



7 September 2012

[Investor address]

Dear Investor,

### **IMPORTANT Notice of Termination of the Pengana Asian Equities Fund**

We, Pengana Capital Limited as responsible entity (**Pengana**), are writing to advise that the Pengana Asian Equities Fund (ARSN 138 943 709) (the **Fund**) has been terminated effective from the date of this letter.

#### **Why is the Fund terminating?**

The Fund was established by Pengana in 2008 with the objective of providing investors participation in the Asia-Pacific region's superior growth with protection from short term volatility. The Fund initially surpassed these objectives and since inception has outperformed a comparative index. However, its stock picking investment philosophy, which focuses on companies offering long-term structural growth in Asia at attractive valuations, has faced challenges over the last 2 years.

We believe the Fund's investment thesis remains valid and that markets will in time, revert to more fundamental drivers but the time frame is unclear. Due to these considerations, Pengana has determined that it is in the best interests of the Fund's investors for the Fund to be terminated and investors' monies returned.

#### **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 4pm on Thursday 6 September 2012 have been accepted and payment will be made in accordance with your instructions. Application requests received after 4pm on Wednesday 5 September 2012 will not be processed and will be returned to you.

You will not be charged management fees from Friday 7 September 2012.

The assets in the Fund will be realised and the cash proceeds distributed to all investors. We expect to distribute the net proceeds of your investment to you in early October 2012. Payment will be as per your current instructions provided to us.

**Pengana Capital Limited** ABN 30 103 800 568

Level 12, 167 Macquarie Street, Sydney NSW 2000, GPO Box 5409 Sydney 2001

**Phone** 02 8524 9900 **Fax** 02 8524 9901 **Email** [clientservice@pengana.com](mailto:clientservice@pengana.com)

**What you need to do?**

If you wish to confirm or change your payment instructions please contact Client Services (details provided below).

If you don't need to change your payment instructions no action is required for you to receive your cash proceeds.

As a result of the termination of the Fund you will incur capital gains or losses on the disposal of your units which may have tax implications for you. The composition and timing of the final distribution could also affect your tax position. We therefore recommend that you speak to your tax adviser about your individual circumstances. A tax statement will be sent to you after 30 June 2013.

You may also wish to speak to a financial adviser in relation to reinvesting your money.

If you have any questions, please contact Client Services on 02 8524 9900 Monday to Friday between 9am and 5pm (Sydney time).

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

Yours sincerely,

Pengana Capital Limited



## **Termination of the Pengana Asian Equities Fund**

**Friday 7 September 2012**

### **Questions & Answers**

#### **Summary of key information**

- Pengana Capital Limited (“PCL”) is the Responsible Entity and Investment Manager of the Pengana Asian Equities Fund (“the Fund”) (ARSN 138 943 709).
- PCL has decided to terminate the Fund with immediate effect on 7 September 2012 (“the termination date”) and commence winding up the Fund.
- In order to facilitate the orderly wind up of the Fund and to ensure all unit holders are treated equally, PCL has determined that the Fund is now closed to all applications and withdrawals.
- PCL will not be charging any management fees from the Fund’s termination date and during its wind up process.

#### **1. Why is the Fund closing?**

The Fund was established by Pengana in 2008 with the objective of providing investors participation in the Asia-Pacific region’s superior growth with protection from short term volatility. The Fund initially surpassed these objectives and since inception has outperformed a comparative index. However, its stock picking investment philosophy, which focuses on companies offering long-term structural growth in Asia at attractive valuations, has faced challenges over the last 2 years.

We believe the Fund’s investment thesis remains valid and that markets will in time, revert to more fundamental drivers but the time frame is unclear. Due to these considerations, Pengana has determined that it is in the best interests of the Fund’s investors for the Fund to be terminated and investors’ monies returned.

**Pengana Capital Limited** ABN 30 103 800 568

Level 12, 167 Macquarie Street, Sydney NSW 2000, GPO Box 5409 Sydney 2001

**Phone** 02 8524 9900 **Fax** 02 8524 9901 **Email** [clientservice@pengana.com](mailto:clientservice@pengana.com)

## **2. What alternatives were considered?**

The responsible entity considered alternatives to terminating the Fund, and determined that terminating the Fund was in the best interests of unitholders as a whole.

## **3. Does PCL have the right to wind up the Fund?**

Yes, the Fund's Constitution permits PCL as Responsible Entity to terminate the Fund by advising unitholders in writing. The ability to terminate the Fund is disclosed in the Pengana Asian Equities Fund Product Disclosure Statement.

## **4. How will the termination proceed?**

No management fees will be charged from the termination date of 7 September 2012 .

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 4pm on Thursday 6 September 2012 have been accepted and payment will be made in accordance with the instructions. Application requests received after 4pm on Wednesday 5 September 2012 have not been processed and will be returned.

Following the decision to terminate, PCL has commenced winding up the Fund in an orderly fashion. This involves converting all of the Fund's assets to cash and paying all expenses (e.g. management fees accrued up until the 7 September) in preparation for distributing the cash proceeds to unitholders. This will be done proportionately with your unitholding in the Fund as at the close of business on the termination date.

One final payment will be made by early October 2012. This payment will represent a final distribution and a return of capital. The distribution components will be advised with the annual tax statement. For investors who currently elect to have their distributions reinvested, this will not occur for the final distribution as the Fund is now closed.

## **5. Are investors able to access their money after the Fund terminates?**

In order to ensure all unitholders are treated equally and receive the same unit price, PCL has determined that no withdrawal requests will be accepted after 4pm on Thursday 6 September 2012.

The assets in the Fund are being realised and the cash proceeds will be distributed to unitholders once that process is complete.

We are working to ensure investors' money is returned as quickly as possible. We expect to distribute the proceeds to unitholders in early October 2012. Payments will be made as per unitholders current instructions.

## **6. Do investors need to take any action?**

### **If you access the Fund via a Platform/IDPS (e.g. MLC Wrap, BT Wrap, Macquarie Wrap)**

Proceeds will be paid back directly to the platform. Platform investors should contact their platform provider or financial adviser for further information.

### **Direct investors**

Proceeds will be paid directly into a unitholders' nominated bank account, or if no bank account details have been provided a cheque will be issued. If unitholders wish to confirm or change their payment instructions we recommend they contact Client Services on 02 8524 9900.

## **7. Are there any tax implications for unitholders?**

As a result of the termination of the Fund, unitholders will incur capital gains or losses on the disposal of their units, which may have tax implications. The composition and timing of the final distribution could also affect their tax position. We therefore recommend that unitholders seek professional tax advice for their own personal circumstances.

## **8. When will unitholders receive their tax statements?**

Unitholders will receive a tax statement following the end of the current financial year i.e. after 30 June 2013.

## **9. How and when are we communicating to impacted investors?**

### **If you access the Fund via a Platform/IDPS (e.g. MLC Wrap, BT Wrap, Macquarie Wrap)**

Friday 7 September 2012 – Investor notification communicated to platforms. Platforms will then advise their investors as per their own process as to how the realised proceeds will be returned to investors.

### **Direct investors**

Friday 7 September 2012 – Investor notification distributed to unitholders.

### **Website ([pengana.com.au](http://pengana.com.au))**

Friday 7 September 2012 – Investor notification and Questions & Answers information made available.

**10. What's next for the investment team?**

The Pengana Asian Equities Fund's Team has not made any announcements about their future intentions.

**11. Who can I speak to if I have any further questions?**

Unitholders can contact Client Services on 02 8524 9900 or [clientservice@pengana.com](mailto:clientservice@pengana.com) . Alternatively, advisers can speak to their Pengana or nabInvest Investment Specialist.