



4 December, 2018

Investment Policy Team
ThreeSixty Research
Level 2, 105-153 Miller Street
North Sydney, NSW 2060

Dear Investment Policy Team,

IMPORTANT: Closure of the Pengana Absolute Return Asia Pacific Fund (APIR code: PCL0004AU)

We are writing to advise that Pengana Capital Limited ('Pengana') has decided to close the Pengana Absolute Return Asia Pacific Fund (ARSN 145 116 810)(APIR code: PCL0004AU) ('the Fund') effective 4 December 2018. This letter explains the reasoning for this decision, what happens now and what you need to do.

Why is the Fund closing?

The Fund was established by Pengana in September 2010 to deliver an attractive risk/return profile to investors with returns uncorrelated with traditional asset classes, by exploiting inefficiencies in share prices caused by significant corporate events in the Asia Pacific region.

We understand that recent performance has been below the objective and has not met investor expectations. Given the nature of the Fund strategy, the current market environment and the elevated risks for some strategies, we believe there is a lower likelihood of the Fund meeting its investment objective in the foreseeable future.

Since the inception of the Fund, Pengana has attempted to increase Funds Under Management ('FUM') but has not been able to grow the Fund significantly. The Fund's recent performance has led to redemptions from Australian investors in the Fund, which has been compounded by the loss of a key offshore investor in the strategy. The Fund is currently non-economic with diminished prospects of capital raising and the potential for further redemptions.

Pengana, as the Responsible Entity of the Fund, has overall responsibility to act in the best interest of unitholders and to give priority to their interests. After eight years pursuing the strategy Pengana has decided, in mutual agreement with the investment team, to close the Fund.

What happens now?

In order to facilitate the orderly wind up of the Fund and to ensure all unitholders are treated equally, the Fund is now closed to all applications and withdrawals. Withdrawal requests received before 2pm on 4 December have been accepted and payment will be made in accordance with your clients' instructions. However, no further withdrawal requests will be accepted. Any applications received after this date will not be processed and will be returned to your clients.

PENGANA CAPITAL LIMITED

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The assets in the Fund will now be sold and the cash proceeds distributed to your clients who are invested in the Fund. We expect to distribute the net cash proceeds of your clients' investment by early January at the latest. Payment will be as per the current instructions provided to us.

What do you need to do?

If you have clients that wish to confirm or change their payment instructions, please contact our Client Service team (details provided below).

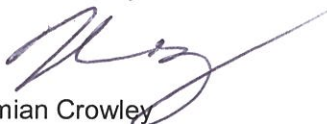
If you do not need to change payment instructions no action is required for your clients to receive their cash proceeds.

A tax statement will be sent to your clients after 30 June 2019.

If you have any questions, please contact our Client Service team at clientservice@pengana.com or on +612 8524 9900.

We wish to thank you for your support of the Fund and apologise for any inconvenience caused by the Fund's termination.

Yours sincerely,



Damian Crowley

Director of Distribution



Russel Pillemer

Chief Executive Officer

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