



## The ORAH Fund

### Information Memorandum



Any offer contained in this Information Memorandum is only available for acceptance by Wholesale Clients (including Sophisticated Investors within the meaning of the Corporations Act), and is NOT available to Retail Clients unless permitted by law.

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Issue Date: 27 February 2018

#### **Trustee, Issuer and Investment Manager**

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## Disclaimer

None of Pengana Capital Limited ABN 30 103 800 568 ("**Pengana**" or "**Trustee**" or "**Issuer**") or any company in the Pengana Group guarantees or makes any representations as to the future performance of the ORAH Fund ("**Fund**"), the maintenance or repayment of capital, income tax and other taxation consequences of investing in the Fund or any specific rate of return.

An investment in the Fund is subject to investment risk, which may result in the loss of capital invested and failure to receive income. Investors should assess whether the Fund is suitable for their investment objectives and whether they should talk to their financial adviser before deciding to invest in the Fund.

An investment in the Fund is only available to wholesale clients as defined under the Corporations Act or otherwise as permitted by law.

## Important Information

This Information Memorandum ("**IM**") is dated 27 February 2018 and contains important information regarding the Fund. The Fund is a managed investment scheme. Pengana is the trustee and investment manager of the Fund. It is also the issuer of this IM and of units in the Fund.

This IM should be read carefully before making a decision to invest in the Fund.

The Fund, at the date of this IM, is not required to be, and is not, registered as a managed investment scheme pursuant to section 601ED of the Corporations Act. This IM is not a product disclosure statement for the purposes of Part 7.9 of the Corporations Act. This IM does not purport to contain all the information that a prospective investor may require in evaluating a possible investment in the Fund.

The Trustee, or its related parties, officers, employees, consultants, advisers or agents have not carried out an independent audit or independently verified any of the information contained in this IM, nor do they give any warranty as to the accuracy, reliability, currency or completeness of the information or assumptions contained in this IM nor do any of them, to the maximum extent permitted by law, accept any liability whatsoever however caused to any person relating in any way to reliance on information contained in this IM or any other communication or the issue of units.

The Trustee has not authorised any person to give any information or make any representations in connection with the Fund which are not in this IM and if given or made such information or representations must not be relied upon as having been authorised by the Trustee. Any other parties distributing this product to investors are not the Trustee's agent or representative and are doing so on their own behalf. The Fund and the Trustee are not responsible for any advice or information given, or not given, to potential investors by any party distributing this product and, to the maximum extent permitted by law, accept no liability whatsoever for any loss or damage arising from potential investors relying on any information that is not in this IM when investing.

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

The offer made in this IM relates to Class A and Class B units in the Fund and is available only to persons receiving this IM in Australia.

The Trustee reserves the right to evaluate any applications and to reject any or all applications submitted, without giving reasons for rejection. The Fund and the Trustee are not liable to compensate the recipient of this IM for any costs or expenses incurred in reviewing, investigating or analysing any information in relation to the Fund, in submitting an application or otherwise.

No cooling off applies to the issue of units.

Unless otherwise indicated, all dollar amounts refer to Australian dollars and all references to fees and costs quoted in this IM are inclusive of GST net of any input tax credits.

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# 1. FUND SUMMARY

This is a summary only. Please read the entire IM before making a decision about whether to invest in the Fund.

Features	Details	Section Reference
<i>Type of Fund</i>	Fund of funds	Section 2.1
<i>Philanthropic Objective</i>	<p>Pengana intends to donate all management fees and performance fees it receives from the Fund, net of expenses, to charity.</p> <p>The Fund will support various charitable partners, which are listed on the ORAH Fund's website (<a href="http://www.theorahproject.com.au">www.theorahproject.com.au</a>).</p> <p>The donations made to charity will not dilute Investors' investment returns.</p>	Section 7
<i>Benchmark</i>	The Benchmark for the Fund is comprised 50% of the MSCI World Total Return Net World Index (AUD Unhedged) and 50% of the ASX 300 Accumulation Index. The Benchmark is a blended benchmark and is rebalanced on a monthly basis.	Section 3.1
<i>Investment Objective</i>	The Fund targets a net of fees return exceeding that of the Benchmark over the suggested investment timeframe of 5 to 7 years. Over this period, the Fund also aims to produce a risk-adjusted return in excess of the Benchmark.	Section 3.1
<i>Investment Strategy</i>	To achieve the Fund's objective, Pengana seeks to identify a select group of specialist Underlying Funds that possess varied investment styles and strategies.	Section 3.2
<i>Income Distribution</i>	Annually within 90 days of 30 June each year	Section 8.5
<i>Management Fee*</i>	1.025% p.a. of a Class' NAV.	Section 6
<i>Performance Fee*</i>	10.25% of a Class' positive performance in the relevant performance period, subject to a high water mark.	Section 6
<i>Expenses</i>	External expenses will be recovered from the Fund	Section 6
<i>Buy/Sell Spread</i>	0.40% / 0.40%	Section 6
<i>Suggested Investment Timeframe</i>	5 to 7 years	Section 3.12
<i>Minimum Initial Investment</i>	\$20,000	Section 8.1
<i>Minimum Additional Investment</i>	\$5,000	Section 8.2
<i>Minimum Balance</i>	\$20,000	Section 8.3
<i>Unit Pricing Frequency</i>	Monthly	Section 2.5
<i>Applications</i>	Must be received by 2:00 PM on the 15 <sup>th</sup> calendar day of each month, or if the 15 <sup>th</sup> calendar day is not also a Business Day then the next Business Day.	Section 8.1 to 8.2
<i>Withdrawals</i>	24 Sydney Business Days prior to month end	Section 8.3

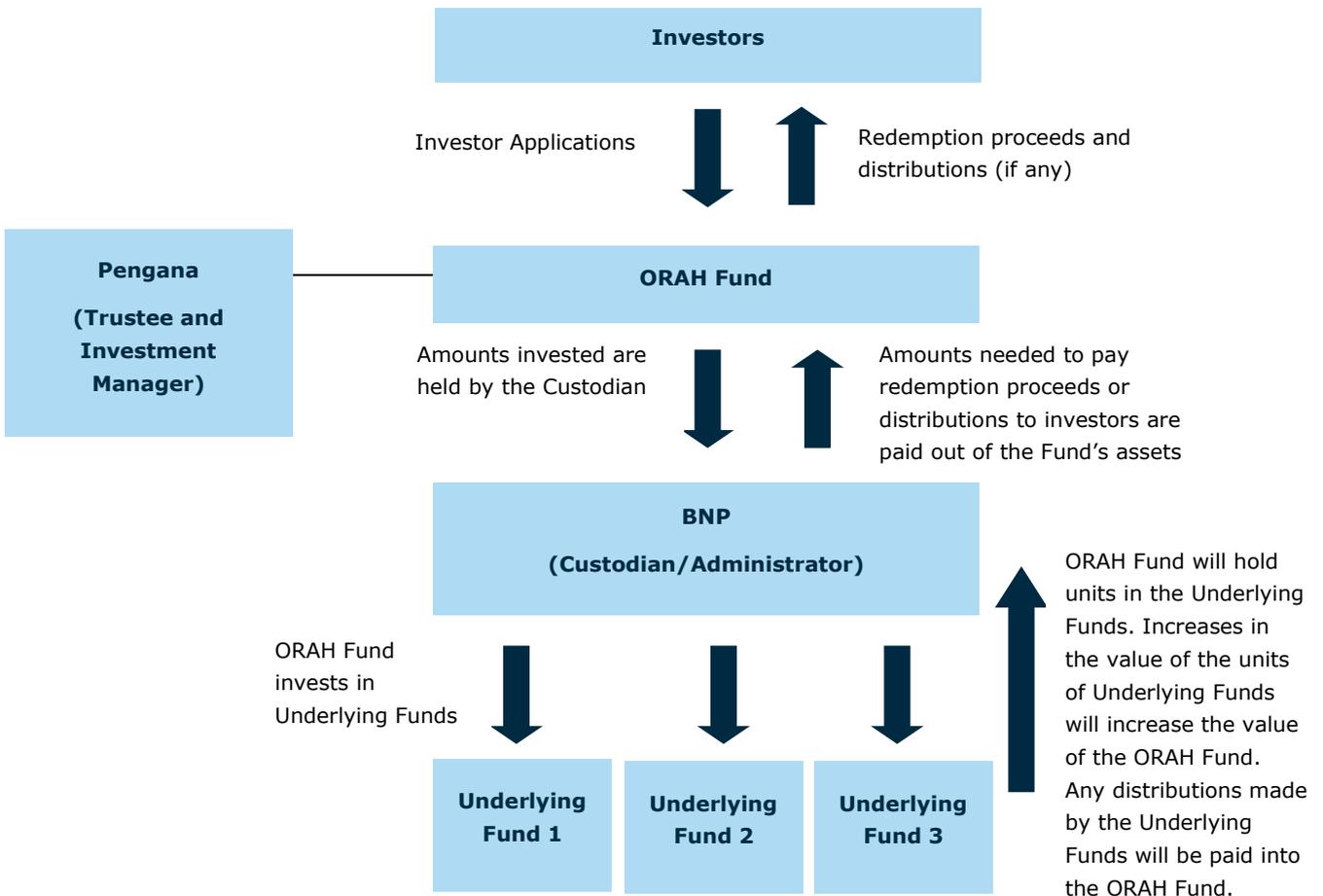
\* Refer to section 6.1 for further information regarding the fees and costs which apply to this Fund.

## 2. ABOUT THIS FUND

### 2.1. Fund Structure

The Fund is an unlisted unregistered managed investment scheme domiciled in Australia. The Fund is a fund of funds. It accepts money from investors and implements its investment strategy by investing in Underlying Funds. These may be traditional investment funds or hedge funds. An investment in the Fund is only available to wholesale clients as defined under the Corporations Act or otherwise as permitted by law.

The Underlying Funds will primarily be domiciled in Australia. However, the Fund may hold Underlying Funds domiciled in any country. The Fund will be geographically diversified with the Underlying Funds investing in assets held domestically and/or internationally. The custodians of Underlying Funds must be independent to the Underlying Investment Managers. Please refer to section 5 for a description of risks associated with the Fund investing in underlying funds overseas and risks associated with the Fund structure.



### 2.2. Who Manages This Fund?

Pengana is the trustee and investment manager of the Fund.

The following key investment personnel form the Fund's Investment Committee and are involved with implementing the investment strategy of the Fund:

#### Russel Pillemer – Fund Manager

Russel Pillemer co-founded Pengana in 2003. He has been the company's Chief Executive Officer since inception. Prior to founding Pengana, Russel worked in the Investment Banking Division of Goldman Sachs in New York where he specialised in providing advice to funds management businesses. Before moving to New York, he was responsible for

leading Goldman Sachs' Australian Financial Institutions Group. Russel was previously Chairman of Centric Wealth Group and a Principal of Turnbull Pillemer Capital. He is a member of the Institute of Chartered Accountants in Australia and has a Bachelor of Commerce (Hons) from the University of New South Wales.

#### **Nick Griffiths – Fund Manager**

Nick Griffiths is the Chief Investment Officer of Pengana. In this role he is responsible for manager monitoring, performance analysis and risk management across Pengana's investment strategies. He also chairs the Risk Management Committee and is an Executive Director of Pengana Capital. Nick is a strong advocate and regular commentator on the use of alternatives and absolute return funds in retail and wholesale portfolios. He has more than 20 years' experience in the actuarial and investment industries in the UK and Australia. Prior to his current role Nick was Head of Investment Research within Aon's Investment Consulting Practice in Sydney. He managed the Australian based research team and was the regional representative within Aon's Global Research Unit. His educational background includes a Joint Honours degree in Law and Economics from the University of Durham, English and Australian actuarial qualifications and the completion of the Chartered Financial Analyst exams in 2002.

#### **Adam Myers – Fund Manager**

Adam Myers is an executive director of Pengana Capital with oversight of strategic initiatives and responsibility for the quantitative and structuring capability within the group. Adam developed an appreciation of market risk during a 15 year career trading equity derivatives, structuring derivative transactions and managing equity derivative traders. Prior to joining Pengana he headed the Equity Derivatives Business at Investec Bank in South Africa and the Corporate Equity Structuring function at Investec Bank in Australia. Adam has a Bachelor of Commerce (Hons) from the University of Johannesburg in South Africa.

These investment personnel spend as much time as required implementing the investment strategy of the Fund.

As Pengana is both the trustee and investment manager, there is no investment agreement in place which formally appoints Pengana as the investment manager and Pengana's appointment as investment manager may only be terminated if it is removed as trustee of the Fund. However, as a fund of funds, Pengana has the discretion to choose and replace the underlying investment managers to seek to meet the Fund's objective via applying for and withdrawing investments in their Underlying Funds.

### **2.3. Key Service Providers**

Pengana regularly monitors the performance of the Fund's key service providers against the service levels documented in its service agreements with each key service provider.

All service providers are located in Australia except for BNP Paribas which is located in France and has an office in Australia.

#### **2.3.1. Trustee and investment manager**

Pengana is the trustee and investment manager of the Fund.

Pengana is an independent funds management group founded in 2003 and headquartered in Sydney, with offices in Melbourne and Singapore. Pengana holds an Australian Financial Services Licence (AFSL) issued by the Australian Securities and Investments Commission (ASIC).

#### **2.3.2. Custodian and administrator**

Custody and administration for the Fund has been outsourced to BNP Paribas ("**BNP**"). This includes the provision of accounting, unit pricing, fund administration, custodial and registry services. Please refer to the 'Administration and Custody Services for the Fund' in section 10.7 for further information.

#### **2.3.3. Auditor**

Ageis is the independent auditor of the Fund and has been engaged as the auditor of the Fund's financial reports.

## **2.4. Service Providers of Underlying Funds**

The trustee/responsible entities/investment managers of the Underlying Funds (or funds into which the Underlying Funds invest) may be Pengana, or related parties of Pengana.

Please refer to section 10.2 for discussion on related parties.

## **2.5. How are Units in the Fund Valued?**

### **2.5.1. Valuation**

The assets and liabilities of the Fund are generally valued on a monthly basis at market value by BNP in accordance with BNP's valuation policy (which has been adopted by Pengana for the Fund) and the unit pricing policy of the Trustee. The assets include the units held by the Fund in the Underlying Funds, which are valued at the applicable redemption price issued by the Responsible Entities or Trustees for the Underlying Funds.

### **2.5.2. Unit prices**

Unit prices for a Class are calculated by:

- establishing the Net Asset Value of that Class of the Fund; and
- dividing the Net Asset Value of that Class by the number of units in that Class on issue to determine the Net Asset Value of each unit.
  - For application prices, the Net Asset Value per unit in that Class is adjusted by adding the portion of the Buy Spread
  - For redemption prices, The Net Asset Value per unit in that Class is adjusted by deducting the portion of the Sell Spread

Generally, the Net Asset Value of a Class of the Fund is determined on the last Business Day of each month. The Net Asset Value of a Class of the Fund is calculated by deducting from the value of that Class' gross assets, the value of that Class' liabilities, including any accrued but unpaid positive aggregate performance fee.

The Net Asset Value of investments in the Fund includes not only the value of unrealised capital gains but also any income and realised capital gains accrued but not yet distributed.

### **2.5.3. Performance**

Performance data and unit prices for the Fund are updated on a monthly basis, and are available on the ORAH Fund's website ([www.theorahproject.com.au](http://www.theorahproject.com.au)).

## 3. WHAT IS THE FUND'S INVESTMENT STRATEGY

### 3.1. Investment Objective

The Fund targets a net of fees return exceeding that of the "Benchmark" over the suggested investment timeframe of 5 to 7 years. Over this period, the Fund also aims to produce a risk-adjusted return in excess of the Benchmark.

The Benchmark for the Fund is comprised 50% of the MSCI World Total Return Net World Index (AUD Unhedged) and 50% of the ASX 300 Accumulation Index. The Benchmark is a blended benchmark and is rebalanced on a monthly basis.

The Fund aims to select suitable Underlying Funds in order to achieve Benchmark outperformance.

### 3.2. Investment Strategy

To achieve the Fund's objective, Pengana, as investment manager of the Fund, seeks to identify a set of specialist Underlying Funds that possess varied investment styles and strategies. This diversification is expected to result in reduced volatility and more stable returns over time. Further, it is expected that their combination in the Fund's portfolio will lead to superior risk-adjusted returns compared to the Benchmark over time than any Underlying Fund individually.

The Fund provides Investors with exposure to a group of boutique investment managers whose Underlying Funds will primarily be domiciled in Australia. However, the Fund may hold Underlying Funds domiciled in any country. The Fund does not have a specific policy in relation to the geographical location of Underlying Funds.

These Underlying Funds will typically be actively managed and invest in equities with investment strategies including, but not limited to, long-only, long-short, absolute return and/or market neutral. However, the Fund may invest in underlying funds with any asset class focus, investment style or investment strategy.

The Fund will be geographically diversified with the Underlying Funds investing in assets held domestically and/or internationally.

The Fund may hold cash directly.

### 3.3. Selecting Underlying Funds

The Underlying Funds which the Fund invests in and their investment managers will be listed on the ORAH Fund's website and updated as the Underlying Funds change. The selection of Underlying Funds may change from time to time without prior notice to Investors.

#### 3.3.1. Initial assessment

In assessing potential underlying funds or strategies, Pengana conducts an initial screen that considers both qualitative and quantitative factors including, but not limited to:

- An achievable investment objective with risk and return targets consistent with the Fund's objective;
- An investment strategy and style differentiated from those of the current Underlying Funds;
- Quantitative analysis of any track record including return, risk and correlation to the Fund and Underlying Funds;
- Experience of the underlying investment management team;
- Quality of the underlying investment management company; and
- Assessment of available capacity.

In selecting Underlying Funds, there is no limit placed on the use, type or level (if any) of leverage, derivatives or short selling. These are factors considered within the above framework.

Please refer to section 5 for a description of the risk posed to the Fund's liquidity by nature of the investments in the Underlying Funds and how that risk will be managed.

No labour standards or environmental, social or ethical considerations are taken into account in selection, retention or disposal of any Underlying Fund.

### **3.3.2. Due diligence**

Investment and operational due diligence is undertaken by Pengana.

### **3.3.3. Investment Committee meeting and approval**

The Investment Committee considers the inclusion of the underlying fund with reference to the Fund's objectives, taking into account the information obtained during the 'Initial assessment' and 'Due diligence' stages. Once approved, Pengana's risk team codes the mandate monitoring tools with reference to the underlying fund's investment guidelines.

### **3.3.4. Ongoing review**

On an ongoing monthly basis, Pengana monitors the performance, risk, mandate compliance and other significant developments as they relate to the Underlying Funds and Underlying Investment Management companies. Pengana will periodically conduct due diligence on each Underlying Manager.

## **3.4. Investment Guidelines**

Pengana does not intend for an allocation in any Underlying Fund to exceed 15% of the Fund's Net Asset Value for a significant period of time.

Initially, the Fund will target an investment in a minimum of 8 Underlying Funds. This target can and will vary over time depending on factors including, but not limited to, the availability of managers which Pengana believes are appropriate and Pengana's assessments of the Fund's size, risks and returns.

The Fund may hold cash directly.

Although Pengana will endeavour to work within the investment guidelines as set out in this IM, these guidelines should be viewed as objectives and not absolute limits. Should they be exceeded for any reason, Pengana will endeavour to effect such adjustments as necessary to meet the guidelines set out in this IM.

## **3.5. Leverage**

The Fund itself does not enter into borrowing arrangements, however the Fund may be leveraged through its exposure to Underlying Funds, which may be leveraged.

Underlying Funds may be leveraged where leverage is consistent with the overall investment strategy and objectives of the Fund and within any agreed guidelines and restrictions.

Such leverage may be employed through the use of short selling, derivatives or a leverage facility with a prime broker.

See section 5 for a description of risks associated with leverage.

## **3.6. Derivatives**

The Fund itself does not invest in derivatives.

However, the Underlying Funds may invest in derivative instruments where derivatives are consistent with the overall investment strategy and objectives of the Underlying Fund and within any agreed guidelines and restrictions.

Underlying Funds may be invested in derivatives to manage risk, take opportunities to increase returns and/or to gain exposure to investments.

The Underlying Funds may invest in certain derivatives including, but not limited to, equity index futures contracts, warrants, forwards, stock futures, cleared and over-the-counter swaps, and options.

See section 5 for a description of risks associated with using derivatives.

### **3.7. Short Selling**

The Fund itself does not engage in short selling.

However, the Underlying Funds may engage in short selling where short selling is consistent with the overall investment strategy and objectives of the Underlying Fund and within any agreed guidelines and restrictions.

See section 5 for a description of risks associated with short selling.

### **3.8. Labour Standards, Environment, Social and Ethical Considerations**

Pengana does not take into account labour standards, environmental, social or ethical considerations for the purpose of selecting, retaining or realising any investment of the Fund.

### **3.9. Key Dependencies**

The ability of the Underlying Funds to meet their investment objectives is the key determinant of the investment strategy's success.

### **3.10. Risk Management**

Specific risks associated with the investment strategy are described in section 5.

On an ongoing monthly basis, Pengana monitors the performance, risk, mandate compliance and other significant developments as they relate to the Underlying Funds and Underlying Investment Management companies. With the same frequency, Pengana monitors the performance and risk of the Fund as well as Underlying Fund allocations.

### **3.11. Changes to the Investment Strategy**

If Pengana makes any material changes to the Funds' investment strategy, Investors in the Fund will be given notice of these changes.

### **3.12. Suggested Investment Timeframe**

An investment horizon of at least 5 to 7 years is suggested to allow the Fund to achieve its investment objectives. Investors should be aware that the Fund is not suitable for short term investment. We recommend that you consider, with your financial adviser, the suggested investment period for the Fund, having regard to your own investment timeframe.

## 4. WHAT ARE THE BENEFITS?

The Fund provides the opportunity to participate in a professionally managed investment fund which gives Investors exposure to a select group of specialist Underlying Funds. The Underlying Investment Managers have agreed to waive or rebate the fees which would ordinarily be payable by the Fund.

Pengana intends to donate all Management Fees and Performance Fees it receives from the Fund, net of expenses, to Jewish charities based both in Australia and abroad. The donation made to charity will not dilute Investors' investment returns.

The Fund capitalises on Pengana's industry knowledge with the aim of providing investors a compelling offering while making a valuable contribution to the charitable sector.

## 5. WHAT ARE THE RISKS?

There are risks associated with any investment. Generally, the higher the expected return on an investment, the higher the potential 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 Pengana cannot provide assurances or guarantees on either future profitability or Fund returns.

The Fund will have exposure to a range of risks. The following discussions of the various risks associated with the Fund are not, and are not intended to be, a complete list or explanation of the risks involved in an investment in the Fund. Prospective investors should read this entire IM. 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.

### 5.1. Custody Risk

Some of the Underlying Funds' investments may be domiciled overseas. The prime broker/custodian of the Underlying Funds may hold these investments in their local jurisdiction. Assets held in their local jurisdiction may be registered in the name of a custodian, due to the nature of law or market practice in the relevant jurisdiction, if it is in the best interests of the Underlying Fund(s) or not feasible to do otherwise. These assets and any cash held by that custodian will not be segregated from the custodian's own assets and may not be well protected. Any cash held by the custodian or the prime broker of Underlying Funds will also not be segregated from the custodian's or the prime broker's own money.

### 5.2. Security Specific Risk

The value of the Fund's investment in the Underlying Funds may be affected by unexpected changes in the value of the securities the Underlying Funds hold. Such changes may be due to unexpected operational, financial or economic changes applicable to the relevant securities. The value of securities may also be affected by the general health of the relevant industry and government policy.

### 5.3. Market Risk

Economic, technological, environmental, 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 Underlying Funds and thus the value of the units in the Fund.

### 5.4. International Investing Risk

This is the risk of the Fund being exposed, through its investment in the Underlying Funds which may be invested in overseas assets, to the regulatory (tax and legal), economic and political climate in the countries in which the Underlying Fund invests or has exposure to. These risks may adversely affect investments in the Underlying Funds that are held in those countries as well as impact on the Fund's performance.

The risks of international investing include adverse currency fluctuations, foreign withholding tax or duties on income or capital gains, securities regulations, market and settlement practices, potential political and economic instability affecting overseas markets, limited liquidity and volatile prices of international investments, foreign exchange controls and investment and repatriation restrictions. Regulatory intervention could also materially affect the ability of the Underlying Funds to give effect to their investment strategy and adversely affect the Fund's performance.

### 5.5. Leverage

The Underlying Funds may borrow additional funds for investment purposes. They may also leverage their investment return with options, short sales, swaps, forwards and other Derivative instruments. The use of leverage may magnify

the potential gains and losses achieved by the Underlying Fund, thus impacting on the value of the units in the Fund. Losses from the use of leverage can be substantial and can exceed the original amount invested.

## **5.6. Short Selling**

The short sale of a security can involve much greater risk than buying a security, as losses on the securities purchased are restricted at most to the amount invested, whereas losses on a short position can be much greater than the initial value of the security. In theory the potential loss on a short position can be infinite where the market price of the security sold short rises. The costs of covering the short position can rise without limit.

There is also the risk that the securities lender recalls the security at a time when the price has risen, and the Underlying Fund may be forced to buy back the security at a loss to meet its obligations. There is also no guarantee that the securities required to cover a short position will be available for purchase. Short selling will also incur costs relating to the borrowing of securities.

## **5.7. Interest Rate Risk**

The risk that the investment value or return of an asset in the Underlying Funds may be adversely affected by changes in interest rates. Changes in interest rates can have a direct or indirect positive or negative impact on investment value or returns.

## **5.8. Currency Risk**

The functional currency of the Fund is Australian dollars, however the functional currency of the investments of the Underlying Funds may be in currencies other than Australian dollars. Changes in value of the Australian dollar to the other currencies may negatively affect the value of the Underlying Funds and in turn the Fund. The Underlying Funds may hedge a proportion of its exposure to foreign currency to reduce the exposure to foreign exchange fluctuations between the Australian dollar and other currencies. However, any hedging of foreign exchange exposures undertaken by Underlying Funds may not provide complete protection from adverse currency movements or a counterparty to such hedging transactions may default on their obligations to the Underlying Fund.

## **5.9. Derivatives Risk**

The Underlying Funds may utilise Derivative instruments. The value of Derivatives can change in response to a range of unpredictable factors such as changes in interest rates, volatility in the value of the underlying asset, foreign exchange rates or credit rating. Since a small investment in Derivatives may control a much greater value of underlying assets, investments in Derivatives can involve much greater risk than buying the Derivative's underlying asset directly. This magnifies both profits and losses, as measured against the outlay. Losses from derivatives transactions can be substantial and can exceed the original amount invested. The Underlying Funds 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 Underlying Funds. Other derivative risks include the value of the Derivative failing to move in line with the underlying asset and the potential illiquidity of the Derivative.

## **5.10. Liquidity Risk**

The Fund's liquidity is dependent on the Underlying Funds' liquidity. If any of the Underlying Funds do not have sufficient liquidity to immediately meet redemption requirements (e.g. due to adverse market conditions), then redemptions from the Fund may be temporarily suspended.

### **5.11. Fund Risk**

There is the risk that the Fund or Underlying Funds could terminate or the fees and expenses payable by these funds could change. Underlying Funds may not be subject to the same regulatory requirements as the Fund.

### **5.12. Performance Fee Structure Risk**

Pengana charges a performance fee in circumstances outlined in section 6. These arrangements may create an incentive for Pengana to take more risk with its investments than may otherwise be the case. Pengana considers this risk to be low as all performance fees received by Pengana from the Fund net of expenses go to charity.

### **5.13. Counterparty Risk**

There is a risk of loss caused by a counterparty to the Fund or Issuer defaulting on their financial obligations, failing to perform their contractual obligations or becoming insolvent. The Fund's counterparties include BNP and the Underlying Funds.

### **5.14. Prime Broker and Custodian Credit Risk**

Where the Underlying Funds engage in short selling or enter into Derivatives, the prime broker of the Underlying Fund may, at all times, appropriate for its own account and deal with securities and other investments recorded in the Underlying Fund's securities account as being held for the benefit of the Underlying Fund. Securities and other investments so appropriated will continue to be recorded in the Underlying Fund's securities account, however such securities and other investments will become proprietary assets of the prime broker and the prime broker will be contractually obliged to deliver equivalent securities and investments to the Underlying Fund pursuant to the prime brokerage agreement. In addition, the prime broker of the Underlying Fund may hold the Underlying Fund's cash as banker and not as trustee or agent. Therefore, the Underlying Fund's cash will not be in a segregated client account but rather will be used by the prime broker in the course of its business. Consequently, the cash, securities and other investments which are held by the prime broker may not be fully protected in the event of the insolvency of the prime broker. Underlying Funds may also open up foreign currency accounts with third parties.

The obligations of an Underlying Fund to its prime broker in respect of any transactions may be secured by transferring to the prime broker by way of security, title to certain investments, cash or other assets of the Underlying Fund (together referred to as "Collateral"). The prime broker of an Underlying Fund may be entitled to sell, lend or otherwise use any Collateral for its own purposes, subject to an obligation to return equivalent securities or cash value. Such Collateral is not segregated from the prime broker's own assets and may be available to third party creditors of the prime broker in the event of the insolvency of the prime broker.

### **5.15. Conflict of Interest**

Pengana may be the trustee, responsible entity or investment manager of some of the Underlying Funds.

Pengana considers this risk to be low for the following reasons:

1. The Underlying Investment Managers obtain no benefit from their inclusion, having agreed to waive or rebate the fees payable by the Fund; and
2. The management fee and performance fee received by Pengana from the Fund, net of expenses, go to charity.

If a conflict does arise, Pengana will endeavour to ensure that such conflict is resolved fairly within the guidelines and principles of the Pengana Conflict of Interests Policy.

## **5.16. Class Risk**

One or more classes of units in the Fund may be compelled to bear the liabilities incurred in respect of other classes which the relevant Investors do not themselves own if there are insufficient assets in the other class to satisfy those liabilities.

## 6. FEES AND OTHER COSTS

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Fund as a whole.

Taxes are set out in another part of this document.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

Type of Fee or Cost	Amount	How and When Paid
<b>Fees When Your Money Moves In or Out of the Fund</b>		
<i>Establishment Fee</i> The fee to open your investment	Nil	-
<i>Contribution Fee</i> The fee on each amount contributed to your investment	Nil	-
<i>Withdrawal Fee</i> The fee on each amount you take out of your investment	Nil	-
<i>Exit Fee</i> The fee to close your investment	Nil	-

Type of Fee or Cost	Amount	How and When Paid
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### Management Costs

The fees and costs for managing your investment

	<p>Total Management Costs consist of the following:</p> <p><b>Management Fee</b> 1.025% p.a.</p> <p><b>Performance Fee</b> 10.25% (“<b>Participation Rate</b>”)</p> <p><b>Expense recovery</b></p>	<p>The management fee is a fee for managing your investment in respect of the Fund’s investment in the Underlying Funds. It is expressed as a per annum percentage of a Class’ Net Asset Value.</p> <p>The management fee is calculated and accrued monthly and is payable monthly in arrears by the Fund or at such other times as Pengana may determine. The fee is paid directly from the Fund and reflected in the Unit Price.</p> <p>The management fee received by Pengana will be donated to charity. See section 7 for more information.</p> <p>The performance fee of a Class is 10.25% of any increase in that Class’ Net Asset Value after deduction of management fees, and adjusted for applications, redemptions and distributions to Investors, and less any prior loss carried forward. Negative performance fee accruals resulting from underperformance in previous period(s) are required to be made up before a performance fee is payable – i.e. high water mark.</p> <p>The performance fee is calculated and accrued monthly and is reflected in the Unit Price. If payable, it is paid quarterly as at 31 March, 30 June, 30 September and 31 December directly from the Fund.</p> <p>The performance fee received by Pengana will be donated to charity. See section 7 for more information.</p> <p>Deducted from a Class’ assets as and when incurred.</p>
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### Service Fees

<p><i>Investment Switching Fee</i></p> <p>The fee for changing investment options</p>	<p>Nil</p>	<p>-</p>
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## 6.1. Additional Explanation of Fees and Costs

### 6.1.1. Management fee

The management fee payable in respect of the Fund's investment in the Underlying Funds is calculated and accrued monthly and is payable monthly in arrears by the Fund or at such other times as Pengana may determine. The management fee of a Class is equal to 1.025% per annum of that Class' Net Asset Value. The fee is paid directly from the Fund's assets and is reflected in its unit price. The management fee is stated inclusive of GST and net of RITC.

The management fee received by Pengana will be donated to charity. See section 7 for more information.

### 6.1.2. Performance fee

The 'Management costs' section of the fees and costs table also includes a performance fee amount which is stated inclusive of GST and net of RITC. The performance fee of a Class is a percentage of any increase in that Class' Net Asset Value after deduction of management fees, and adjusted for applications, redemptions and distributions to Investors, and less any prior loss carried forward.

If payable, the performance fee is paid quarterly as at 31 March, 30 June, 30 September and 31 December. The performance fee is calculated and accrued monthly. Depending on the return of a Class, this monthly accrual may be a positive or negative amount.

If the accrued performance fee is negative at the end of a quarter, then it will be carried forward into the next quarterly period and form part of the performance fee for that quarter.

Negative performance fee accruals resulting from underperformance in previous period(s) are required to be made up before a performance fee is payable – i.e. high water mark.

The performance fee is determined with reference only to the percentage of any increase in the adjusted Net Asset Value for an entire Class and does not take account of the position of individual investors. Where there are significant net inflows, it is possible that a performance fee may accrue even where the value of a particular investor's units is lower than at the time they invested.

The performance fee received by Pengana will be donated to charity. See section 7 for more information.

#### *Dollar fee example of performance fees for a Class of the Fund*

- The examples assume a \$50,000 balance is maintained throughout the performance fee period with no contributions or withdrawals made during that period.
- Whereas performance fees in the Fund are calculated and accrued monthly, the examples have calculated and accrued the performance fees once over the period.
- The examples assume that there is no negative accrued performance fee at the beginning of the period (a performance fee was paid in the previous period).

<b>Example: The ORAH Fund *</b>			
<b>Class Return</b>	<b>Calculation</b>	<b>Amount</b>	<b>How and When Paid</b>
For the performance fee period, net performance (after deduction of management fees) was -5%	$\$50,000 \times 10.25\% \times -5\%$	-\$256.25	As the return is negative, no performance fee amount is payable.  The negative accrued performance fee amount will be carried forward into the next performance fee period.
For the performance fee period, net performance (after deduction of management fees) was +5%	$\$50,000 \times 10.25\% \times 5\%$	+\$256.25	As the return is positive, a performance fee amount is payable in arrears as at the end of the performance fee period.

† These examples are illustrative only and do not represent any actual, past, or a forecast of expected future performance of the Fund. They do not include any tax payable on the investment return. The actual performance fee will vary, depending on a Class' actual return. The performance fee is stated inclusive of GST and net of RITC. Pengana does not provide any assurance that the Fund will achieve the performance used in the examples and Investors should not rely on this in deciding whether to invest in the Fund. Further, this calculation is actually performed monthly and the performance fee is an aggregate of the monthly amounts. Pengana has presented in this more simplified manner to help understanding.

### **6.1.3. Transaction costs and buy/sell spread**

The Fund charges a buy/sell spread of 0.40%/0.40% on applications and redemptions. The dollar value of these costs based on an application or withdrawal of \$50,000 is \$200.

A buy spread is a cost charged to enter a fund (buy units) and a sell spread is a cost charged to exit a fund (sell units) to cover the Transaction Costs of the fund.

Transaction Costs are costs related to buying and selling assets, such as brokerage and settlement costs. Buy/sell spreads are not a fee paid to the Fund's issuer or manager, but are retained in the fund to cover transactional costs that are incurred. Buy/sell spreads are an additional cost incurred by an investor in a fund.

The spreads are based on estimates of the average transaction costs incurred by the Fund. The estimates will be reviewed and if necessary, updated by Pengana from time to time.

### **6.1.4. Expense reimbursement**

Pengana is entitled under the Trust Deed to be reimbursed out of the Fund's assets for outgoings and expenses properly incurred in the proper performance of its duties as the trustee. This reimbursement includes, but is not limited to, expenses connected with the formation, operation and management of the Fund, auditor's fees, legal fees and taxes as well as fees and expenses properly incurred by Pengana and BNP. Some of these services are provided free of charge as charitable contributions by the service providers. It also includes abnormal expenses, for example, the cost of holding an Investors' meeting, which would not necessarily be incurred in any given year.

### **6.1.5. Alteration of fees**

There are currently no entry or exit fees for investing in or withdrawing from the Fund.

The Trust Deed allows Pengana as the trustee to charge a maximum:

- entry fee of 5% of the amount invested plus GST (which is equivalent to \$2,500 for every \$50,000 invested);
- exit fee of 5% of the proceeds of redemption plus GST (which is equivalent to \$2,500 for every \$50,000 invested);
- management fee of 3% per annum of the Net Asset Value of the Fund plus GST; and
- performance fee Participation Rate of 20% plus GST.

Pengana does not intend to charge the maximum fees.

If fees were to change, at least 90 days' notice will be given to Investors of any change in fees.

## 6.2. Example of Annual Fees and Costs for the Fund

The ORAH Fund Example		
<i>Balance of \$50,000 With a Contribution of \$5,000 During the Year</i>		
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0.
<b>Plus</b> Management Costs (including the management fee, but excluding the performance fee and buy/sell spread)	1.025% p.a.	And, for every \$50,000 you have in the fund you will be charged \$512.50 each year.
<b>Equals</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: <b>\$512.50<sup>§</sup></b>  What it costs you will depend on the fees you negotiate with your fund or financial adviser.

<sup>§</sup> Additional fees may apply. For other fees, please refer to the preceding explanations of performance fees under 'Additional Explanation of Fees and Expenses'. For illustrative purposes, the above example assumes that Management Costs were calculated on a balance of \$50,000. It does not take account of Management Costs that would be charged on the additional \$5,000 contributed during the year nor any movements in the value of an Investor's Units that may occur over the course of the year.

This example is made for the purposes of illustrating the amount of management costs that may apply during a year invested in the Fund. It assumes no performance fees will be payable and should not be taken as a prediction or forecast of the Fund's performance. There is no guarantee that the Fund will have any particular rate of return.

## 7. DONATIONS

Pengana is entitled to management and performance fees determined in accordance with the terms set out in Section 6.

All fees received by Pengana from managing the Fund's investments, net of expenses incurred, ("**Donation Amount**") are donated to charities supporting Jewish related causes both in Australia and abroad. The donations to the charitable sector do not dilute the investment returns. The allocation of donations will be determined by an Allocations Committee which will vary for each class subject to the following constraints:

- 50 – 75% of the Donation Amount will be directed to charities supporting Australian Jewish causes;
- 25 – 50% of the Donation Amount will be directed to charities supporting Jewish causes abroad;

All donations will be made to deductible gift recipients (DGRs), meaning the charities will be entitled to receive tax-deductible donations. Full details of fees earned and donations made will be provided to ORAH investors no less than annually.

The ORAH Fund's website ([www.theorahproject.com.au](http://www.theorahproject.com.au)) contains a list of recipient charities, together with a brief description of each. The list of charitable partners will change from time to time and the website will be updated accordingly.

## 8. HOW TO INVEST AND ACCESS INVESTMENTS

**The offer made in this IM is available only to Investors receiving this IM in Australia. An investment in the Fund is only available to wholesale clients as defined under the Corporations Act or otherwise as permitted by law.**

For any enquiries, Investors can contact Pengana via the methods outlined in section 10.3.

### 8.1. Initial Investments

When investing directly in the Fund, initial investments must be for a minimum of \$20,000 and can be made by completing an Application Form that accompanies this IM.

An application may be made for Class A or Class B units in the Fund. The portion of the Donation Amount attributable to Australian Charities for Class A will primarily be directed to charities benefiting the New South Wales Jewish community, while the portion of the Donation Amount attributable to Australian Charities for Class B will primarily be directed to charities benefiting the Jewish community in Victoria. See section 7 for more information on the Fund's donation policy.

Applications received by 2:00 PM on the 15<sup>th</sup> calendar day of each month, or if the 15<sup>th</sup> calendar day is not also a Business Day then the next Business Day, ("**Application Cut-Off Time**") will be allocated units at a price as at close of business on the last Business Day of that month. For example, if the Application is received by 2:00 PM on the 15<sup>th</sup> calendar day of June (and that date is also a Business Day) then the Application will be allocated units at the price as at close of business on the last Business Day of June. In certain circumstances and subject to mutual agreement, the Application Cut-Off Time may be extended.

Applications received after the Application Cut-Off Time will be allocated units at a price as at close of business on the last Business Day of the next month. Any net interest, after deducting any taxes and bank charges, accruing on the trust account for application monies received prior to being invested is credited to the account of the Fund.

### 8.2. Additional Investments

The minimum additional investment for Investors is \$5,000. Additional investments are processed on the same basis as initial investments. An additional investment form is available by contacting Pengana via the methods outlined in section 10.3. Investors should send additional investments to Pengana:

Send by Post: Pengana Capital Limited  
GPO Box 804  
MELBOURNE VIC 3001

Fax forms to: +61 2 8278 7408 (faxes are subject to the conditions set out in section 8.4)

Scan and email to: [transact@pengana.com](mailto:transact@pengana.com)

### 8.3. Withdrawals

The minimum withdrawal amount for Investors is \$5,000. If an investor's account balance (after the withdrawal) would fall below \$20,000, Pengana may refuse the withdrawal request or treat the withdrawal request as relating to the entire unit holding of the investor.

A withdrawal request form is available by contacting Pengana via the methods outlined in section 10.3. Investors wishing to withdraw funds must provide a written request, signed by an authorised signatory, with details of the bank account to be credited, to Pengana:

Send by Post: Pengana Capital Limited  
GPO Box 804  
MELBOURNE VIC 3001

Fax forms to: +61 2 8278 7408 (faxes are subject to the conditions set out in section 8.4)

Scan and email to: [transact@pengana.com](mailto:transact@pengana.com)

Where Investors provide their withdrawal requests by 2:00 PM 24 Business Days prior to the end of a month, Pengana will endeavour to process the withdrawal requests on the last Business Day of that month and pay Investors their withdrawal monies within 28 Business Days from that day, however the Fund's Trust Deed allows up to 60 days if necessary to align the withdrawal terms with the withdrawal terms of the Underlying Funds. For example, if the withdrawal request is received by 2:00 PM 24 Business Days prior to the end of June then Pengana will endeavour to process the withdrawal request at the price as at close of business on the last Business Day of June and pay the investor their withdrawal monies within 28 Business Days of the last Business Day of June (although the Fund's Trust Deed allows up to 60 days if necessary).

Pengana is permitted to stagger the payment of large withdrawal requests. Pengana may also suspend applications, withdrawals or the payment of withdrawal proceeds for a reasonable period in certain circumstances such as adverse or emergency market conditions.

Withdrawal payments will only be made payable to the Investor and directed to the account nominated on the Investor's Application Form (as updated by the Investor from time to time).

#### **8.4. Facsimile Instruction Conditions**

By using the fax instruction service, Investors release BNP, Pengana and the Pengana Group from, and indemnify them against all losses and liabilities arising from any instruction (even if not genuine) that the Fund receives bearing an Investor's account number and a signature apparently of the investor. Pengana and BNP will only act on received communications. A transmission certificate from your fax machine is not sufficient evidence that your fax was received. None of Pengana, the Pengana Group or BNP will be liable for any loss or delay resulting from the non-receipt of any transmission.

Pengana and BNP will not accept facsimile requests for deposits to bank, building society or credit union accounts which have not been previously nominated by the Investor.

#### **8.5. Distributions**

Distributions are payable to Investors on an annual basis, usually within 90 days after 30 June each year. This amount may include income such as revenue profits from the sale of the Fund's investments, interest, dividends and realised capital gains. Any distribution is reinvested unless the Investor has requested otherwise. This reinvestment occurs at the unit price calculated at the end of the distribution period which does not include a buy spread. Investors will still be liable to pay any tax payable in respect of a distribution even if a distribution is reinvested.

In certain circumstances Pengana may choose to allocate undistributed income and any net realised capital gains to withdrawing Investors based on a pro rata allocation with reference to the number of units being redeemed. This would only be utilised to ensure a fair and reasonable allocation of any undistributed income and net realised capital gains amongst Investors.

If you wish to change your distribution instructions, the administrator will need to receive these instructions at least 5 Business Days before the Fund's distribution date.

## 9. TAXATION

This summary provides an outline of the principal Australian tax consequences for Australian resident investors in relation to the acquisition, holding and disposal of units in the Fund. The taxation information below is of a general nature only in relation to the Australian tax implications for investors who hold their units in the Fund as long term investments on capital account. The summary does not address the tax implications for persons that invest in the Fund indirectly.

Pengana cannot give tax advice and this information is not, nor is it intended to be, tax advice. We recommend that investors consult their tax adviser to seek tax advice in relation to their individual circumstances.

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

A new tax regime for managed investment trusts known as the AMIT Rules has been enacted. The AMIT Rules remove a number of uncertainties for trustees and investors that exist under the ordinary trust rules in the tax law and facilitate fair and reasonable tax outcomes for investors.

The AMIT Rules do not apply automatically to all managed investment trusts. For the AMIT Rules to apply, the Fund must satisfy certain requirements to qualify as an AMIT and Pengana, as trustee, must make an election (which is irrevocable) to apply the AMIT Rules to the Fund.

As at the date of this IM, it is uncertain whether the Fund will be eligible to enter the AMIT regime and, even if it is eligible, whether Pengana will make an election to apply the AMIT Rules. The taxation information below does not consider the operation of the AMIT Rules. Further details regarding the impact of the regime on investors will be provided after Pengana has assessed the merits of entering the regime.

### 9.1. Taxation of the Fund

Ordinarily, the Fund will not be liable for Australian income tax because the net taxable income is intended to be distributed to investors in full each year. If the Fund makes a loss for Australian income tax purposes, the tax loss may not be distributed to investors but may be carried forward by the Fund to offset any future taxable income of the Fund, subject to the satisfaction of the relevant loss recoupment rules.

The controlled foreign company (CFC) rules may apply to foreign interests held by the Fund. This regime may require assessable income on certain amounts to be calculated on an accruals basis such that the taxable income of the Fund may include unrealised gains and undistributed income from certain overseas investments. Pengana will attempt to manage the Fund's foreign investments so that the CFC regime and other accruals regimes do not have practical application to the Fund.

The taxation of financial arrangement (TOFA) rules may apply to financial arrangements held by the Fund when calculating its taxable income. The application of the TOFA rules may change the timing of the recognition of gains and losses in the Fund for income tax purposes and will also recognise gains and losses from financial arrangements as being on revenue account.

At the end of the Fund's tax year, Pengana will send each investor the details of assessable income, capital gains, tax offsets and any other relevant tax information that is needed to complete their tax return.

### 9.2. Taxation of Australian Resident Investors

#### 9.2.1. Income tax

To the extent that the Fund has net income in any given year, it is intended that investors will be made presently entitled to their share of that income of the Fund. The taxable component of these distributions (whether distributed or reinvested) and withdrawal proceeds will form part of the assessable income of investors in the year of entitlement. Investors will be assessed on their share of the net income even if some or all of that income is distributed after year end.

If an investor receives a cash distribution that exceeds the investor's share of net income, the excess (known as a 'tax deferred distribution') will generally not be assessable to the investor. However, any such distribution will reduce the investor's CGT cost base in the units. Once the cost base of the units has been reduced to nil, further tax deferred amounts are assessable as capital gains to the investor.

Australian residents are required to include their share of any foreign taxes paid by the Fund in their assessable income. Investors will normally be entitled to a tax offset for foreign taxes paid by the Fund up to the greater of \$1,000 or a capped amount and any excess income tax offset cannot be carried forward into later income years.

### **9.2.2. Capital gains tax**

Generally, on disposal of units, a capital gains tax (CGT) event will occur and the investor will need to calculate their capital gain or capital loss. As a general rule, where the capital proceeds on disposal of the units are greater than the cost base of those units, an investor will realise a capital gain.

A capital gain made by an individual or trust can generally be reduced by 50% if the individual or trust has held the units for longer than 12 months. Companies are not entitled to the CGT discount.

### **9.3. Tax file number (TFN) and Australian Business Number (ABN) (Australian Investors Only)**

It is not compulsory for investors to provide their TFN or ABN details to the Fund. However, unless an investor is exempt, if an investor does not provide their TFN or ABN, tax will be deducted from income distributions at the highest personal marginal rate plus the applicable levies. The ABN, TFN or an appropriate exemption can be provided to the Fund when making an initial investment.

### **9.4. Goods and Services Tax (GST)**

The issue, redemption and disposal of units in the Fund, and the receipt of distributions will not be subject to GST. The Fund will not be entitled to claim input tax credits for the full amount of the GST component of some expenses. However, for some of these expenses, a reduced input tax credit may be claimed.

### **9.5. US Foreign Account Tax Compliance Act (FATCA)**

The United States of America has introduced rules (known as FATCA) which are intended to prevent US persons from avoiding tax. In April 2014, the Australian Government signed an intergovernmental agreement (IGA) with the US which requires all Australian financial institutions to comply with FATCA as modified by the IGA.

Broadly, the Fund is required to collect, and review, information from investors to determine whether the Fund has an obligation to report information about certain investors (including US persons and suspected US persons) in the Fund to the Australian Taxation Office. Failure to do so may have adverse consequences for the Fund and Pengana.

Pengana may therefore request that investors and prospective investors provide certain information in order to comply with the requirements. Investors will need to inform Pengana of any relevant changes to the information that provided which may impact on the Fund complying with FATCA as modified by the IGA.

The Fund is intending to register for FATCA purposes and will provide information about its FATCA status, where required.

# 10. OTHER MATTERS

## 10.1. Fund Trust Deed

The Fund is governed by the Trust Deed, which, together with the Corporations Act and other applicable laws governs the operation of the Fund.

Below is a summary of some of the provisions of the Trust Deed:

- **Term.** The Fund will terminate on the day which is 1 day before the 80th anniversary of the date of the Trust Deed (being 9 November 2016) unless terminated earlier by Pengana or required under the Corporations Act. If the Fund is terminated, Pengana will sell all the assets of the Fund and distribute the net proceeds to the relevant Investors in proportion to the amount of their investment.
- **Investors' interests.** A unit confers an equal interest in the assets of the Fund as a whole, as opposed to any particular assets of the Fund. The principal rights of Investors as unitholders in the Fund include the right to: redeem their units, attend and vote at unitholder meetings; share in the distribution of assets if the Fund is wound up and share in income and capital distributions.
- **Investors' liability.** The liability of Investors as unitholders is limited to the value of the Investors' units. The effectiveness of provisions of this type are however yet to be finally determined by the courts.
- **Expenses.** Pengana is entitled to be reimbursed out of the Fund for all expenses properly incurred in fulfilling its duties and obligations as trustee.
- **Income distributions.** Pengana must determine distribution periods each year and make income distributions within 90 days of the end of each distribution period.
- **Powers of Pengana as trustee.** As trustee of the Fund, Pengana has the powers of a natural person in relation to the assets of the Fund. It has discretion to determine the types of investments into which the Fund is invested.
- **Withdrawals.** The Trust Deed sets out the procedure for withdrawals. In certain situations, Pengana may reduce or stagger each withdrawal request.
- **Limitation of Pengana's liability.** Pengana is entitled to be indemnified out of the assets of the Fund for any liability it incurs in the proper performance of its duties as trustee. It is generally not liable to members for losses caused by anything other than a failure to properly perform its duties as trustee of the Fund.
- **Retirement and Removal of Pengana.** Pengana may voluntarily retire at any time and must retire in certain circumstances.
- **Suspensions.** In certain circumstances such as emergency situations which impact on the effective and efficient operation of a market for a relevant asset of the Fund or when the Underlying Fund and/or the Master Fund has been suspended, Pengana can choose to suspend the processing of all applications and withdrawals in the Fund or the payment of withdrawal proceeds for a reasonable period. If this occurs, in determining the value of a unit for an application or withdrawal, Pengana will use the values determined after the suspension is lifted.

The Trust Deed may be amended by Pengana as the trustee. However if the amendments will adversely affect unitholders' rights, approval must be obtained by an ordinary resolution of unitholders. Investors may inspect the Trust Deed by contacting Pengana.

## 10.2. Related Party

Pengana may be the trustee, responsible entity or investment manager of some of the Underlying Funds. Related party issues are managed in accordance with the guidelines and principles of the Pengana Conflict of Interests Policy.

## 10.3. Enquiries and Complaints

Enquiries can be made directly to Pengana via phone or email:

Phone: 02 8524 9900

Email: [clientservice@pengana.com](mailto:clientservice@pengana.com)

Complaints can be sent to:

Complaints Officer  
Pengana Capital Limited  
Level 12, 167 Macquarie Street  
Sydney NSW 2000

Pengana will always acknowledge any complaint as soon as possible and no later than within 5 days and must provide a final response to the complaint within 45 days of receipt.

## **10.4. Keeping You Informed**

### **10.4.1. Periodic reporting**

Pengana will provide Investors with the following periodic reports:

- monthly reports, which will report on the net asset value, exit unit price, net returns and any material changes in the relevant month for the Fund; and

Monthly reports will be available from the ORAH Fund's website. A paper copy of these reports will be available free of charge upon request by contacting Pengana.

### **10.4.2. Investors**

Investors will receive:

- transaction confirmations for each application, withdrawal and transfer;
- an annual transaction statement;
- an annual tax statement containing a summary of your distributions for the financial year to assist you in completing your tax return;
- an electronic copy of the Fund's annual financial statements on the ORAH Fund's website ([www.theorahproject.com.au](http://www.theorahproject.com.au)) or by post or email free of charge if elected on the application form.

### **10.4.3. Up To date information**

The information contained in this IM is up to date at the time of its issue. However, from time to time this information may change.

If there is a materially adverse change in the information contained in this IM, a supplementary IM will be issued if:

- there is a misleading or deceptive statement in this IM;
- there is an omission of information from this IM;
- material information requires updating; or
- any information which might reasonably be expected to influence a decision to acquire an interest in the Fund requires amendment.

Changes to information that is not materially adverse may be updated as per the Disclaimer section on page i.

### **10.4.4. Changes to the terms and conditions**

Subject to the Trust Deed and Pengana's discretion, Pengana may change:

- the investment approaches;
- Underlying Funds; and/or
- the terms and conditions set out in this IM

### **10.4.5. Changes to the governing documents of the Underlying Funds**

Subject to applicable law and certain other limitations, the Underlying Funds' governing documents may be modified or amended at any time by certain actions of the respective holders of the Underlying Fund's voting units.

The Fund will monitor any changes to the Underlying Funds.

## 10.5. Privacy

If you are investing directly in the Fund, by signing an application form, you agree to Pengana, BNP and any of their respective subsidiaries, affiliates, agents, permitted delegates and sub-delegates (together, the "Entities") collecting, holding and using your personal information to process your application, to manage the products and services provided, for the Entities to perform their business activities and functions and to send you educational and marketing material about our other products and services (you may contact us at any time to ask us not to send this information). Without this information, it may be impossible to process your application or provide an appropriate level of service. Your personal information will not be shared, sold, rented or disclosed other than as described in Pengana's and BNP's privacy policies.

In order for the Entities to perform their roles and for the purposes described above your personal information may be provided to recipients located in India, Hong Kong, Singapore, New Zealand, France, United Kingdom, Luxembourg, Poland, Portugal and the United States of America – although it is not reasonably practicable to list all of the countries to which your personal information may be provided from time to time.

In most cases the Entities collect your personal information directly from you although we may also collect your personal information from third parties such as a financial planner including where information is missing from the application form that you send us.

Each Investor acknowledges that in connection with the services provided to the Fund, their personal data may be transferred and/or stored in various jurisdictions in which the Entities have a presence, including to jurisdictions that may not offer a level of personal data protection equivalent to the Investor's country of residence. Each Investor also acknowledges that the Entities may disclose the Investor's personal data to each other, to any other service provider to the Fund, to any investment vehicle (including its administrator) that the Fund may invest, or to any regulatory body in any applicable jurisdiction to which any of the Entities is or may be subject. This includes copies of the Investor's Application Form/documents and any information concerning the Investor in their respective possession, whether provided by the applicant to the Entities or otherwise, including details of that Investor's holdings in the Fund, historical and pending transactions in the Fund's Units and the values thereof, and any such disclosure, use, storage or transfer shall not be treated as a breach of any restriction upon the disclosure, use, storage or transfer of information imposed on any such person by law or otherwise.

The Entities may disclose your personal information to:

- employees, related bodies corporate, contractors or service providers including, without limitation, custodians, registry providers, web hosting providers, IT systems administrators, mailing houses, printing companies, payment processors, data entry service providers, electronic network administrators, debt collectors, and professional advisors such as accountants, solicitors, business advisors and consultants;
- suppliers and other third parties with whom we have commercial relationships, for business, marketing, and related purposes;
- a governmental or regulatory body (such as ASIC, ATO, AUSTRAC, the United States of America Securities and Exchange Commission and Inland Revenue Service or any other regulator or law enforcement agency located in Australia or elsewhere);
- any organisation where required to by a court order or under law; and
- any organisation for any authorised purpose with your express consent. For example, to your financial adviser, Administrator or another person nominated by you.

Pengana's and BNP's privacy policies contain information about (i) how you may access your personal information that is held by the Entity and seek the correction of such information and (ii) how you may complain about a breach of the Privacy Act and how your complaint will be dealt with. You can contact Pengana to make such a request or complaint or to arrange for a copy of Pengana's and BNP's privacy policies to be provided (Pengana's privacy policy is available at [www.pengana.com](http://www.pengana.com)).

## **10.6. AML**

In order to comply with the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (“AML/CTF Laws”), Pengana, BNP or their respective subsidiaries, affiliates, directors, officers, shareholders, employees, agents, permitted delegates and sub-delegates will require prospective Investors (except existing Pengana Investors who are investing under the same name) to provide verification information identified in the application form before an application will be accepted. Pengana and BNP will refuse to accept an application (and return any funds received with the application without interest) if the verification information required is not received within two weeks of receiving your original application.

Existing Investors may also be asked to provide verification information as part of a re-identification process to comply with the AML/CTF Laws. Processing of redemptions will be delayed or refused if investors do not provide the verification information when requested.

Under the AML/CTF Laws, Pengana may be required to submit reports to AUSTRAC. This may include the disclosure of your personal information. Pengana may not be able to tell you when this occurs and, as a result, AUSTRAC may require Pengana to deny you (on a temporary or permanent basis) access to your investment. This could result in the loss of the capital invested, or you may experience significant delays when you wish to transact on your investment. Pengana is not liable for any loss you may suffer because of compliance with the AML/CTF Laws.

Investors can find further information on the anti-money laundering requirements at the Fund’s webpage on Pengana’s website [www.pengana.com](http://www.pengana.com).

## **10.7. Administration and Custody Services for the Fund**

Whilst Pengana is ultimately responsible for the general administration of the Fund, it has outsourced the administration and custody role for the Fund to BNP. The services provided by BNP include fund administration, registry services and custodial services. The outsourcing of the administration and custody arrangements may be terminated by the parties with 90 days’ notice.

# 11. FUND DIRECTORY

## 11.1. Trustee, Issuer and Investment Manager

Pengana Capital Limited

Level 12, 167 Macquarie Street  
Sydney NSW 2000  
Australia

GPO Box 5409  
Sydney NSW 2001  
Australia

Phone: +61 2 8524 9900

Fax: +61 2 8524 9901

Email: [clientservice@pengana.com](mailto:clientservice@pengana.com)

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

## 11.2. Administrator and Custodian

BNP Paribas

Level 6, 60 Castlereagh Street  
Sydney NSW 2000

Phone: +61 2 9222 0000

Fax: +61 2 9006 9080

## 11.3. Applications and Withdrawals

Send by Post: Pengana Capital Limited  
GPO Box 804  
MELBOURNE VIC 3001

Fax forms to: +61 2 8278 7408

Scan and email to: [transact@pengana.com](mailto:transact@pengana.com)

## 11.4. Legal and Tax Counsel

Hall & Wilcox Lawyers

Level 9, 60 Castlereagh St  
Sydney NSW 2000  
Australia

## 12. DEFINITIONS

Term	Definition
"AFSL"	Australian Financial Services Licence.
"Application Form"	The application form that accompanies this IM.
"ASIC"	The Australian Securities and Investments Commission.
"Benchmark"	The Benchmark for the Fund is comprised 50% of the MSCI World Total Return Net World Index (AUD Unhedged) and 50% of the ASX 300 Accumulation Index. The Benchmark is a blended benchmark and is rebalanced on a monthly basis.
"BNP"	BNP Paribas as administrator and custodian of the Fund
"Business Day"	A day other than Saturday, Sunday, a bank holiday or public holiday in Sydney.
"Class"	A class of units in the Fund offered under this IM.
"Corporations Act"	Corporations Act 2001 (Cth)
"Derivative"	A financial contract whose value depends on, or is derived from the value of an underlying asset or index.
"Donation Amount"	All fees received by Pengana from managing the Fund's investments, net of expenses incurred.
"Fund"	ORAH Fund
"Gross Market Exposure"	The sum of the value of the Long Positions and the absolute value of the Short Positions
"GST"	Goods and Services Tax.
"Investor"	A person investing in the Fund.
"Leverage"	When the Gross Market Exposure exceeds the Net Asset Value.
"Long" or "Long Position"	Refers to an asset which is held with the expectation that the value of the asset will appreciate.
"Net Asset Value (NAV)"	The value of the Fund's total assets less the value of the Fund's total liabilities, including any accrued but unpaid positive aggregate performance fee.
"Net Exposure"	The sum of the value of the Long Positions minus the absolute value of the Short Positions.
"IM"	This Information Memorandum.
"Pengana"	Pengana Capital Limited, the trustee of this Fund.
"Pengana Group"	Pengana Capital Group Ltd (ASX:PCG) and its subsidiaries.
"Short" or "Short Position" or "Short Selling"	Refers to an investment technique in which an asset is borrowed and then immediately sold in the expectation that the asset will then depreciate. The borrowed asset is repaid by buying back the asset on the market and returning it to the original lender.

"Transaction Costs"	The costs associated with buying and selling investments within a portfolio, notably brokerage costs and stamp duties.
"Trust Deed"	The document dated 9 November 2016 and titled "Constitution for ORAH Fund" as amended from time to time which, together with the Corporations Act and other applicable laws, governs the Fund's operation.
Trustee	The trustee of this Fund, being at the date of this IM, Pengana.
"Underlying Fund"	The underlying funds or managed accounts managed by the Underlying Investment Managers in which the Fund invests.
"Underlying Investment Managers"	The investment managers of the Underlying Funds.



THE  
**ORAH**  
PROJECT

*Creating a long term asset  
for our community*