

**Subject:** Pengana Absolute Return Asia Pacific Fund- Notification of move to daily unit pricing, Supplementary PDS & changes to application forms for all Pengana Funds

### **Changes to unit pricing frequency and Buy/Sell spreads**

We take great pleasure to inform you of the following upcoming changes to the **Pengana Absolute Return Asia Pacific Fund**. The Fund is moving to daily unit pricing and daily processing of applications and redemptions as of 31 March, 2016. We have decided to implement this beneficial change to support strong interest from the investment community for daily pricing. This will provide investors with daily investment returns. It also aligns the Fund's pricing and processing of applications and redemptions with all the other Pengana Funds. In order to ensure no impact to existing investors, the Fund will implement a Buy / Sell spread of **25 basis points** to ensure existing investors are not impacted by the move to a daily applications and redemptions processing cycle. The Buy/Sell spread will apply to all investors' applications and redemptions processed from 31 March, 2016.

As of 31 March, 2016 application and redemption processing for the Fund will change from monthly to daily. Complete applications and redemptions received by 2pm on any given business day will receive the unit price as of close of business that day. Redemption payments to investors will be paid about 8 business days after a complete redemption instruction has been received, a reduction from the current monthly cycle. Each day's unit price will be released daily within 4 business days, reduced from the current monthly cycle.

In order to ensure smooth operation of the Fund, Pengana may stagger the payment of large redemption requests, as the Fund is permitted to do. Pengana may exercise its discretion to limit daily net redemptions to a value equal to 4% of the daily NAV. In such an instance, each redemption request will be reduced pro-rata so that only units in the Fund with an aggregate value equal to 4% of the Fund are redeemed for the relevant Business Day. The unredeemed portion of the redemption requests will be carried forward to the next Business Day.

### **Investment objective change**

The investment objective for the Fund will be changed as at 31 March 2016 to: 'to generate a net annualised return greater than 5% above the Reserve Bank of Australia's Cash Rate Target over a 3 to 5 year period with low volatility and low correlation to Asian stock markets'.

Pengana will make the change to provide clear guidance to investors as to reasonable return expectations in different interest rate environments. It also reflects the absolute return nature of the investment strategy, which seeks to generate excess returns above the cash rate while hedging most of the equity market exposure, and is consistent with the past performance of the Fund.

### **Supplementary Product Disclosure Statement**

In line with the upcoming unit pricing changes on 31 March, 2016 Pengana has issued a Supplementary Product Disclosure Statement (SPDS) which should be read in conjunction with the existing PDS. This ensures that Pengana meets its disclosure obligations. Please find below a link to the Supplementary PDS. Pengana will issue a new PDS on 31 March 2016, the date daily pricing and daily processing of applications and redemptions commences.

**Link to Supplementary PDS - <http://www.pengana.com/wp-content/uploads/2012/07/PARAPF-PDS-and-supplementary-with-forms-1215.pdf>**

### **Application Forms update**

Finally, in order to meet regulatory changes that come into effect as of 1 January, 2016 Pengana has updated each of the Funds' applications forms. Please find below links to each Fund's page on our website where the updated forms for each fund are located. These changes to the application forms are required to ensure Pengana meets the additional regulatory changes that become effective from 1 January, 2016 under FATCA (Foreign Account Tax Compliance Act) and AML/CTF (Anti-Money Laundering and Counter Terrorism Financing). The sections within the forms that have changed or are updated include additional information required for FATCA, and additional information required for AML/CTF on Beneficial Owners and the source of wealth that the investor is required to disclose. To ensure successful processing of applications, full disclosure of this information is required as part of the application process.

### **Links to Funds**

**Pengana Absolute Return Asia Pacific Fund <http://www.pengana.com/funds/australian-unit-fund/how-to-invest/>**

**Pengana Australian Equities Fund <http://www.pengana.com/funds/australian-equities-fund/how-to-invest/>**

**Pengana Global Small Companies Fund <http://www.pengana.com/funds/pengana-global-small-companies-fund/how-to-invest/>**

**Pengana Global Resources Fund <http://www.pengana.com/funds/global-resources-fund/how-to-invest/>**

**Pengana Emerging Companies Fund <http://www.pengana.com/funds/emerging-companies-fund/how-to-invest/>**

**[www.pengana.com](http://www.pengana.com)**