

CAPITAL MANAGEMENT UPDATE AND PROGRESS OF STRATEGIC INITIATIVES

1 October 2024: The Board of Pengana Capital Group Limited (ASX: PCG, "Pengana") gives the following capital management update:

Capital Management

Employee Share Plan loans totalling \$24 million over 22 million shares are due for repayment by 31 October 2024. These loans were originally provided to employees (and contractors) to enable the acquisition of shares at the then current share prices. Total loans due for repayment include one tranche of circa \$11 million covering 11 million shares, (at an implied share price of \$1.02 per share) and another tranche of circa \$13 million covering 11 million shares (at an implied share price of \$1.21 per share)

- It is the Board's current expectation that the first tranche will be repaid in full, noting that the implied share price of \$1.02 equates to a 46% premium to the current market price of \$0.70, resulting in an \$11 million cash inflow for Pengana.
- The Board expects that the second tranche will be forfeited, with associated treasury shares cancelled.
- This will reduce the number of outstanding shares from 110 million to 99 million, providing shareholders with circa 11% accretion, in addition to the \$11 million cash inflow.
- Should all Employee Share Plan loans due for repayment on 31 October 2024 be forfeited, the number of outstanding shares will reduce from 110 million to 88 million, providing shareholders with circa 24% accretion but no associated cash inflow.

In the Board's view, the Company's current share price is not reflective of the underlying value of the Company and it is noted that on this basis, it would be value accretive to buy back shares at current prices. However, although our on-market share buy-back program remains on foot, the Board considered it prudent to suspend the buyback activity until the uncertainty around the Employee Share Loan plan is resolved.

Pengana further updates on the progress of Pengana's strategic initiatives and developments over the quarter ending 30 September 2024:

Global Private Credit Business Expansion

A key focus of Pengana over the last few years has been on Global Private Credit with the aim of being a leading provider of this asset class in the Australian non-institutional investment market.

Whilst Global Private Credit is arguably the most highly sought after asset class outside of Australia (commanding large allocations in sophisticated investor portfolios), there is a severe shortage of applicable products available in the Australian non-institutional investment market.

Pengana has firmly established the foundations for a market leading position in Global Private Credit, through the launch of several offerings/vehicles, tailored to match a range of investment requirements of specific investor segments. These include TermPlus, Pengana Diversified Private Credit Fund (unlisted wholesale) and the Pengana Global Private Credit Trust (ASX: PCX).

Significant additional progress was made over the last quarter, including the following highlights:

- **Unique SMA solution:** A fourth Global Private Credit offering specifically designed for, and targeted, at the Australian separately managed account (“SMA”) market was launched. **This is the only diversified Global Private Credit product in the Australian SMA market**, which is one of the fastest growing segments of the savings market.
 - The first SMA client has been onboarded, with strong inflows anticipated over the coming quarters.
 - Initial platform access through the North platform has been secured, with more platforms expected to follow over the coming quarters.
- **Strategic partnerships:** Pengana entered into its first strategic partnership, with one of Australia’s largest wealth groups, with an offering specifically tailored for their clients. This will be the only Global Private Credit offering that will be recommended for allocation in the group’s client portfolios and strong inflows are expected over the coming quarters. The selection of Pengana as the preferred Global Private Credit partner for this large group is testament to the attractiveness of the offering.
- **PCX Placement:** PCX, launched in June 2024, performed well in its first three months after IPO, trading close (and mostly at a premium) to its net asset value. Demand from existing and new clients continued to increase and an additional \$11 million was raised via a placement, further diversifying the investor base.

Fund Performance

- The funds that delivered performance fees at 30 June 2024 continue to perform close to or above their respective high water marks. This will not necessarily result in Pengana receiving performance fees as performance fees will only be next crystallised on 31 December 2024.
- The Pengana Private Credit Master Portfolio is performing in line with expectations, reaffirming our investors’ confidence in this attractive asset class.

Webinar Invitation

We invite you to join our CEO Russel Pillemer, for a shareholder webinar where you will have the opportunity to hear directly from our leadership on the progress of Pengana’s strategic initiatives and developments over the past quarter discussed above.

DATE: Thursday 10 October
TIME: 10am
DURATION: 30 minutes

To register for the update, please click the button below or visit Pengana.com/PCGwebinar

This webinar is an ideal opportunity to gain firsthand insights into the company’s strategy and our plans for future growth. The webinar will conclude with a Q&A session, giving shareholders the opportunity to ask questions directly to the CEO. Even if you are unable to attend the live event, we encourage you to register to receive a recording of the session.

Thank you for your continued support.

REGISTER FOR THE UPDATE >>

Approved by the Board

For further information contact

Shareholder Enquiries:

Paula Ferrao, Pengana Capital Group
paula.ferrao@pengana.com

Other Enquiries:

Pengana Client Service
clientservice@pengana.com