

# **Pengana Australian Equities Long Short Fund**

**INFORMATION MEMORANDUM** Issue no. 1  
10 April 2008

## Important Information

This Information Memorandum relates to the issue by Pengana Capital Limited ACN 103 800 568, AFSL no. 226 566 (“Pengana”) of units (“Units”) in the Pengana Australian Equities Long Short Fund, an Australian resident managed investment scheme (“Fund”). Pengana is the trustee of the Fund and the issuer of Units in the Fund.

This Information Memorandum has not been, and is not required to be lodged with the Australian Securities and Investments Commission under the Corporations Act. This Information Memorandum is not a registered prospectus or investment statement under New Zealand law and does not constitute an offer of securities to the public for the purposes of the New Zealand Securities Act 1978.

During the currency of this Information Memorandum, Pengana has determined that the minimum initial investment in the Fund by any one investor is \$100,000, unless such minimum is waived by Pengana. However, each investment in the Fund must be made by a Wholesale Client (as defined under the Corporations Act) or another eligible investor who is not required to receive a product disclosure statement under Division 2 of Part 7.9 of the Corporations Act. In addition, this Information Memorandum may only be distributed in New Zealand to selected institutional clients whose business is the investment of money or persons who, in the course of and for the purpose of their business, habitually invest money (defined for the purposes of this Information Memorandum as a ‘NZ Eligible Investor’). Please refer to the ‘Who Can Invest’ section on page 9 for further details.

The Fund has been established as an Australian resident unit trust for tax and regulatory purposes and is denominated in Australian dollars. Certain information about taxation aspects of an investment in the Fund is contained on page 11, however that information does not take into account any particular investor's investment objectives, financial circumstances or particular needs, and potential subscribers of Units should inform themselves as to:

- (a) the possible tax consequences; and
- (b) the legal requirements,

which might be relevant to the subscription, holding, or disposal of Units.

Any information given or representation made by any dealer, marketer or other person and (in either case) not contained in this Information Memorandum should be regarded as unauthorised and, accordingly, should not be relied upon. Neither the delivery of this Information Memorandum, nor the offer, issue or sale of Units shall, under any circumstances, constitute a representation that the information contained in this Information Memorandum is correct as of any time subsequent to the date of this Information Memorandum.

This offer is principally available to Australian resident investors who receive this Information Memorandum in Australia or NZ Eligible Investors in New Zealand. Applications from outside Australia and New Zealand will generally not be accepted. This offer does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer.

This Information Memorandum is intended solely for the use of the person to whom it has been delivered for the purpose of considering a possible investment in Units, and is not to be reproduced or distributed to any other persons (other than professional advisers of the person to whom this Information Memorandum has been delivered). If you are in any doubt about the contents of this Information Memorandum, you should consult your professional financial adviser.

**Investments in Units are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Pengana Capital Limited and its related bodies corporate do not guarantee any particular rate of return, or the performance of Units, or the tax consequences of investing, nor do they guarantee the repayment of capital from Units.**

Applications must be made on the Application Form included in, or accompanying, this Information Memorandum. Persons considering an investment should note the warranties and representations included in the Application Form.

The information contained in this Information Memorandum is general advice only. It does not take into account your individual objectives, financial situation or needs. Therefore, investors should consider the appropriateness of this Fund having regard to their objectives, financial situation and needs. Pengana recommends that investors seek advice from their financial adviser before investing.

Pengana has no relationships or associations with any other product issuer that might reasonably be expected to influence us in the offer of Units in the Fund. General advice, if any, may be provided by Pengana's representatives and they may be paid a salary and receive a performance related bonus. No commissions or fees are paid for the financial product advice provided, either to representatives or to third parties.

This Information Memorandum must be read in conjunction with the Trust Deed. Prospective investors should review the Trust Deed for further information regarding their rights and obligations as Unit Holders in the Trust and the rights and obligations of the Trustee. To the extent that there are any inconsistencies between the Trust Deed and this Information Memorandum, the Trust Deed prevails.

Unless otherwise indicated, all fees quoted in this Information Memorandum are exclusive of GST and any input tax credit, and all dollar amounts refer to Australian dollars.

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## Definitions

Administrator	White Outsourcing Pty Ltd ABN 44 114 914 215
Application Form	The application form attached to or accompanying this Information Memorandum.
Business Day	Any day, except any day that is a Saturday, Sunday, or a public or bank holiday in Sydney.
Corporations Act	Corporations Act 2001 (Cth)
Custodian	UBS Nominees Pty Ltd, ACN 001 450 522
Fund	Pengana Australian Equities Long Short Fund established under the Trust Deed.
GST	Goods and services tax as defined in the A New Tax System (Goods and Services Tax) Act 1999.
Investment Manager	Pengana Capital Limited, ACN 103 800 568, AFSL no. 226 566.
Information Memorandum	This information memorandum
NZ Eligible Investors	Selected New Zealand institutional clients whose business is the investment of money, or persons who, in the course of and for the purpose of their business, habitually invest money and who are not members of the public for the purposes of the New Zealand Securities Act 1978.
Performance Point	The point at which the performance fee is levied.
Trust Deed	Deed dated 25 March 2004 made by the Trustee, as amended from time to time.
Trustee	Pengana Capital Limited ACN 103 800 568, AFSL no. 226 566.
Unit	A unit in the Fund
Unit Holder	A registered holder of a Unit
Wholesale Clients	Has the same meaning as that provided in section 761G(7) of the Corporations Act.

Capitalised terms used in this Information Memorandum, including the Application Form, are defined terms as set out above.

## Overview of the Fund

The Pengana Australian Equities Long Short Fund is a unit trust established pursuant to the deed dated 25 March 2004 as amended from time to time (“Trust Deed”) to provide investors with an active long-short equity exposure to Australian businesses and companies principally listed on the Australian Stock Exchange.

The Fund invests in Australian equities with a focus on the top 300 listed companies by market capitalisation. It is long biased (the market exposure will be positive over time) but has the capability to go net short. It relies on bottom up fundamental analysis to select equities and uses technical and macro factors to assist with determination of appropriate net exposure and timing of investment decisions.

The Fund’s objective is to outperform the ASX 300 over the medium term (2 to 3 years) with a lower level of risk.

The Investment Manager will actively seek to achieve these objectives by:

- Implementing both long and short positions in Australian equities
- Focusing on absolute returns rather than relative performance versus benchmarks or indices
- Adding Alpha to equity portfolios through superior stock selection based on fundamental analysis
- Maintaining tight compliance and risk management controls over the investment process, independent of the portfolio managers
- Adopting a fee structure that provides an incentive to the Investment Manager to consistently outperform cash over the medium term

## Investment Strategy and Risk Management

### Strategy

The Fund principally invests in a portfolio of listed Australian equities. The investment strategy relies primarily on fundamental company research and an understanding of the markets in which the companies operate.

The Fund may invest “long” (the purchase of securities which the Investment Manager believes will appreciate in value) and “short” (the sale of securities which the Investment Manager believes will depreciate in value). It may therefore benefit from securities increasing or decreasing in value.

The Investment Manager intends to meet with the management of a minimum of 100 companies per annum either on a one-on-one basis or through communal meetings hosted by selected relationship broking houses servicing the Fund. The Investment Manager also intends to extract maximum value from selected Australian investment banks and brokers with which the Investment Manager has strong long term relationships.

Stock selection is based on conventional analytical screens with special focus on selected criteria, such as a specific company’s pricing power. Selected technical and macro inputs for confirmation, portfolio construction and market timing will also be used by the Investment Manager.

While the Investment Manager has the objective of producing positive returns in excess of cash in both rising and falling equity markets over the medium term (2 - 3 years), the time horizon for specific stock investment will typically be 12 months. However, given the volatility of equity prices, the Investment Manager will also seek to add value through taking advantage of shorter term mispricing of specific equities.

The Fund will typically hold a relatively small number of equities in the portfolio at any given time. A core portfolio of around 25 long equities and 5 - 10 short equities will be targeted. A simultaneous long / short (hedged) position will reduce directional market risk and portfolio risk.

The long portfolio will typically be invested in equities ranked 51 to 300 on the ASX by market capitalisation. An indicative weighting of these mid-capitalisation equities is 60 - 70% of the long

portfolio. Most of the balance of the portfolio will be invested in the top 50 on the ASX by market capitalisation. The remainder will be invested in very carefully selected smaller capitalisation (micro-cap) equities, which exhibit sound business fundamentals, acceptable liquidity and significant stock price appreciation potential.

The short portfolio will mainly be invested in the top 200 equities on the ASX by market capitalisation, given the specific risks associated with the practice of short selling, including the potential recall of borrowed equities at short notice.

While the Investment Manager is aware of each companies' weighting within the Index, it does not size positions on this basis or focus on the risk relative to the index by using measures such as tracking error.

The Investment Manager intends to make modest use of derivative instruments, with the prime objectives of generating income on the long portfolio and creating synthetic short positions. The Investment Manager may also buy call options on selected stocks from time to time.

The Investment Manager may also occasionally make very modest use of leverage to enhance returns when appropriate but the Fund will typically be unleveraged.

## **Risk Management**

Strong risk management practices are an integral part of the Investment Manager's investment process, objectives and business principles. The Investment Manager will employ techniques to measure portfolio risk and ensure the Fund operates within its risk guidelines.

The Investment Manager aims to invest within the following guidelines:

- A minimum net investment position of 80% of the gross long portfolio in equities in the Australian Stock Exchange ("ASX") 300 index
- Individual equity holdings (in ASX 300) will represent a maximum of 10% of the gross long portfolio at acquisition and 15% at market value
- Individual equity holdings (outside ASX 300) will represent a maximum of 5% of the gross long portfolio at acquisition and 10% at market value
- Fixed interest securities with no equity characteristics will represent a maximum of 15% of the gross long portfolio at market value
- Minimum limit of 90% of total shorts will be selected from the ASX 200.
- Individual short stock positions will be limited to 5% of the gross long portfolio at acquisition and 10% at market value, in order to reduce short selling risks. The Investment Manager will also endeavour to borrow highly liquid securities
- The maximum net investment in individual derivative positions will be the same as for physical stock. The underlying derivative position will be Delta adjusted to reflect the desired stock position
- The Investment Manager will restrict investments in equities with low liquidity
- Investments in the Fund will be restricted to equities with a minimum market capitalisation of \$20m at date of acquisition
- Market exposure/leverage limits:
  - Maximum net long exposure - 120%
  - Maximum net short exposure - 30%
  - Maximum gross market exposure - 150%

The investment strategy and guidelines of the Fund may change and if so we will provide you with 25 Business Days notice of the change. Market movements and cash flows, amongst other things, can cause the Fund to breach the investment guidelines. If there is a breach of any of the guidelines detailed in this Information Memorandum, the Fund shall, as soon as reasonably practicable, take such steps to remedy

the breach as it considers appropriate having regard to the interests of the investors in the Fund, but shall not be under any further liability in respect of the breach.

## **Risk Factors**

There are risks associated with any investment. Generally, the higher the expected return on an investment, the higher the risk and the greater the variability of returns. Pengana's risk management objective is to deliver risk/return outcomes in line with the Fund's objectives, however we cannot provide assurances or guarantees on either future profitability or Fund returns, distributions and return of capital.

The most common risks are described below, but there could be other risks that affect the performance of the Fund. You should seek your own professional advice on the appropriateness of this investment to your circumstances. A financial adviser can explain these risks and provide advice based on a particular investor's financial objectives, time period for investing and risk tolerance.

### Individual Investment Risk.

The value of the Fund's portfolio may be affected by unexpected changes in the value of the securities in the portfolio. Such changes may be due to unexpected operational or economic changes applicable to the relevant securities.

### Market Risk.

Economic, technological, political or legal conditions, and even market sentiment, can (and do) change and this can mean that changes in the value of investment markets can affect the value of the investments in the Fund.

### Leverage.

The Fund may pledge its securities in order to borrow additional funds for investment purposes. It may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments. The use of leverage may magnify the gains and losses achieved by the Fund.

### Short Selling.

Selling securities short creates the risk of losing an amount greater than the initial investment, and can also involve borrowing and other costs which can reduce profits or create losses in particular positions.

### Interest Rate Risk.

Changes in interest rates can have a direct or indirect positive or negative impact on investment value or returns.

### Derivatives Risk.

A small investment controls a much greater value of underlying assets. This magnifies both profits and losses, as measured against the outlay. The Fund may also be exposed to counterparty risk, i.e. risk in connection with the parties on the other side of derivatives contracts entered into for the Fund.

### Fund Risk

Risks particular to the Fund include the risk that the Fund could terminate and that fees and expenses payable by the Fund could change.

## **About the Trustee and the Investment Manager**

Pengana Capital Limited is a boutique investment manager founded in 2003 and is the trustee of the Fund. Pengana is an Australian incorporated public company and holds an Australian financial services licence issued by the Australian Securities and Investments Commission. Pengana's assets under management at the date of this Information Memorandum exceed \$1.8bn, with investment activities including hedge funds, real estate and small companies. Key Pengana group employees are owners of the business and invest their own money in one or more funds managed by the Pengana group.

## Who Can Invest?

The Trustee can only accept investments made by Wholesale Clients and other eligible investors who are not required to receive a product disclosure statement under Division 2 of Part 7.9 of the Corporations Act and, in the case of offers made in New Zealand, by persons who are also NZ Eligible Investors. In Australia a Wholesale Client includes a person who invests \$500,000 or more in the Fund or provides a copy of a certificate given within the preceding 2 years by a qualified accountant that states that the person has net assets of at least \$2.5 million or gross income for each of the last 2 financial years of at least \$250,000. A person may also qualify as a Wholesale Client by satisfying other requirements.

Please contact your financial adviser or the Trustee if you would like any assistance in determining whether you are eligible to invest in the Fund. The Trustee has the right to reject any application in whole or in part in its absolute discretion and need not provide any reason for doing so.

## Minimum Investment and Redemption Amounts

The minimum initial investment in Units is \$100,000.

The minimum additional investment is \$25,000.

The minimum redemption amount is \$25,000.

The minimum investment amount of \$100,000 must be retained in the Fund after a redemption and the Trustee has a discretion to treat a redemption request which would result in a Unit Holder having an investment amount less than \$100,000 as a redemption request for the Unit Holder's entire holding of Units.

The Trustee may at its discretion waive the above minimum investment requirements.

Procedures for applications and redemptions are referred to on the following pages.

In respect of each initial and additional investment, an investor must qualify as a Wholesale Client or another eligible investor who is not required to receive a product disclosure statement under Division 2 of Part 7.9 of the Corporations Act, and in the case of offers made in New Zealand, also as a NZ Eligible Investor.

## Fees and Expenses

### Summary

<b>Fund fees payable to Pengana</b>	<b>Percentage (%) (excluding GST)</b>
Management fee	1.25% per annum
Performance fee	20% of new profits

The components of the above fees summary are detailed further below:

### Fees and Expenses

The Fund's management fee is currently 1.25% per annum of the net asset value of the Fund (plus GST net of reduced input tax credits). The management fee is payable monthly in arrears.

The Fund's performance fee is currently 20% (plus GST net of reduced input tax credits) of the increase in the net asset value of the Fund's investments less any prior loss carried forward, subject to a high water mark. This fee is payable to Pengana at the end of each calendar half year. The fee is calculated and accrued monthly. Depending on the return of the Fund, this monthly accrual may be a positive or negative amount. The conditions for payment of the performance fee to Pengana are as follows:

- The performance fee is not payable unless the return of the Fund is positive for that calendar half year period. The Fund's net asset value for performance fee assessment purposes will be adjusted for applications, redemptions and distributions to investors.
- The performance fee is not payable if the performance is below the high water mark. The high water mark is the highest previous Performance Point. For example, if the Fund falls 10% after reaching a high water mark, it must make up the losses before a performance fee is payable.
- If no fee is payable to Pengana at the end of a calendar half year period, then the accrued performance fee, positive or negative, will be carried forward into the next calendar half year period and form part of the performance fee for that half year.

The Trustee is entitled under the Trust Deed to be reimbursed for all expenses properly incurred in respect of the Fund. The above management fee does not include any allowance for expenses of the Fund, including expenses connected with the formation, operation and investment management of the Fund, fees for custody and administration of the Fund, auditor's fees, legal fees, taxes and other expenses properly incurred by the Trustee, the Custodian or the Administrator. These expenses will be paid for or reimbursed from the assets of the Fund.

The Trustee reserves the right to negotiate lower fees with certain investors on a case by case basis. Where this occurs no other investors will be adversely affected. The Trustee may also pay agents of investors or other intermediaries or persons part or up to 100% of the management fee and performance fee which is payable to the Trustee. These amounts are paid by the Trustee and are not charged to investors.

The Trust Deed permits the Trustee to charge higher fees and for other fees to be charged. Notice will be provided to Unit Holders 25 Business Days in advance of any variation of the fees detailed in this Information Memorandum.

## **Distribution of Income**

Any income received by the Fund is distributed as at the end of the financial year and the half financial year (although, in the case of the half financial year, the Trustee may at its absolute discretion choose not to effect a distribution given amount of income available for distribution). The income entitlement (when available) is calculated as at 30 June and 31 December and generally distributed within 1 month of the end of the distribution date. Distributions will be reinvested unless otherwise indicated by the investor in the Application Form. Pengana effects the reinvestment of distributions as additional Units in the Fund by applying the net asset value unit price that applies immediately following distribution without applying a buy spread. This is reported in a distribution statement, which is provided to Unit Holders annually.

Generally, the Trustee may choose to also distribute income at other periods during a financial year. For example, the Trustee might choose to effect a distribution where a large investor is redeeming and significant amount of income is undistributed. This would only be utilised to ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst Unit Holders.

## **Unit Pricing**

When your money is invested in the Fund, you are allocated a number of Units in the Fund. Each of these Units represents an equal undivided part of the net assets of the Fund. The unit price of the Units is generally calculated at the end of each month by taking the total gross value of the Fund's assets at the relevant monthly valuation date adjusting for any liabilities and then dividing the Fund's net asset Fund value by the total number of Units held by all Unit Holders on that day.

We seek to fairly allocate transaction costs to transacting investors by making an adjustment to the unit price of the Fund at the time of application or redemption from the Fund (buy or sell spread). This avoids an adverse impact on existing members not acquiring or redeeming Units. The Trustee may determine to waive the buy/sell spread in its absolute discretion.

The Trustee will calculate and fix the buy/sell spread from time to time to represent the Trustee's estimate of the total expenses that would be incurred to buy/sell assets to fund an application/redemption. The

current buy spread for the Fund is 0.15% and the current sell spread for the Fund is 0.15%. The Trustee may also determine a reasonable estimate of the actual amount necessary to avoid an adverse impact on other Unit Holders due to the acquisition or disposal of assets carried out because of a particular application or redemption.

Monthly application and redemption prices will be available on our website, [www.pengana.com.au](http://www.pengana.com.au).

## Reporting

Unit Holders will receive a monthly statement detailing the balance of their investment and any Unit Holder transactions. Distribution statements and tax statements are generally provided within 30 Business Days after 30 June.

Investors can elect to receive copies of the Fund's annual report by post or email free of charge by making this selection on the application form. Alternatively, Investors can view an electronic copy of the Fund's latest annual report on the Trustee's website [www.pengana.com.au](http://www.pengana.com.au).

## Taxation of the Fund

There are tax implications when investing, redeeming and receiving income from the Fund. Pengana cannot give tax advice and we recommend that you consult your tax adviser.

Under normal circumstances, the Fund will not pay income tax because the net taxable income is distributed to investors. Income earned, whether distributed or reinvested, forms part of the assessable income for investors in the year of entitlement.

At the end of the Fund's tax year we send to you the details of assessable income, capital gains, tax credits and any other relevant tax information to include in your tax return.

The Australian Government's Controlled Foreign Corporation (**CFC**) and Foreign Investment Fund (**FIF**) legislation may impose accruals tax liability on any fund that invests in overseas companies and trusts. This means that the taxable income of the Fund may include unrealised gains and undistributed income from certain overseas investments.

Because investors can move into and out of the Fund at different points in time, there is a risk that taxation liabilities in respect of gains that have benefited past investors may have to be met by subsequent investors.

This tax information is current as at the date of this Information Memorandum. The levels and basis of tax may change in the future.

### Capital gains tax

Your assessable income for each year includes net capital gains (i.e. after offsetting capital losses). Capital gains tax may arise from two sources:

- as a component of the distribution made to investors from the Fund; and
- when redeeming Units from the Fund.

### Goods and services tax (GST)

The issue and redemption of Units in the Fund, and the receipt of distributions will not be subject to GST. However, GST is payable on our fees and certain reimbursement of expenses. The Fund will generally be able to claim input tax credits and/or reduced input tax credits of at least 75%.

## **Non-resident taxation**

Statutory deductions of Australian withholding tax and income tax will be made from distributions of Australian sourced taxable income for non-resident investors. The exact amount cannot be determined as the rate of withholding tax depends on the type of income.

Also, non-residents will not be subject to Australian tax on capital gains arising on redemption of Units, provided they hold less than 10% of all Units in the Fund. If the non-resident holds more than 10% of Units in the Fund, Australian capital gains should not be payable as the Fund is not expected to invest (directly or indirectly), principally (more than 50% of its assets) in Australian real property.

A distribution of capital gains derived by the Fund will only be taxable to a non-resident Investor where at least 90% of the Fund's assets are a direct or indirect interest in Australian real property. As the Fund is unlikely to hold Australian real property, any capital gains distributed to a non-resident Investor should not be taxable.

Non-residents seeking to invest in the Fund should obtain tax advice on their specific circumstances.

## **Foreign tax credits**

Australian residents are required to include in their assessable income their share of any foreign taxes paid by the Fund. Investors will normally be entitled to a tax credit for foreign taxes paid by the Fund.

## **Tax file number (TFN) and Australian business number (ABN) (Australian Investors Only)**

It is not compulsory for investors to provide their TFN or ABN, and it is not an offence if they decline to provide them. However, unless exempted, if they are not provided, tax will be deducted from income distributions at the highest personal marginal rate plus the medicare levy. The ABN, TFN or an appropriate exemption can be provided on the Application Form when making an initial investment.

## **Fund Trust Deed**

The Trust Deed is the legal document under which the Fund is established. The Trust Deed and general law set out the legal rules under which the Fund can operate. They define the obligations, duties and investment powers of the Trustee and the rights and liabilities of Unit Holders.

The Trust Deed covers a number of matters including:

- Determination and payment of distributable income;
- Trustee's powers, which include all the powers of a natural person who is the absolute and beneficial owner of the property of the Fund and power to appoint delegates and agents;
- Trustee's indemnity for all liabilities incurred in the proper performance of its duties;
- Ability to transfer Units;
- Unit Holder meetings;
- Retirement of the Trustee;
- Termination of the Fund;
- Ability to amend the Trust Deed.

Each Unit in the Fund gives the Unit Holder a beneficial interest in the Fund as a whole, but not in any specific part or assets of the Fund. Holding Units in the Fund does not give a Unit Holder the right to participate in the management or operation of the Fund. The Trust Deed provides for the ability to issue Units of different classes. As at the date of this Information Memorandum, the Units issued in the Fund are all of the same single class. The description of the terms of the Fund in this Information Memorandum are reflective of the net effect of the number of classes of Unit on issue which is currently only one class of Unit.

In certain emergency situations which impact on the effective and efficient operation of a market for a relevant asset of the Fund, the Trustee can choose to suspend the processing of all applications or redemptions in the Fund until it is able to properly ascertain the value of that relevant asset of the Fund. If this occurs, in determining the value of a Unit for an application or redemption, the Trustee will use the value determined after the suspension is lifted.

The Trustee may accept or reject an application, either partly or completely, at its sole discretion. The Trustee must make that decision as soon as practicable after receiving the application.

The Trustee may withdraw this Information Memorandum at any time and may reissue a new Information Memorandum from time to time.

All Unit Holders are entitled to the benefit of, and will be bound by, the Trust Deed as if each Unit Holder was a party to the Trust Deed.

A copy of the Trust Deed is available from the Trustee by calling +61 (0) 2 8524 9900 or by sending an email to [info@pengana.com.au](mailto:info@pengana.com.au)

## Duties of the Trustee

The Trustee is responsible for the due administration of the Fund and must comply with all the obligations as set out in the Trust Deed and relevant laws.

Whilst the Trustee is ultimately responsible for the general administration of the Fund, it has outsourced the administration of the Fund to the Administrator and the custody of the assets of the Fund to the Custodian. The outsourcing of the administration arrangements may be terminated by the parties with 90 days notice. The outsourcing of the custody arrangements may be terminated by the parties with 30 Business Days notice.

## Privacy

The personal information that the Trustee collects from applicants for Units is used to provide Unit Holders with an investment in the Fund. If a Unit Holder provides incomplete or inaccurate information, the Trustee may not be able to process the application.

Unless required or authorised by law, the Trustee will only provide personal information of Unit Holders to authorised service providers whom it outsources certain functions to, including the Administrator and the Custodian of the Fund.

Unit Holders are able to obtain access to their personal information and a copy of the Trustee's privacy policy on request to the Trustee.

## Applications

Initial applications can be made by completing the Application Form attached to or accompanying this Information Memorandum. Application monies for Units in the Fund can be paid by either:

- a) Electronic Funds Transfer (EFT) or Telegraphic Transfer (TT), which can be remitted from any bank branch within Australia and should be sent to the following account.

<b>Account Name</b>	Pengana Australian Equities Long Short Fund
<b>Account Number</b>	242-792
<b>BSB</b>	946-612
<b>Bank</b>	UBS AG, Australia Branch

- b) A cheque made payable to Pengana Australian Equities Long Short Fund and crossed “not negotiable”.

In either case, the original executed copy of the completed Application Form must be mailed to White Outsourcing Pty Ltd, GPO Box 5482, Sydney NSW 2001, Attention: Pengana Registry.

Subsequent investment applications may be effected by completing the Application Form attached to or accompanying this Information Memorandum and mailing it to the address listed above or faxing it to +61 2 9221 1194.

As unit prices are generally only determined at the end of each month, investment applications can generally only be processed once a month. If a completed Application Form, with cleared funds, is not received by the Administrator 3 Business Days prior to the last Business Day of the month, investment applications may be processed at the unit price determined with reference to the end of the following month. Any net interest, after deducting any taxes and bank charges, accruing on the trust account for application monies prior to being invested is credited to the account of the Fund.

## Redemptions

Investors may redeem all or part of their investments in the Fund by completing the redemption request form attached to or accompanying this Information Memorandum or by providing written notice to the Administrator.

Partial redemptions can only be made if your account balance (after your redemption) does not fall below \$100,000.

Your redemption payments can be made into a nominated Australian financial institution account or by cheque.

Investors must provide their redemption requests to the Administrator at least 30 Business Days prior to month end. Redemption monies will usually be available within 30 Business Days after the unit price is calculated. The Trust Deed for the Fund provides the Trustee with the ability to temporarily suspend redemptions in certain adverse or emergency market conditions.

In the case of NZ Eligible Investors, upon request by an NZ Eligible Investor at the time of the redemption, Pengana may in its discretion effect a redemption by way of a buy back of Units. The withdrawal proceeds a Unit Holder receives where a repurchase is effected will be net of any stamp duty or other costs and expenses payable by the Trustee.

## Facsimile Arrangements

The Trustee currently accepts redemption requests by facsimile, provided it has no reason to believe the request is not genuine. We will not accept facsimile requests for cheques made payable to third parties or deposits to bank, building society or credit union accounts which have not been previously nominated by the Unit Holder. Facsimile redemption requests must be sent to +61 2 9221 1194, Attention: Pengana Registry. The conditions set out below apply to the use of the facsimile redemption facility.

By using facsimile instructions, you agree with the Trustee and the Administrator to the following terms and conditions:

- The Trustee and the Administrator are not responsible to you for any fraudulently completed communications and neither the Trustee nor the Administrator will compensate you for any losses.
- Should such a fraud take place, you release and will indemnify the Trustee and the Administrator severally against any liabilities whatsoever arising from our acting on any communication received by fax in respect of your investment.
- The Trustee and the Administrator will only act on completed communications. A transmission certificate from your fax machine is not sufficient evidence that your fax was received. Neither

the Trustee nor the Administrator will be liable for any loss or delay resulting from the non-receipt of any transmission.

- These terms and conditions are in addition to any other requirements that may form part of your instructions relating to the completion of a particular authority.

Investors should take care as there is a risk that fraudulent facsimile redemption requests can be made by someone who has access to the account number and a copy of the investor's signature. We reserve the right to add further requirements at any time.

## **Appointing an Authorised Representative**

If you wish to appoint someone else to operate your investment on your behalf, the following conditions apply:

- Your authorised representative can do everything you can do with your investment except appoint another authorised representative.
- To cancel your authorised representative appointment you must give us seven Business Days' written notice.
- You release and indemnify us and the Administrator severally from and against all liability which may be suffered by you or by us or brought against us or the Administrator in respect of any acts or omission of your authorised representative, whether authorised by you or not.

To appoint an authorised representative please complete the relevant sections in the Application Form.

## **Anti-Money Laundering**

In order to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006, Pengana, the Administrator, the Custodian or their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates may require you to provide verification of your identity, the underlying beneficial owner(s), and/or the sources of the funds being invested. We may refuse to accept an application (and return any funds received with the application without interest) of a prospective investor who delays or fails to produce any information we request for verification purposes.

## Application Form

### PENGANA AUSTRALIAN EQUITIES LONG SHORT FUND

**By Mail:** White Outsourcing Pty Ltd, GPO Box 5482, Sydney NSW 2001

**By Fax** (additional investments only): +61 2 9221 1194

**Attention:** Pengana Registry

#### NEW APPLICATION OR ADDITIONAL INVESTMENT

New Application (all sections must be completed except for the Investor Number below)

Additional Investment (complete only your Investor Number, the application monies section and the declaration at the end of the Application Form)

Investor Number

#### TYPE OF INVESTOR

Individual

Joint Application Holders

Company

Superannuation fund

Other trust

Other (specify) \_\_\_\_\_

#### INVESTOR DETAILS

##### 1 Individual 1

Given Names

Surname

##### 2 Individual 2 (for joint holders only)

Given Names

Surname

### 3 Company/Trustees/Partnership

Name

Fund/Trust name (if applicable)

Contact name

ACN/ARBN/ABN

### INVESTOR CONTACT DETAILS

Adviser details are not accepted. We cannot accept an Investor's contact details that are c/- a financial adviser or agent who is an Australian financial services licensee.

Street Address (Street/Suburb)

State

Postcode

Phone (H)

Phone (W)

Mobile Phone

Fax

Email Address

## DISTRIBUTION PAYMENT OPTIONS

Please nominate your preferred method of income distribution by ticking the appropriate box below. If you fail to make a nomination it will be taken that you have requested that the income be reinvested in additional Units in the Fund.

Reinvest in the Fund

Credit to the account specified in the next section of this Application Form

## ACCOUNT FOR PAYMENT PURPOSES (INCLUDING DISTRIBUTIONS)

Name of Institution

Branch

Account Name

BSB / Account Number

## AUSTRALIAN BUSINESS NUMBER (ABN) / TAX FILE NUMBER NOTIFICATION (TFN)

Providing your TFN or ABN is not compulsory, however, without your TFN, ABN or an appropriate exemption, we are required to withhold tax from your income distributions at the highest personal marginal tax rate plus the Medicare levy. An ABN notification by a company or other entity includes a declaration that the investment is made in the course of its enterprise. Please quote your ABN/TFN or the reason for exemption.

ABN/TFN (please circle)

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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I have a tax exemption.

Please identify your reason below:

Non-resident. Country of residence \_\_\_\_\_

Other reason \_\_\_\_\_

## **AUTHORISED REPRESENTATIVE**

I/We have appointed the person(s) named below as my/our Authorised Representative(s).  
I/We confirm that Authorised Representative(s) are required to authorise instructions.

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Name \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_

Title \_\_\_\_\_

If there are more than two Authorised Representatives, please contact us for the relevant form.

Please specify whether an authorised representative can act individually or jointly:

Individually

Jointly

## **APPLICATION MONIES**

### **PAYMENT METHOD:**

Electronic  
Funds Transfer

Cheque

Telegraphic  
Transfer

**APPLICATION AMOUNT**

\$

**AMOUNT IN WORDS**

Please note:

All Cheques should be made payable to Pengana Australian Equities Long Short Fund and crossed "not negotiable".

Electronic Fund Transfers and Telegraphic Transfers should be sent to the following account:

Account Name	Pengana Australian Equities Long Short Fund
Account Number	242-792
BSB	946-612
Bank	UBS AG, Australia Branch

**All additional investments must include the Investor Number in the payment reference.**

## FUND'S ANNUAL REPORT

You may elect to receive a copy of the Fund's annual report by post or email free of charge. Alternatively, you can view an electronic copy of the latest annual report on the Trustee's website at [www.pengana.com.au](http://www.pengana.com.au). Please select one of the options below:

- Please post a hard copy of the Fund's annual report to me each year.
- Please email a copy of the Fund's annual report to me each year (I have provided my email address under the 'Contact Details' section in the previous page).
- Please do not send me a copy of the Fund's annual report each year.

**If no election is made or if you have selected the third option, you will still be able to view the Fund's annual report on the Trustee's website at [www.pengana.com.au](http://www.pengana.com.au).**

## DECLARATION

### For Office Use Only

Received by Registry:

Reference Number:

Date:

I/We agree to be bound by the Trust Deed governing the Pengana Australian Equities Long Short Fund, this completed Application Form and the current Information Memorandum for the Fund, as amended from time to time.

I/We declare that all details provided by me/us on this Application Form are true and correct and that I/we have the legal power to invest in accordance with this application.

I/We have read and understood the current Information Memorandum for the Fund dated 10 April 2008.

I/We understand that neither the return of capital nor any particular rate of return in respect of the Pengana Australian Equities Long Short Fund is guaranteed and that I am/we are subject to investment and other risks.

I/We authorise the Trustee to apply the TFN or ABN provided in this Application Form and authorise it to be applied to all future applications and redemptions for Units, including reinvestments, unless I/we otherwise advise the Trustee.

I/We are a Wholesale Client under the Corporations Act or another eligible investor who does not require a product disclosure statement under the Corporations Act in respect of an investment in the Fund, or in the case of an offer made in New Zealand, also a NZ Eligible Investor (as defined in the Information Memorandum), including in respect of each future application (unless I / we notify the Trustee otherwise).

I/We acknowledge that due to anti-money laundering requirements, the Administrator, the Custodian and/or the Trustee may require proof of identity before the application can be processed and the Administrator, the Custodian and the Trustee will be held harmless and indemnified against any loss ensuing due to the failure to process this application, if such information required by the parties hereto has not been provided by me/us.

I/We acknowledge that where the Application Form is signed under power of attorney, the donee confirms that they have not received any notification or revocation of the power of attorney whether by death or otherwise.

Signature(s) \_\_\_\_\_

Name(s) \_\_\_\_\_

Date(s) \_\_\_\_\_

Affix company seal (if applicable).

Companies to sign in accordance with their constitution and the law. Applications by trustees must be signed by each trustee and must otherwise be in accordance with the trust deed.

# Redemption Request

## PENGANA AUSTRALIAN EQUITIES LONG SHORT FUND

**By Mail:** White Outsourcing Pty Ltd, GPO Box 5482, Sydney NSW 2001

**By Fax:** +61 2 9221 1194

**Attention:** Pengana Registry

INVESTOR NAME	<input type="text"/>
INVESTOR NUMBER	<input type="text"/>
REDEMPTION AMOUNT	\$ <input type="text"/>
AMOUNT IN WORDS	<input type="text"/>
OR	
NUMBER OF UNITS TO BE REDEEMED	<input type="text"/>

<b>PAYMENT DETAILS</b>	
<input type="checkbox"/>	<b>ELECTRONIC FUNDS TRANSFER</b>
BANK NAME	<input type="text"/>
ACCOUNT NAME	<input type="text"/>
ACCOUNT No.	<input type="text"/>
BSB	<input type="text"/>
<input type="checkbox"/>	<b>CHEQUE</b>
CONTACT NAME	<input type="text"/>
ADDRESS	<input type="text"/>

I/we instruct Pengana Capital Ltd to effect a redemption in accordance with the completed instructions set out above.

### SIGNATURE(S)

<b>For Office Use Only</b>	Signature(s)	_____	_____
	Received by Registry:	Name(s)	_____
	Reference Number:	Date(s)	_____
	Date:		

## Directory

### Trustee

Pengana Capital Limited  
ACN 103 800 568, AFSL no. 226 566  
Level 29, 20 Bond Street  
Sydney NSW 2000  
Australia

Telephone +61 2 8524 9900  
Facsimile +61 2 8524 9901  
Email [info@pengana.com.au](mailto:info@pengana.com.au)  
Website [www.pengana.com.au](http://www.pengana.com.au)

### Administrator

White Outsourcing Pty Ltd  
ABN 44 114 914 215  
Level 7, 20 Hunter Street  
Sydney NSW 2000

Telephone +61 2 8236 7701  
Facsimile +61 2 9221 1194

### Custodian

UBS Nominees Pty Ltd  
ACN 001 450 522  
Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Australia

### Legal Counsel

DLA Phillips Fox  
201 Elizabeth Street  
Sydney NSW 2000  
Australia