



16<sup>th</sup> January 2015

Dear Investor

**Notification of proposed change of Investment Team for the Pengana Australian Equities Market Neutral Fund**

Following a review, Pengana Capital Limited have decided to change the investment team for the Pengana Australian Equities Market Neutral Fund (Fund).

The new investment team will continue to manage the Fund in accordance with the Fund's current investment objectives.

The new investment team has been identified by Pengana after a review of investment teams in the market with the skills, capability and capacity to manage an Australian Equities Market Neutral portfolio. The key selection criteria were as follows:

- An established and highly regarded investment team with strong individual experience in managing market neutral and long short portfolios
- A complimentary investment philosophy and return objectives which can be aligned to the Fund's objectives
- A strong performance track record in managing Australian Equities

We expect to be able to advise the details of the new investment team within the next 2-3 weeks.

**Why is a new investment team being appointed?**

The Fund was established by Pengana in September 2008 with the objectives of providing investors with consistent returns of 5-10% p.a. over the RBA cash rate, and market neutral exposure to Australian Equities with low volatility and low correlation to the Australian Equity market.

Pengana continually evaluates the performance of our investment teams against the objectives of the funds and have decided that it is in the best interest of unitholders to appoint a new investment team for the Fund who we believe will be better placed to manage the Fund's assets in accordance with the Fund's return and volatility objectives.

We continue to firmly believe in the portfolio benefits of an Australian Equities Market Neutral strategy which include providing diversification benefits through low exposure to market returns and low correlation to many traditional asset classes.

## **Updated Offer Documents**

Pengana Capital will issue an updated Product Disclosure Statement when the new investment team is formally appointed which we estimate to be in the next 2 to 3 weeks.

## **What happens now?**

There will be no change to the product features other than the investment team change and we envisage only minor refinements to the investment process and investment guidelines of the Fund, which will be disclosed in an updated Product Disclosure Statement.

Investors will not be exposed to investment performance risk during the transitionary phase. The existing investment team will sell down the assets of the Fund into cash pending the appointment of the new investment team. Following the appointment of the new investment team, the cash will then be reinvested into equities.

The Fund's Product Disclosure Statement has been withdrawn and, until an updated Product Disclosure Statement is issued, the Fund is closed to all applications.

Any application requests received after 2pm on Thursday 15 January 2015 will not be processed and will be returned with all application monies.

Withdrawals will continue to be processed as normal and payment made in accordance with instructions.

## **Fee Waiver**

In acknowledgement of the support from existing investors in the Fund, we are offering to waive all Pengana's management fees in respect of the Fund for a 5 year period, commencing from the date of appointment of the new investment team for all existing investors in the Fund at that date. Further details will be provided on this shortly.

## **What do you need to do?**

You do not need to take any action at this time. We will advise you once the new investment team is appointed and the updated Product Disclosure Statement is issued.

## **Where to go for more information?**


Should you require any further information at this time, please contact your Financial Adviser or Pengana's Client Services team on;

**Phone:** 02 8524 9900

**Email:** [clientservice@pengana.com](mailto:clientservice@pengana.com) or go to our website [www.pengana.com](http://www.pengana.com)

We wish to thank you for your support of the Fund and apologise for any inconvenience caused by this change. We would like to assure you that Pengana's focus remains on delivering strong investment outcomes for our investors.

Yours sincerely,



**Damian Crowley**  
Director of Distribution  
Pengana Capital Limited



**Russel Pillemer**  
Chief Executive officer  
Pengana Capital Limited