you specify in the application form accompanying this Information Memorandum. By investing in the Fund, you agree to receiving all communications electronically.

Retaining this Information Memorandum

Investors should keep this Information Memorandum and any replacement or supplementary Information Memorandum, as they may need to refer to information about the Fund. An electronic copy of the current Information Memorandum and any replacement or supplementary Information Memorandum will be sent on request.

Changes to the information in this Information Memorandum

Before making an investment decision, it is important to read the current Information Memorandum, as information provided in an Information Memorandum may change from time to time. If changes are not materially adverse to investors, the relevant information will be updated online at www.pengana.com. However, if a change is considered materially adverse to investors, Pengana will issue a replacement or supplementary Information Memorandum. Investors can also obtain a copy of the updated information and any replacement or supplementary Information Memorandum by contacting Pengana.

Should Pengana intend to change the Fund's investment objective or investment approach, investors will be advised in writing, before making the change. See 'Changes to fees and costs' in section 6 for details about other times when Pengana will notify investors before changing information in this Information Memorandum.

Questions about the Investment

Investors should contact Client Service on +61 2 8524 9900 with any questions relating to the investment.

5 Risks of Investment

The Fund is designed only for sophisticated investors who are able to risk losing some or all of their investment and who have no need for liquidity. Potential investors should review this Information Memorandum carefully in its entirety and consult with their professional advisors before deciding whether to invest in the Fund. A number of key risks are highlighted in the section below. This list of risks is not exhaustive and there could be other risks that affect the performance of the Fund. You should seek your own professional advice on the appropriateness of this investment to your circumstances.

All investments carry risk. Different investment strategies carry different levels of risk depending on the underlying mix of assets that make up the strategy. Usually, assets with the potential for the highest long-term returns carry the highest levels of short-term risk.

While Pengana aims to generate good investment returns over the medium to long term, it is important for you to carefully consider the risks of investing in the Fund and to understand that:

- the value of your investment will go up and down,
- investment returns will vary and future returns may differ from past returns,
- returns are not guaranteed and you may lose some or all of the money you invest,
- laws affecting managed investment schemes may change in the future, and
- your level of risk tolerance will vary depending on a range of factors including your age, investment time frames and where other parts of your wealth are invested.

Individual Investment Risk

The value of the Fund's portfolio may be affected by unexpected changes in the value of the investments in the portfolio. Such changes may be due to unexpected company specific issues that impact the market value of the individual investments.

Market Risk

Market risk is the risk that prices of all listed securities fall. Market fluctuations are subject to a host of factors, including economic conditions, government regulations, market sentiment, local and international political events and environmental and technological issues. Market risk may have different impacts on each investment.

Inflation Risk

Inflation risk is the risk that the prices of goods and services will rise faster than the value of the investments.

International Investing Risk

The Fund primarily holds investments in global securities listed on approved exchanges. Risks of international investing may include currency fluctuations, foreign tax, different market and settlement practices, adverse political and economic developments, limited liquidity, foreign exchange controls and investment restrictions. Regulatory intervention can also materially affect the Fund's ability to affect its investment strategy and adversely affect the Fund's performance.

Small Company Risk

Smaller companies may be less liquid and their values more volatile and harder to ascertain accurately than larger companies. Company disclosure may also be less transparent and their business models may be less diversified and robust to changes in management or operating environment.

Currency Risk

The Fund will invest in countries other than Australia. If the currencies of those countries change in value relative to the Australian dollar, the value of these investments may change and may negatively affect the Fund's return. Additionally, any hedging of foreign exchange exposures undertaken by the Fund may not provide complete protection from adverse currency movements or a counterparty to such hedging transactions may default on their obligations to the Fund.

Counterparty and Broker/Custodian Credit Risk

There is a risk of loss caused by a counterparty to a transaction with the Fund, including the custodian (Bank Leumi or Interactive Brokers), defaulting on their financial obligations, failing to perform their contractual obligations or becoming insolvent. A counterparty defaulting on its obligations could result in a default payment, which may subject the Fund to substantial losses and cause the net asset value of the Fund to fall.

Liquidity Risk

This is the risk that an investment may not be able to be sold quickly enough or without suffering a loss. A lack of liquidity may also affect the amount of time it takes us to satisfy withdrawal requests.

Concentration Risk

The Fund will invest a relatively high percentage of its assets in a limited number of securities. The value of the Fund may be more adversely affected by any single adverse business, economic, political or regulatory event than the value of a more diversified portfolio.

Derivatives Risk

A small investment in derivatives may control a much greater value of underlying assets. This magnifies potential profits and losses, as measured against the outlay. The Fund may also be exposed to counterparty risk, i.e. risk in connection with the parties on the other side of derivatives contracts entered into for the Fund.

Force Majeure Events

Events, including acts of God, fire, flood, earthquakes, war, terrorism and labour strikes may adversely affect the normal operations of financial markets and the Fund.

Political and Legal Risk

The value of the Fund's assets may be affected by uncertainties, including political and economic developments and changes in laws and regulations in Australia, Israel or other countries relating to managed funds.

Fund Risk

Risks particular to the Fund include the risk that the Fund could terminate and that fees and expenses payable by the Fund could change. There is also a risk that investing in the Fund may give different results than investing individually because of income or capital gains accrued in the Fund or the consequences of investments and withdrawals by other investors.

Low Cash Position

If the Fund has a low cash balance, this could hamper or delay the ability of the Fund to pay distributions.

Significant Redemptions Risk

A risk exists that a significant number of requests for redemption of Units in the Fund will be received. In such an event, it may not be possible to liquidate some of the Fund's investments at the time that such redemptions are requested, or it may be possible to do so only at prices which do not reflect the true value of such investments, resulting in an adverse effect on the return to Investors.

Taxation Change Risk

Any change in taxation policy may impact the distributions to unit holders, as well as, the taxation treatment of those distributions.

Volatility Risk

Volatility in the prices of the underlying assets of the Fund can result in fluctuations in the unit price and/or amounts distributed to Unitholders.

Investment Manager Risk

Like other investment managers, Alpha's investment approach directly impacts the value of this investment and performance is likely to vary in different market conditions. No single investment approach performs better than all others in all market conditions. Changes in key personnel within Alpha may also impact the Fund's returns.

Interest Rate Risk

Changes in interest rates can have a direct or indirect impact on the investment value and/or returns of all types of assets. Interest rates may directly or indirectly affect a company's cost of borrowings.

The level of risk you are willing to accept will depend on a range of factors including:

- your investment goals,
- your age,
- your investment time frame,
- how other parts of your wealth are invested, and
- your overall risk tolerance.

THE RISK FACTORS MENTIONED ABOVE ARE NOT EXHAUSTIVE AND DO NOT COMPLETELY EXPLAIN THE RISKS INVOLVED IN THIS OFFERING. POTENTIAL INVESTORS MUST READ THE ENTIRE INFORMATION MEMORANDUM AND CONSULT THEIR OWN ADVISERS BEFORE INVESTING IN THE FUND.

6. Fees & Charges

Management fee

A management fee of 1.50% per annum is charged on the NAV of each class (AUD and USD) of the Fund. The fee is payable monthly in arrears and calculated on the NAV on the last day of each month and payable on the next business day thereafter.

Pengana may share any management fee it earns with Alpha.

Performance fee

A performance fee is charged of 20% of the performance of each class (AUD and USD) of the Fund greater than the Hurdle calculated during a Performance Period and subject to the High Water Mark.

Performance is measured by comparing the change in the NAV of the relevant class of the Fund each time the class of the Fund is valued, adjusted for applications, redemptions or distributions (excluding any current period performance fee accrued and net of management fees and other fees and costs and before performance fees are deducted).

“Performance Period” means each 6 month period commencing on 1 January and 1 July.

The performance fee is calculated and accrued monthly and paid semi-annually in arrears. The Fund Administrator may accrue an estimate of any performance fee in the unit price.

Pengana may share any performance fee it earns with Alpha.

Hurdle

The Hurdle is 4% per annum. No performance fee is payable until any previous periods of underperformance against the Hurdle have been made up.

High Water Mark

The High Water Mark is the NAV at which a performance fee was last paid. A performance fee is payable at the end of a Performance Period only if the current NAV (adjusted for applications, redemptions or distributions) exceeds the High Water Mark.

Other costs

Each class of the Fund (AUD and USD) bears all costs and expenses of its organisation and ongoing operation, including, without limitation, (a) all fees and charges of custodians, fund administrators, trustees, clearing agencies and banks, (b) all administration, bookkeeping, recordkeeping, legal, accounting, auditing, tax preparation and all professional, expert and consulting fees and expenses arising in connection with each classes' activities, (c) all trading costs and expenses (such as, for example, brokerage commissions and charges, clearing and settlement charges and service

fees), (d) all costs and expenses of negotiating and entering into contracts and arrangements and making investments (such as brokerage, legal, accounting and other professional and consulting fees and expenses arising from particular investments and potential investments), (e) costs and expenses of investing each classes' assets indirectly, such as through another fund (including all or a portion of the costs and expenses of organising and operating that fund), (f) all income taxes, withholding taxes, transfer taxes and other governmental charges and duties and (g) any contingencies for which Pengana determines reserves might be required.

Pengana bears all of its own overhead and administrative expenses, other than the expenses described in the previous paragraph.

Buy/Sell spread

Each class of the Fund may incur transaction costs associated with buying and selling the underlying investments of the class. These include expenses such as brokerage, transaction costs, stamp duty and other government taxes or charges paid on share transactions. The Buy/Sell spread seeks to fairly allocate transaction costs incurred by investors applying into or redeeming from the class. The difference between the issue and redemption price is the buy/sell spread and is as set out below.

Buy	+0.25%
Sell	-0.25%

Changes to fees and costs

Pengana, as trustee of the Fund, may change the fees noted in this Information Memorandum at its discretion and without the consent of investors. For example, fees may be increased where increased charges are incurred due to government changes to legislation, where increased costs are incurred, if there are significant changes to economic conditions, or if third parties impose or increase processing charges. However, Pengana will give investors 30 days' notice of any intention to increase the existing fees, expenses or recovery of expenses, or introduce contribution or withdrawal fees.

Tax on fees and charges

Unless otherwise stated, the fees shown above are exclusive of Goods and Services Tax (GST). For information about the tax implications of investing in the Fund, see the Tax Considerations' section of this Information Memorandum.

7. Tax Considerations

This section is a general summary of taxation matters relating to the Fund. This taxation summary addresses tax consequences for investors based on Australian income tax, stamp duty and GST laws in effect as at the date of this Information Memorandum based on our understanding of those laws.

This taxation summary assumes that investors are Australian residents for tax purposes who will hold the units in the Fund directly on capital account. It does not consider the position for investors who are holding the units on revenue account, or who are subject to the taxation of financial arrangements (TOFA) rules.

This taxation summary is general in nature, is not exhaustive, and it does not take into account the specific circumstances of individual investors in the Fund. We recommend that investors seek independent professional taxation advice relevant to their particular circumstances.

Taxation of the Fund

Generally, it is not expected that the Fund will pay Australian income tax because the net income of the Fund will be allocated to investors. Depending on your taxation position you may be liable to tax on your share of the net income of the Fund, and you may become entitled to certain tax offsets.

The Australian Government has enacted legislation so that a trust which qualifies as an eligible managed investment trust (MIT) can elect to treat the trust's "covered assets" (primarily, shares, units and real property) on capital account. In this case investors may obtain the benefit of the CGT discount and other tax concessions (where applicable) on distributions of capital gains received from the Fund.

The Fund currently qualifies as an eligible MIT and has made the capital account election. However you should be aware that determining whether the Fund would qualify as an MIT is complex and is tested on a year-to-year basis. Any determination as to the eligibility of the Fund as an MIT depends on the Fund meeting a 'widely held' test and a 'closely held' test and this could be subject to change should the makeup of the Fund's investors change. This could result in the Fund's investments being treated as held on revenue account rather than on capital account.

The Trustee has elected for the Fund to be an AMIT from 1 July 2019 onwards.

Taxation of the unitholders

You will be provided with a distribution statement (known as an 'AMMA statement') that sets out the taxable components of the Fund on which you may be assessed for each year in which the Fund is an AMIT.

You will generally be required to include in your assessable income your attributed income of the Fund. There may be instances where your attributed share of the taxable income of the Fund exceeds the distribution you receive from the Fund.

Capital gains tax (CGT) cost base reductions or uplifts may occur where taxable income attributed is either less than or greater than, respectively, the total of both cash distributed and tax offsets attributed for an income year. Where you have a nil cost base in your units, or where the total cost base reduction amount exceeds the cost base of your units, a capital gain may arise to you for that year. You should maintain records of your cost base adjustments. You may also be entitled to tax offsets (franking credits and/or foreign tax offsets) attributed by the Fund. Provided you satisfy certain provisions of the tax acts, you may be able to utilise these offsets against your tax liability on the taxable components of the distributions. In order to claim the amount of tax offsets, you must include the amount of the offsets in your assessable income.

We will advise you of your share of tax offsets in the AMMA statement.

The disposal of units (for example by transfer) may give rise to a capital gains tax liability or a capital loss. Where you have held your units on capital account for more than 12 months you may be entitled to a capital gains tax discount.

Israeli tax opinion

The Trustee has obtained an opinion from an Israeli law firm, Gornitzky & Co, that the Fund should not have a permanent establishment in Israel. Therefore, provided an investor in the Fund is an Australian tax resident, the investor should be entitled to an exemption from capital gains tax in Israel upon the Fund selling Israeli traded securities. The opinion is available from Pengana upon request.

GST and stamp duty

The Fund is registered for GST. Most goods and services acquired by the Fund will be subject to GST including fund manager fees. The Fund may be entitled to reduced input tax credits, which reduce the GST cost to the Fund. No GST will apply on amounts received by the Fund on the issue of units.

The issue or redemption of units should not attract any stamp duty. Stamp duty should not be payable on the transfer of units.

Quoting a TFN or ABN

You may choose to quote your Tax File Number (TFN) or Australian Business Number (ABN) (if applicable) or claim an exemption in relation to your investment in the Fund. If you do not quote your TFN or ABN or claim an exemption, tax will be deducted from any distribution to you at the highest personal tax rate (plus Medicare Levy).

Non-resident account holder reporting requirements

As a result of an increased international focus on account holder data exchange, a number of countries have legislated that financial institutions (which includes us) identify and report certain information about the financial accounts of investors. The regimes include the United States Foreign Account Tax Compliance Act (FATCA) and the OECD's Common Reporting Standard (CRS). To comply with our obligations under various reporting legislation we will provide to the Australian Taxation Office (ATO) such data as required in respect of your investment with us. This will be required if you are a US citizen or a foreign tax resident of any jurisdiction outside of Australia. If we have attempted to confirm your tax status with you but have been unable to do so, we may still be required to notify the ATO.

8. Other Important Information

The Fund's Trust Deed

The Fund is a managed investment scheme, structured as a unit trust. The Fund's Trust Deed provides the framework for the operation of the Fund and with this Information Memorandum and other relevant laws, sets out the relationship between Pengana, as trustee of the Fund, and investors. Pengana will send an electronic copy of the Fund's Trust Deed to investors, on request.

Some of the provisions of the Fund's Trust Deed are discussed in this Information Memorandum. Further provisions relate to:

- the rights and liabilities of investors;
- the nature of units of the Fund (units can be divided into classes and may have different rights associated with them);
- Pengana's powers and how and when they can be exercised;
- when and how Pengana can retire or be removed;
- when the Fund terminates (if it does the relevant investors share the net proceeds on a pro-rata basis, adjusted for any liabilities);
- changing the Trust Deed (how and when this can occur);
- calling investor meetings; and
- the powers, rights and liabilities of Pengana as trustee, including its power to invest the assets of the Fund, to deal with itself and its associates and to be reimbursed or indemnified out of the assets of the Fund.

The Fund's Trust Deed limits an investor's liability to the value of their units subject to the Trust Deed.

Pengana's duties as trustee

Pengana is the trustee of the Fund.

All obligations which might otherwise be implied or imposed on Pengana by law or equity are expressly excluded to the extent permitted by law.

- If Pengana acts in good faith and without gross negligence it will not be liable in equity, contract, tort or otherwise to investors for any loss suffered in any way relating to the Fund.
- Pengana's liability to any person other than an investor in respect of the Fund is limited to its actual indemnification from the assets for that liability.
- Pengana has entered into the Trust Deed in its capacity as trustee of the Fund and not in its personal capacity.

- Pengana is entitled to be indemnified out of the assets of the Fund for any liability incurred by it in relation to the Fund including any liability incurred because of a delegate or agent.
- Pengana may take and may act (or not act as relevant) on any advice, information and documents which it has no reason to doubt as to authenticity, accuracy or genuineness.
- Pengana may:
 - deal with itself (as trustee of the Fund or in any other capacity), any associate or any investor;
 - be interested in any contract or transaction with itself (as trustee of the Fund or in any other capacity), any associate or investor; and
 - may act in the same or a similar capacity in relation to any other trust or managed investment scheme and retain any benefit from doing so.

Each investor indemnifies Pengana for all liability incurred by it arising directly or indirectly from the investor's breach of its obligations to it. This indemnity is in addition to any indemnity under law and continues to apply after the investor ceases to be an investor.

Limits on the responsibility of unitholders

The Trust Deed limits a unitholder's liability to any unpaid part of the issue price of your units and that you need not indemnify Pengana if there are not enough assets to meet the claim of any creditor of Pengana's.

In the absence of separate agreement with an investor, Pengana's recourse and any creditor is generally limited to the Fund assets.

Terminating the Fund

Pengana can decide to terminate the Fund anytime.

After termination, Pengana will wind up the Fund: generally Pengana will realise all the investments, pay all monies owing (including fees and expenses), and distribute the net proceeds to investors as appropriate as soon as it considers practicable.

Pengana can distribute assets rather than cash to some investors and not to others. Pengana would first deduct any moneys an investor owes. It can take some time to finalise this process.

Privacy

The main purpose in collecting personal information is to establish and administer investment accounts. If the required information is not provided, Pengana may not be able to process the application.

The Pengana Privacy Policy, which can be obtained online at www.pengana.com or on request, sets out Pengana's policies on management of personal information. Personal information may be disclosed to external service suppliers who supply administrative, financial or other services that assist Pengana in providing services to investors. Pengana may also use and disclose personal information about investors for the purposes of complying with its obligations under the Anti—Money Laundering and Counter—Terrorism Financing laws.

Unless required or authorised by law, Pengana will only provide personal information about investors to those authorised service providers it outsources certain functions to, including the Fund Administrator.

Under the *Privacy Act 1988* (Cth), investors may access personal information held by Pengana about themselves, although there are some exemptions to this. If investors believe information held about them is inaccurate, incomplete or out of date, they should contact Pengana.

9. Applying for an Investment

Investors will need to complete an application form accompanying a current Information Memorandum when they apply for an investment in the Fund. All investments are made on the basis of the Information Memorandum current at the time. Investors can obtain a current Information Memorandum and application form by contacting Pengana.

Applications may be made into the Australian Dollar class (AUD class) or the US Dollar class (USD class). The application form accompanying this Information Memorandum is for the AUD class. If investors want to invest into the USD class they should contact Pengana for the USD class application form.

Minimum investment amounts

A\$250,000 for the AUD class and the US\$ equivalent of A\$250,000 for the USD class

(Pengana, as trustee of the Fund, reserves the right to accept lower investment amounts.)

Payment methods

Investors must make investments by direct deposit into the bank account described below for the AUD class. Please see the USD class application form for bank account details for the USD class.

Application account for the AUD class:

Bank:	St George Bank
Account name:	ORS AUD Applications Account Pengana
BSB:	332-027
Account number:	555499298

Completing the Application Form

The application form should only be completed and signed by:

- the person who is, or will become, the unitholder;
- an authorised signatory if the application is on behalf of a company, trust or superannuation fund; or
- an agent for the investor, acting under power of attorney or as a legal or nominated representative.

Submitting the application

Mail or email the completed application form and identification documentation to:

Email: info@oneregistryservices.com.au

Post/Delivery:

**Pengana Alpha Israel Fund Unit Registry
PO Box R1479
Royal Exchange NSW 1225**

How to qualify as a wholesale client

If you are applying for A\$500,000 (or USD equivalent) or more you'll be automatically deemed wholesale client and no additional documentation is required.

If you are investing less than A\$500,000 (or USD equivalent), the easiest way to establish that you are a wholesale client is to arrange for your accountant to provide an Accountant's Certificate that is no more than 24 months old certifying that:

- the investor themselves has the **Required Net Assets** or the **Required Gross Income** OR
- together with any trusts or companies the Investor controls, the investor has the Required Net Assets or the Required Gross Income OR
- the investor is a trust or company controlled by a person who has the Required Net Assets or the Required Gross Income.

Required Net Assets means net assets of at least A\$2,500,000.

Required Gross Income means for each of the last two financial years, at least A\$250,000 a year.

There are other ways that you can qualify as a wholesale client, including:

- you hold an Australian financial services licence or
- provide a statutory declaration that you meet any of the other categories of wholesale client. These include that you:
 - are a person regulated by the Australian Prudential regulation Authority (other than a trustee of a superannuation fund, an approved deposit fund, a pooled superannuation trust or a public sector superannuation scheme)
 - are a trustee of a superannuation fund, an approved deposit fund, a pooled superannuation trust or a public sector superannuation scheme within the meaning of the Superannuation Industry (Supervision) Act 1993 (Cth) with net assets of at least A\$10 million

- control at least A\$10 million for the purposes of investment in securities (including any amount held by an associate or under a trust that the investing entity manages)
- are a manufacturer and employ 100 or more people
- the investing entity is not a manufacturer but employs 20 or more people or
- are a listed entity, or a related body corporate of a listed entity.

Please contact Pengana if you need assistance in providing the appropriate documentation to certify that you are a wholesale client.

10. Accessing your monies

How to withdraw

Redemptions can be made on a monthly basis with one month's notice. Redemptions must be made via the redemption form available on request from Pengana and must be received by 2pm (AEST) on the last business day of the prior calendar month.

Once lodged, withdrawal requests cannot generally be withdrawn.

Your withdrawal will be paid by transfer to your nominated account, normally at least 10 business days of the request being processed. There can be delays in certain circumstances, as set out below.

USD Class redemptions will generally only be paid to a USD bank account.

Deductions

Pengana may deduct from any money payable to an investor (including on winding up) or otherwise recover from an investor:

- any moneys due to Pengana by the investor, and
- any money Pengana (as trustee or in any other capacity) owes someone else relating to the investor (for example, to the tax office).

Delaying access to your investment

Pengana can delay unit redemption for up to 180 days or such longer or shorter period as is appropriate in all the circumstances for example if:

- there is a circumstance outside Pengana's reasonable control which it considers impacts on its ability to properly or fairly calculate unit price, for so long as the circumstance continues (for example, if the assets are subject to restrictions or if there is material market uncertainty)
- Pengana has determined to honour redemption requests in relation to a particular processing day and the total redemption moneys which would be payable at that time represent more than 10% of the value of the net assets of the relevant class of the Fund (and in this case Pengana can redeem the units at such future time, or at times over such period, as Pengana determines, and payments to each investor must be in the proportion that their redemption moneys bear to all other redemption moneys which were payable at that time) and
- such other circumstance as Pengana determines to be appropriate having regard to the best interests of investors as a whole.

Unit prices are generally calculated at the time the delay ends.

The Trust Deed for the Fund sets out the wide range of circumstances in which Pengana can delay withdrawal of your money. A copy of the Trust Deed is available on request.

Compulsory redemptions

Pengana may redeem units without an investor asking in limited circumstances, including:

- if you have breached your obligations to Pengana
- to satisfy any amount of money due to Pengana (as trustee or in any other capacity) by you
- to satisfy any amount of money Pengana (as trustee or in any other capacity) owes someone else relating to your investment (for example, to the tax office)
- where Pengana suspects that law prohibits you from legally being an investor in the Fund or
- such other circumstance as Pengana determines to be appropriate in its absolute discretion.

The Trust Deed sets out other circumstances where compulsory redemption may apply. A copy of the trust Deed is available on request.

11. Application forms

Applications may be made into the Australian Dollar class (AUD class) or the US Dollar class (USD class). The application form accompanying the Information Memorandum is for the AUD class. Investors wishing to invest into the USD class should contact Pengana for the USD class application form.

Please complete **ALL** of the sections that are relevant to you in the application form.

Please then forward the completed forms and the required certified identification evidence to the below address:

Email: info@oneregistryservices.com.au

Post/Delivery:

Pengana Alpha Israel Fund Unit Registry

PO Box R1479

Royal Exchange NSW 1225

The Fund Administrator reserves the right to collect more information to satisfy its obligations under the *Anti-money Laundering and Counter-Terrorism Financing Act 2006 (Cth)* as required.

12. Contact Details

For information about investing in the Fund, please contact us.

Mailing address

Pengana Capital Limited
GPO Box 5409
Sydney NSW 2001

Client Services

T: +61 2 8524 9900

8.30am – 5.30pm Sydney time, Monday to Friday

E: clientservice@pengana.com

W: www.pengana.com

