



PENGANA CAPITAL GROUP

SHAREHOLDER PRESENTATION

FOR THE YEAR ENDED
30 JUNE 2023

Russel Pillemer
Chief Executive Officer

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Chief Financial Officer



PENGANA CAPITAL GROUP

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SECTION I

BUSINESS OVERVIEW



GROUP OVERVIEW

Leading Australian provider of premium, value added products

Focused on the higher-end retail market: financial advisors, SMSFs and HNW's

- Serviced by experienced and capable distribution team

Robust, scalable and technologically advanced “institutional-grade” infrastructure

Circa \$3.0 bn of funds under management (“FUM”)

- Diversified across strategies/funds; geographies; market-caps; listed and private equity
- Good fee margins and diversified sources of performance fees across 78% of FUM

Strong balance sheet providing stability and the ability to weather market fluctuations

Recognised, well-regarded brand built over 20 years

- Loyal client base
- Product well-rated by research houses;
- Extensive availability across advisor platforms

Strong management team with significant industry expertise and experience

Unique funds management business model, facilitating horizontal growth

- Multiple growth prospects in “high-demand” segments/themes;
- capacity to grow in existing strategies as well as optionality to add new strategies
- 25% of FUM in listed vehicles

Proven ability to identify and capitalise on market opportunities

COMPELLING TRACK RECORDS WITH CAPACITY TO GROW

(AS AT 30/06/2023)

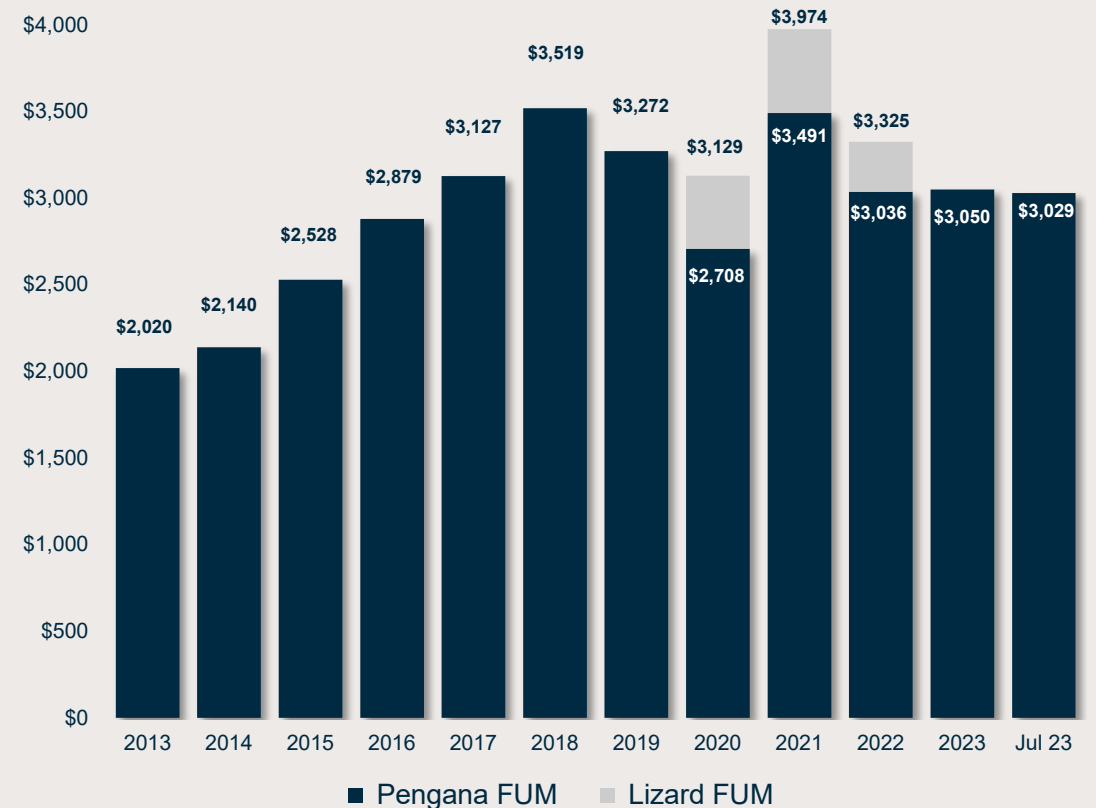
Primary Fund/Vehicle Name	Strategy	Team	FUM Current (\$m)	Indicative Further FUM Capacity (\$bn)	Performance Since Inception p.a. ¹³		
					Fund %	Benchmark %	Relative %
Pengana Australian Equities¹	Australian Multi Caps	Internal	682	Limited	8.6	6.6	2.0
Pengana Emerging Companies²	Australian Small Caps	Internal	678	Limited	11.7	4.4	7.3
Pengana Private Equity (LIT)³	Private Equity	JV	453	Very large	11.9	-	-
Pengana Axiom International Ethical ^{4, 13}	Global, Multi Caps, Ethical	JV	355	Very large	7.9	7.6	0.3
Pengana International Equities Ltd (LIC)⁵	Global, Multi Caps, Ethical	JV	315	Very large	7.0	7.6	(0.6)
Pengana WHEB Sustainable Impact ^{6, 12}	Global, Multi Caps, Impact	JV	275	~\$800m	6.0	7.2	(1.2)
Pengana Global Small Companies⁷	Global, Small Caps	JV	142	~\$500m	6.7	7.9	(1.2)
Pengana Harding Loevner International ^{8, 12}	Global, Multi Caps, ESG	JV	43	Very large	9.2	7.1	2.1
Pengana High Conviction Equities ⁹	Global, Multi Caps	Internal	39	~\$200m	21.4	11.4	10.0
Pengana Alpha Israel ¹⁰	Israel, Small-Mid Caps	JV	29	~\$500m	5.9	5.9	-
Pengana High Conviction Property ¹¹	Australian, Multi Caps, ESG	Internal	15	~\$700m	5.2	(0.1)	5.3
Other	Other	-	24	-	-	-	-

1. Benchmark: ASX All Ordinaries Accumulation Index, Inception Jul-08 2. Benchmark: ASX Small Ordinaries Accumulation Index, Inception Nov-04 3. Inception Apr-19 4. Benchmark: MSCI AC World Total Return Index (Net), Inception Jun-04 5. Benchmark: MSCI World Total Return Index (Net), Inception Mar-04 6. Benchmark: MSCI World Total Return Index (Net), Inception Jan-06 7. Benchmark: MSCI AC World SMID Cap Index (Unhedged) AUD, Inception Apr-15 8. Benchmark: MSCI AC World Total Return Index (Net), Inception Nov-89 9. Benchmark: MSCI World Total Return Index (Net), Inception Dec-14 10. Benchmark: Tel Aviv Stock Exchange 125 Index, Inception Dec-17 11. Benchmark: S&P/ASX 200 A-REIT TR Index, Inception Feb-20 12. Performance since inception of strategy to date current investment team was appointed is simulated by converting US-denominated gross returns to AUD and applying the fee structure of the stated class 13. Performance since inception of Primary Fund to 31 December 2022

GROWTH IN FUNDS UNDER MANAGEMENT (“FUM”)¹

- Focus over the past few years has been on re-positioning the business for future FUM growth at higher margins
- FUM flat over the 12 months to 30 June 2023³
 - positive performance for the period of \$338 million
 - distributions made to investors of \$173 million
 - net outflows of \$152 million
- Divestment of Lizard Investors LLC (‘Lizard’) reduced FUM by \$258 million in January 2023
- Well-positioned for future growth due to the quality of offerings in “high-demand” segments/ themes
 - Private markets, including market leading private equity LIT
 - ESG, ethical and impact investing – across multiple vehicles
 - Non-index aware/ absolute return – all vehicles
 - Global equities – several funds and LIC
- Opportunity to diversify further over time by adding new strategies and businesses

HISTORICAL GROWTH IN FUM (\$M)²

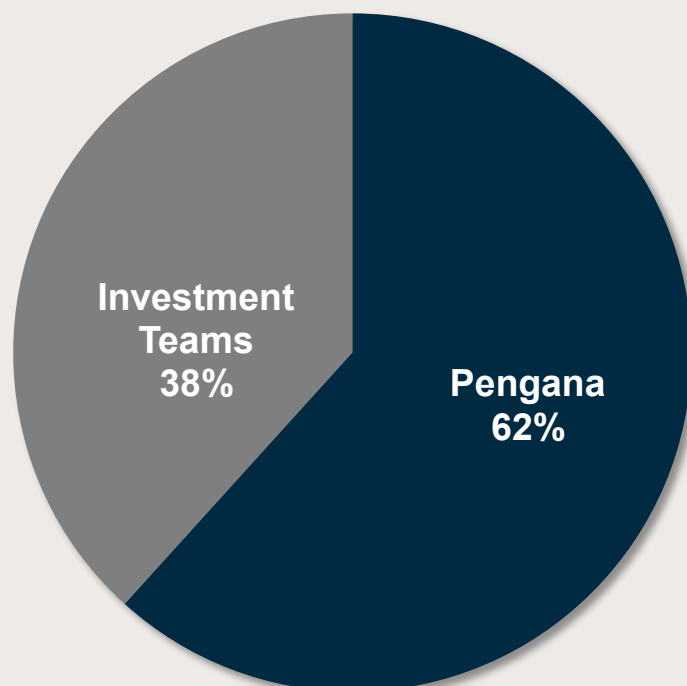


1. The amount of funds under management can increase or decrease due to a range of factors including net fund flows, distributions to investors and investment performance. Past performance is not a reliable indicator of future performance. The reported FUM is prior to any distributions and dividends being paid to investors. 2. Combined Pengana and Hunter Hall FUM at each 30 June. 3. Excludes Lizard movements in FUM

ANALYSIS OF MANAGEMENT FEES

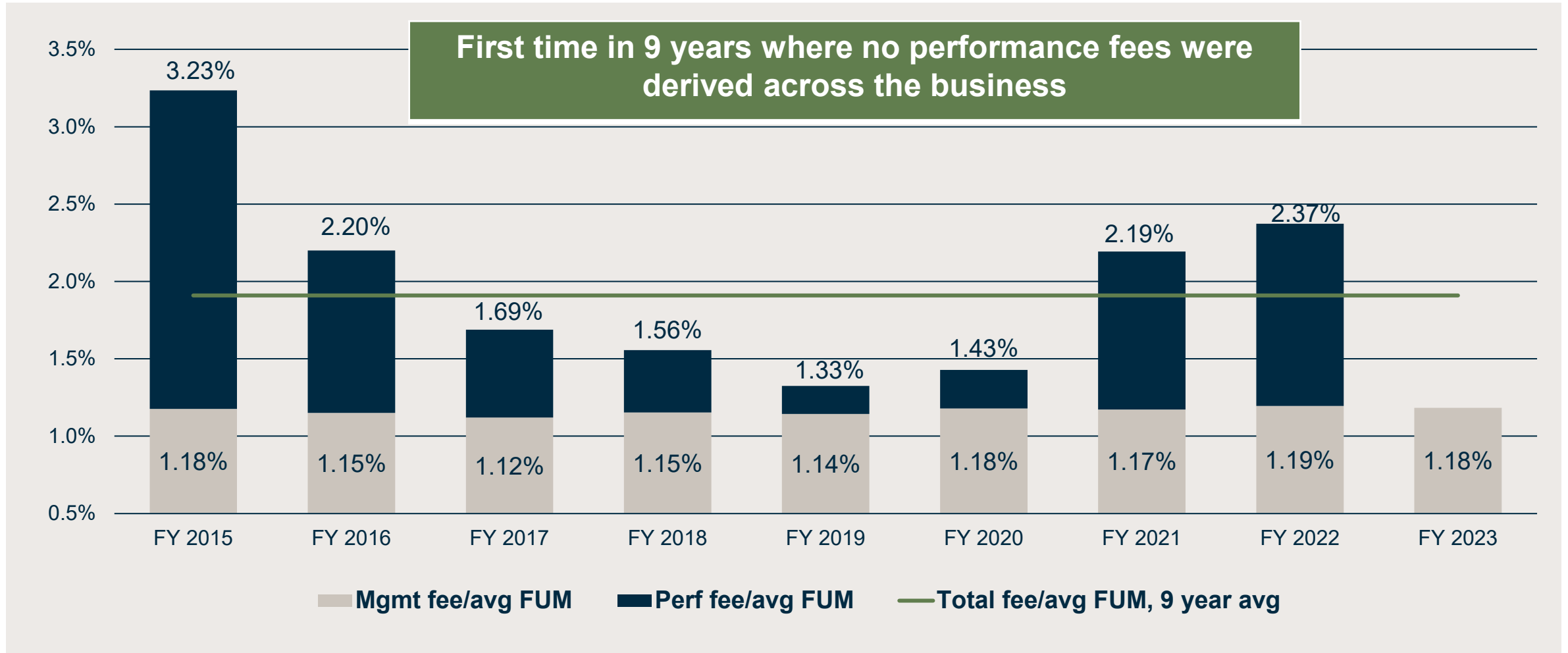
(AS AT 30/06/2023)

MANAGEMENT FEE SPLIT IN FY2023 (\$36.0M)



- Funds under management (“FUM”) subject to management fees of \$3.05bn (at 30/06/2023)
- Average gross management fee rate of 1.19% (FY22: 1.19%)
- Management fees of \$36.0 million in FY2023 split:
 - 38% to Investment Teams (FY22: 40%)
 - 62% to PCG (FY22: 60%)
- As business grows, PCG is targeting:
 - Average gross management fee rate to be maintained at around current levels
 - PCG’s percentage split to grow due to more favorable arrangements with fund management teams

ANNUAL GROSS FEE MARGIN

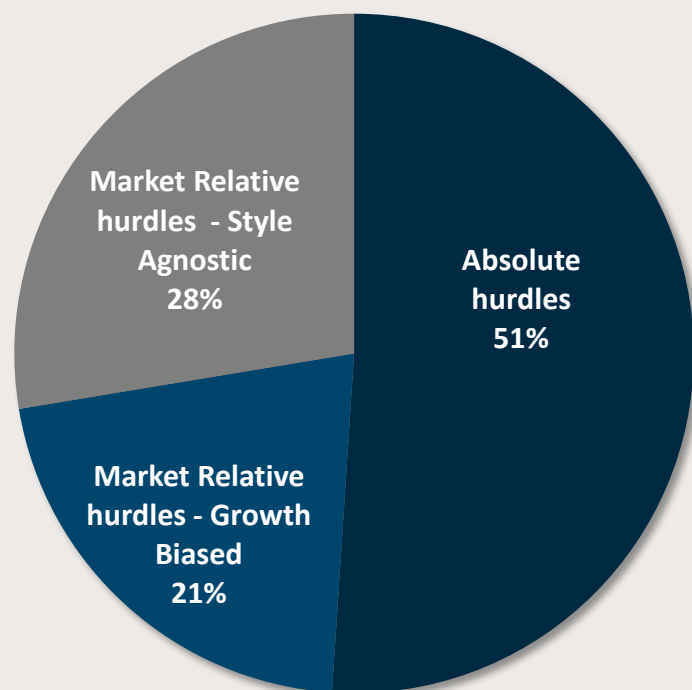


Fee margin for performance fee margin calculated on average annual funds under management subject to performance fees, excluding the impact of Lizard Investors LLC FUM, management and performance fees. Total Average Fund under Management for FY 2023: \$3.040 billion, Total Average Funds Under Management subject to Performance Fees for FY 2023: \$2.405 billion. Funds under management at 31/07/2023 subject to performance fees: \$2.314 billion

OVERVIEW OF PERFORMANCE FEES

(AS AT 30/06/2023)

FUM SUBJECT TO PERFORMANCE FEES (\$2.4BN)



- Well diversified sources of performance fees (“PFs”) provide added stability:
 - **Absolute hurdles (higher level of certainty and consistency): 51%**
 - Market Relative hurdles – (predominantly) Style Agnostic strategies: 28%
 - Market Relative hurdles – Growth Biased strategies: 21%
- Average split of PFs to PCG of 65% (FY22: 62%), including:
 - 48% split in unit trusts,
 - **100% in listed vehicles (PE1 & PIA)**
- PCG targeting
 - **Increased stability of PF’s due to increasing diversification**
 - Growth in FUM with PF structures
 - **Significant PF’s from PE1; Absolute hurdle; 100% to PCG**
 - Current average split to PCG to expand over time

SECTION II

YEAR IN REVIEW



KEY DEVELOPMENTS IN FY2023

- Strong, mostly double-digit absolute returns across majority of strategies in the financial year
 - However, no performance fees earned as all funds under their high-water-marks
 - It is important to note that performance fees will fluctuate, especially over relatively short periods of time. However, over the long term, we expect a reversion to the mean
- Focus on new product developments in private markets
- Further expansion of distribution team
- Further development of leading-edge digital marketing capabilities
- Continued focus on refining responsible investment frameworks across in-house strategies; recognised as a Responsible Investment Association Australasia (“RIAA”) responsible investment leader 2022-2023

FINANCIAL PERFORMANCE TO 30/06/2023

- Closing 30 June 2023 FUM of **\$3.05bn** (31 July 2023: \$3.03bn, after payment of \$62.7 million in distributions)
- Absence of performance fees (compared to \$32.7 million in FY 2022), had significant impact on FY2023 profitability
 - Operating EBITA down to **\$3.7 million** from \$31.8 million
 - Underlying Profit before tax down to **\$6.0 million** from \$29.2 million
 - EPS on Underlying Profit after normalised tax down to **4.11 cents per share** from 18.79 cents per share
- Net tangible underlying assets (“NTA”) per share down to **51.34 cents per share** from 55.33 cents per share
- Final dividend of **1 cent per share**

UNDERLYING PROFITABILITY¹

Pengana Capital Group	2023 \$'000	2022 \$'000	Increase/ (Decrease) \$'000	Increase/ (Decrease) %	Comment
Management fee revenue	35,973	41,768	(5,795)	(13.9)	Lower average FUM
Performance fee revenue	-	32,727	(32,727)	(100.0)	No performance fees in period
Net fund direct expenses	(2,919)	(3,097)	178	(5.7)	
Operating expenses	(18,226)	(16,329)	(1,897)	11.6	Increase primarily related to expansion into private credit and capital markets, and normalised occupancy expenses post Covid
Team profit share	(11,125)	(23,242)	12,117	(52.1)	No performance fees in period
Operating EBITDA¹	3,703	31,827	(28,124)	(88.4)	No performance fees in period
Interest and investment income distributions	681	487	194	38.9	
Interest on loan funded share plan	1,802	1,388	414	29.8	
Financing costs	(42)	(96)	54	(56.3)	Repayment of debt
Gain/(loss) on investments and other non-recurring items	(116)	(4,396)	4,280	(97.4)	2023: Gain on investments offset by product development costs and loss on divestment of Lizard. 2022: cost of PE1 Rights Issue and loss on investments
Underlying profit before tax²	6,028	29,210	(23,182)	(79.4)	
<i>Basic EPS on underlying profit after tax³</i>	<i>4.11 cps</i>	<i>18.79 cps</i>	<i>(14.67) cps</i>	<i>78.1%</i>	

1. Source: Pengana Management Accounts 2. Underlying profit before tax attributable to Pengana Shareholders 3. Calculated on 109,880,991 weighted average number of shares (i.e. including treasury shares) (2022: 108,822,961), applying normalised 25% tax rate (2022: 30%)

STATUTORY PROFIT

Pengana Capital Group (\$'000)	2023	2022
Underlying profit before tax¹	6,028	29,210
Less:		
Less: investment gains recorded in other comprehensive income reserve	(1,036)	2,766
Less: LSP interest income (not on profit & loss)	(1,802)	(1,388)
Less: Amortisation & non-cash items	(3,487)	(2,883)
Less: FX translation gains & losses via BS	(52)	48
Less: Tax	(140)	(9,100)
Statutory profit after tax attributable to Pengana shareholders²	(489)	18,652
<i>Basic EPS on statutory profit after tax³</i>	<i>(0.59) cps</i>	<i>22.30 cps</i>

1. Source: Pengana Management Accounts

2. As per Pengana Capital Group Limited 30 June 2023 Annual Report

3. Calculated on 83,469,163 weighted average number of shares (i.e. excluding treasury shares) (2022: 83,632,923 shares)

BALANCE SHEET¹

Pengana Capital Group	30 Jun 2023 (\$'000)	30 Jun 2022 (\$'000)
Cash net of AFSL cash requirements	10,740	19,965
Receivables	4,064	7,865
Payables	(4,206)	(12,204)
Net working capital	10,598	15,626
Investments net of AFSL liquid asset requirements and associated current liabilities	6,196	5,137
AFSL capital requirements	7,281	7,333
Loans (on and off-balance sheet)	30,412	28,582
Other assets and liabilities	1,976	18
Net assets and liabilities held for sale less minority interests	54	3,476
Net tangible underlying assets attributable to Pengana Shareholders¹	56,517	60,172
<i>Net tangible underlying assets per ordinary security²</i>	<i>51.34 cps</i>	<i>55.33 cps</i>
Less: Off balance sheet Loan Funded Share Plan	(30,060)	(28,195)
Add: minority interests	-	(413)
Net tangible statutory assets³	26,457	31,564
<i>Net tangible statutory assets per ordinary security⁴</i>	<i>31.73 cps</i>	<i>37.86 cps</i>

Decrease of \$9.225 million in “Cash net of AFSL cash requirements” largely due to \$8.485 million in dividends paid during FY2023, equivalent to 10 cents per share

1. Source: Pengana Management Accounts 2. Calculated on 110,076,680 shares on issue (i.e. including treasury shares) (June 2022: 108,748,050) 3. As per Pengana Capital Group Limited 30 June 2023 Annual Report 4. Calculated on 83,381,366 shares on issue (i.e. excluding treasury shares) (June 2022: 83,368,089 shares)

SECTION III

STRATEGIC UPDATE



PRIVATE MARKETS

- PCG's stated aim over the last few years has been to grow our private markets businesses
- This will provide PCG with strong growth, diversification, stability and higher margins
- Demand for private markets exposures is growing at a rapid rate in Australian and offshore global markets:
 - In Australia there is a lack of high-quality global offerings, with the better exposures not being offered
 - There is a severe lack of vehicles that utilise structures that are easily accessible for Australian retail and mass high-net-worth ("HNW") investors
 - Pengana is well-placed to solve both of these challenges for investors

PRIVATE CREDIT (“PC”)

- Strong demand for PC from Australian retail and HNW investors; expected to continue/increase as investors become more comfortable with the growing asset class
- Significant number of offerings already in the market. However, there is a large gap in the market due to:
 - Quality and diversification of underlying investments
 - Vehicles generally not structurally suitable for retail and HNW investors
- Pengana is well placed to deliver attractive solutions:
 - Ability to innovate, as well as deep understanding of private markets
 - Structuring, distribution and marketing experience and expertise gained through launch and management of PE1
 - Global relationships that are necessary to construct, launch and manage complex private market solutions
- Establishment of Private Credit business:
 - Joint venture with Washington H Soul Pattinson and Company Limited
 - Seed investment of \$200 million, built a diversified, multi-manager, multi-strategy portfolio
 - Appointed Mercer Consulting (Australia) Pty Ltd to act as investment advisor on portfolio construction
 - Appointed Nehemiah Richardson as Chief Executive Officer and Charles Finkelstein as Chief Investment Officer
 - Launching multiple products in the coming months
- Expected to be a major growth engine for PCG over the coming years

THANK YOU

- We thank you for taking the time to read our shareholder presentation.
- The Pengana team is excited to deliver on our plans for the coming period where the opportunities described will come to fruition in the public domain.
- We are confident these new offerings will be a testament to our ability to continue to provide relevant and differentiated investment products to the Australian market, further complementing our diverse range of existing investment options.

We encourage shareholders to get in touch via pengana.com/contact-us/

PRIVATE CAPITAL MARKETS (“PCM”) BUSINESS

- PCG has recognised a significant opportunity to build/grow a capital markets business:
 - Capital raisings for discreet opportunities, including individual equities, credit instruments and funds
 - Predominantly in private markets – synergistic with PCG’s private markets businesses and product offerings
- PCG has been in the capital markets business to a small extent over the past few years, offering some opportunities to our Family Office and ultra-HNW investors on an ad-hoc basis
- We have noted that many of our investors are interested in investing in Pengana-sourced capital markets opportunities and have launched a dedicated effort in this business: Pengana Capital Markets (“PCM”)
- PCM is a high-margin business consisting predominantly of upfront fees with some ongoing management and/or performance fees
- Phil Schofield has joined PCM to lead the new business as Managing Director and CEO, with responsibility for building and running the PCM business. Phil has significant credentials in this area:
 - Senior management and director roles at Goldman Sachs and Citi Group
 - Patterson Securities - Head of Institutional Sales
 - Canaccord Genuity Australia - Executive Director

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PENGANA CAPITAL GROUP

FOR MORE INFORMATION

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