

Pengana enters in to strategic agreement with award-winning UK-based asset manager

Changes to the Hunter Hall Global Deep Green Trust and Hunter Hall Australian Value Trust

Thursday, 29 June 2017: Leading Australian funds management group, Pengana Capital Group Limited (ASX: PCG), announced this week it has entered in to a strategic agreement with WHEB Asset Management LLP (WHEB) to manage the Hunter Hall Global Deep Green Trust.

WHEB is a highly-awarded specialist investment manager based in the United Kingdom, focused on the investment opportunities created by the global transition to more sustainable, resource and energy efficient economies. The company is a leading proponent of sustainable and responsible investing, and has active roles in many of the organisations promoting best practice.

The Hunter Hall Global Deep Green Trust, to be renamed the Pengana WHEB Sustainable Impact Fund, will adopt the WHEB Listed Equity strategy which dates back to January 2006. This strategy has been employed by the FP WHEB Sustainability Fund since May 2012.

The FP WHEB Sustainability Fund has been awarded:

- Best Sustainability Fund at the 2016 Investment Week Sustainable Investment Awards;
- Winner Excellence in Sustainability Focused Investments at the Corporate Livewire 2017 Global Fund Awards;
- Best Long-Only Global Equities Fund at the 2016 Wealth & Finance International Fund Awards; and
- Best Sustainable Investment Fund at the 2015 Wealth & Finance International Fund Awards.

WHEB has identified critical environmental and social challenges facing the global population over the next few decades and invest in a range of companies which provide solutions to these sustainability challenges.

Such investments generate positive social and environmental outcomes, and WHEB is committed to measuring and reporting the impact of its investments. \$1m invested in the strategy during 2016 helped avoid 940 tonnes of CO₂e, diverted 800 tonnes of waste from landfill and treated 940,000 litres of waste water.

The announcement follows on from Pengana's recent merger with Hunter Hall Limited, approved by shareholders on 1 June. PCG Chief Executive Officer Russel Pillemer said the move reinforced the manager's commitment to an ethical and sustainable investment offering.

"This is an exciting development for investors in the Hunter Hall Global Deep Green Trust. Pengana employs leading in-house investment teams to manage our investment funds. Where we are unable to source a best-in-class management team within Australia, it is our policy to search abroad for talent.

"WHEB's investment team has impressive credentials and their strategy is at the forefront of sustainable investing. The agreement significantly complements and enhances our ethical investment offering by providing a fund with a disciplined positive screening process and integrated ESG analysis at all stages of the investment process," Mr Pillemer said.

Update on the remaining funds acquired from Hunter Hall

PCG also announced changes to the management of the Hunter Hall Australian Value Trust (AVT), which from 1 August 2017 will be managed by Mark Christensen and Chris Tan from the Pengana Australian Equities team. The investment strategy for the AVT will be changed to one that focuses on generating a

PENGANA CAPITAL GROUP

ABN 43 059 300 426

Level 12, 167 Macquarie Street
Sydney NSW 2000
GPO Box 5409 Sydney 2001

T: +61 2 8524 9900 F: +61 2 8524 9901
E: clientservice@pengana.com

high component of the return from income and it will be rebranded to the Pengana Australian Equities Income Fund.

The Fund will employ a research-based security selection, using fundamental company research with macroeconomic overlays for portfolio construction. Capital preservation will be preferred over supernormal returns. This will be achieved through a consistent focus in the security selection process and careful management of portfolio exposure. All positions will be high conviction and assessed on a risk-reward basis.

Rhett Kessler leads Pengana's Australian equities team, which is also responsible for the Pengana Australian Equities Fund (AEF). Through its flexible investment mandate, detailed company research and alignment of the portfolio managers' interests with those of investors, the AEF has generated a return of 11.6% per annum since it started in July 2008. Over the same period the S&P/ASX All Ordinaries has generated a return of 5.7% per annum.

"Pengana is a highly respected funds management business that has a long history of delivering investment outcomes across multiple funds. We have the utmost confidence that our Australian equities team will do an excellent job in managing these investments," Mr Pillemer added. "Our focus has always been putting investors at the heart of all we do, and we're certain that the appointment of WHEB and launch of the Australian Equities Income Fund will deliver a great result for our unitholders."

No changes will be made to management of the High Conviction Trust (HCT). The investment strategy for HCT will remain under the management of James McDonald and will focus on a highly concentrated and unconstrained ethically screened portfolio of international and Australian companies.

Media enquiries:

Maggie Liu, Honner

maggie@honner.com.au

+61 2 8248 3744 / 0426 871 031

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About Pengana Capital Group

Pengana Capital Group is a funds management group specialising in listed equities, managing eleven active strategies focused on Global, Asia Pacific and Australian markets.

At Pengana we believe that alignment of interest between a fund manager and its investors is crucial. Our business and our funds are structured and managed within this framework.

Headquartered in Sydney, Pengana was founded in 2003 and also has operations in Melbourne, Brisbane and Singapore. We are a listed entity that has large ownership by directors and staff.

Pengana Capital Group (ABN 43 059 300 426, Australian financial services license number 226566) is the issuer of units in the Pengana Funds (the "Funds"). A product disclosure statement for each Fund is available and can be obtained from www.pengana.com.au. A person should obtain a copy of the product disclosure statement and should consider the product disclosure statement carefully before deciding whether to acquire, or to continue to hold, or making any other decision in respect of, the units in the Funds.

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