



Pengana Emerging Companies Fund

ARSN 111 894 510

APIR code PER0270AU

Product Disclosure Statement

Dated 29 June 2006

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The Responsible Entity and Issuer of the Pengana Emerging Companies Fund is
PERPETUAL TRUST SERVICES LIMITED
ABN 48 000 142 049
AFSL 236 648

The Investment Manager of the Pengana Emerging Companies Fund is
PENGANA CAPITAL LIMITED

ABN 30 103 800 568
AFSL 226 566

Disclaimer:

None of Pengana Capital Limited (ABN 30 103 800 568) or any company in the Pengana Group, Perpetual Trust Services Limited (ABN 48 000 142 049) or, any company in the Perpetual Group guarantees or makes any representations as to the future performance of the Pengana Emerging Companies 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.

IMPORTANT INFORMATION

This Product Disclosure Statement (PDS) contains important information regarding the Fund. The Fund is a managed investment scheme, registered in Australia (ARSN 111 894 510). Perpetual is the responsible entity of the Fund and also the issuer of this PDS and of units in the Fund. Perpetual has appointed Pengana as the investment manager of the Fund. For more information regarding Perpetual and Pengana, please refer to page 19 of this PDS.

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

When an electronic copy of this PDS is printed, all pages of this PDS must be printed. A printed version can be obtained free of charge by contacting Pengana at the contact details provided in the Fund Directory on page 29.

Further information about the Fund or investing in the Fund, including a copy of the Constitution and information which has previously been made generally available to the public or might reasonably influence the decision whether to acquire this product, can also be obtained by contacting Pengana.

The information contained in this PDS 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 and Perpetual recommend Investors seek advice from their financial adviser before investing.

The offer made in this PDS is available only to persons receiving this PDS in Australia and New Zealand. Unless otherwise indicated, all dollar amounts refer to Australian dollars.

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Summary of Features of the Pengana Emerging Companies Fund

Features	Details ¹	Page Reference
Fund Investments	Securities listed on the Australian Stock Exchange and selected international markets.	6
Fund Benchmark	S&P/ASX Small Ordinaries Accumulation Index	5
Fund Objective	To obtain returns greater than the Index over rolling 3 year periods.	5
Income Distribution	Semi Annual (June and December)	16
Entry Fee	Nil	10
Exit Fee	Nil	10
Ongoing management costs	1.3325% ²	11
Performance Fee	20.5% of any return of the Fund which is greater than the return of the Index. ³	11
Buy/Sell Spread⁴	0.30% on applications	12
	0.30% on withdrawals	12

Note:

1. All percentages are quoted inclusive of GST less applicable reduced input tax credits.
2. The ongoing management costs are capped at 1.3325% of the annual Net Asset Value of the Fund for the life of this Product Disclosure Statement. This capped amount does not incorporate an allowance for a performance fee or abnormal expenses, both of which may be payable in excess of the capped amount (please refer to pages 11 and 12).
3. Please refer to the section on 'Additional Explanation Of Fees And Costs' for further details.
4. The Buy/Sell Spread is the reflection of Transaction Costs in the spread between the application and withdrawal prices of units. This Buy/Sell Spread is 0.60% in total. A Buy Spread is not applied to units purchased via reinvestment of distribution. Please refer to the section on 'Additional explanation of fees and costs'.

Glossary

AFSL means Australian Financial Services Licence.

Aggregate Performance Fee means the performance fee for each half year which is calculated as the sum of the daily performance fees for that half year.

ASIC means the Australian Securities and Investment Commission.

BNP means BNP Paribas Fund Services Australasia Pty Limited (ABN 71 002 655 674) as custodian and administrator of this Fund.

Business Day means a day on which banks are open for business in Sydney, excluding a Saturday or Sunday.

Buy/Sell Spread means the reflection of Transaction Costs in the spread between the application and withdrawal prices of units.

Constitution means the document dated 1 November 2004 (as amended) which, together with the Corporations Act 2001 and other applicable laws, govern the Fund's operation.

Direct Investors means a person who acquires units directly in the Fund and who is a

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'wholesale client' as defined in section 761G of Part 7.1 of the Corporations Act 2001.

Fund means the Pengana Emerging Companies Fund (ARSN 111 894 510).

GST means goods and services tax.

IDPS means an investor directed portfolio service or IDPS-like scheme including a master trust or wrap account.

Index means the S&P/ASX Small Ordinaries Accumulation Index.

Indirect Investor means a person investing in the Fund through an IDPS.

Investor means a person investing in the Fund.

Net Asset Value (NAV) means the value of the Fund's total assets less the value of the Fund's total liabilities (excluding any obligations to unit holders), including any accrued but unpaid positive Aggregate Performance Fee.

Management Costs is comprised of the ongoing management costs and estimated performance fee component.

Operator means an IDPS operator.

PDS means this Product Disclosure Statement.

Pengana means Pengana Capital Limited (ABN 30 103 800 568) as investment manager of the Fund.

Pengana Group means Pengana Holdings Pty Ltd (ACN 103 765 082) and its subsidiaries.

Perpetual means Perpetual Trust Services Limited (ABN 48 000 142 049) as responsible entity of the Fund.

Perpetual Group means Perpetual Limited and its subsidiaries.

Transaction Costs means the costs associated with buying and selling investments within a portfolio, notably brokerage costs, settlement costs and stamp duties.

About This Fund

This Fund is an unlisted registered managed investment scheme that will provide exposure to a varying mix of small and mid sized Australian companies, and select international companies.

Pengana will make decisions about buying and selling investments of the Fund, and does this daily by selecting individual investments and also changing the mix of types of investments.

Pages 6 and 7 of this PDS contain specific information regarding the investment strategies adopted by the Fund.

The performance of the Fund is measured against the Index, which is comprised of approximately 200 listed Australian securities. While the Fund invests primarily in the securities in the Index, it can also invest in securities that are not part of the Index including companies included in the S&P/ASX MidCap 50 Index provided that the companies do not form part of the S&P/ASX 50 Leaders Index. There may also be limited investment in international listed securities (refer to page 7 for details of these limits).

Depending on individual circumstances, Pengana expects this Fund to be suitable for Investors looking to invest for at least 3 years who would be seeking both income and capital growth as well as accepting that the value of their investment can fluctuate.

Investors should be aware that the Fund is not suitable for short term investment. The Fund is managed with the aim of obtaining returns greater than the Index over rolling 3 year periods. Please note however, this is a guide only and not a recommendation and there is no promise that the Fund will obtain such returns.

Like most managed funds, this Fund is a unit trust. When an Investor invests in the Fund, their money buys "units" in the Fund to which rights (such as distributions) are attached. The number of units that an Investor receives

depends on the amount invested and the current unit price. The unit price reflects the net value of the Fund's investments. If the value of the Fund increases, the unit price increases. Likewise, if the value of the Fund falls, the unit price falls.

Investors investing through an IDPS, namely Indirect Investors, should seek details of their rights from the Operator of the IDPS.

The Fund will close to new Investors once Fund assets reach 0.5% of Index capitalisation.

Who Manages This Fund?

Pengana is an Australian based investment management firm that holds an AFSL (licence number 226 566) issued by the Australian Securities and Investments Commission.

Its specialist small companies team manages the Fund. The team of portfolio managers comprises experienced investment professionals who each have in excess of 12 years of experience.

Within Pengana's team Steve Black has a strong track record in managing small/mid cap portfolios and Ed Prendergast has twelve years experience researching small companies for major stockbroking firms. The blending of specialist broking and funds management skills brings unique insights to the investment process.

Steve Black:

(Portfolio Manager and analyst)

- Qualifications: B.Comm; ACA; ASIA.
- Previous role: Portfolio Manager of JBWere Emerging Leaders Fund (WELF) for almost 7 yrs (Jan 1998 to Oct 2004). The Emerging Leaders Fund was voted the number one small companies fund in Australia by Personal Investment magazine in 2000 and 2001 before the fund was closed to new investment in Nov 2001.
- Other experience: started at JBWere in Jan 1996 working as a broking analyst before moving to JBWere Investment

Management in Jan 1997; Jan 1990 to Jan 1996 – Corporate Finance at Price Waterhouse.

- Total investment markets experience of 14 years.

Ed Prendergast:

(Portfolio Manager and analyst)

- Qualifications: B.Ec; ASIA
- Previous role: Small company Broking analyst at Citigroup and ABN Amro from 1997 to Oct 2004.
- Ed was ranked number one small companies analyst in Australia in both 2003 and 2004 by BRW.
- Other experience: Three years experience in equities research with Bell Securities and McIntosh Securities, primarily researching Emerging Companies.
- Total investment markets experience of 12 years.

Who can invest in the Fund through this PDS?

The offer made in this PDS is available only to Direct Investors and Operators receiving this PDS in Australia and New Zealand.

For Direct Investors the initial investment amount must be for a minimum of \$25,000.

Indirect Investors may rely on information in this PDS for the purpose of directing an Operator to invest in the Fund on their behalf.

Operators will advise Indirect Investors about how to invest through their IDPS, including the minimum initial investment amount.

The rights of unitholders in the Fund specified in this PDS generally refer to the rights exercisable by Direct Investors. Indirect Investors investing through Operators do not themselves become unitholders in the Fund, nor do they acquire the same rights as the Operators, under this PDS.

Indirect Investors are encouraged to seek details of any rights as an Investor from the Operator through which they are investing. See the

section titled "Investor Status" on page 20 for more details.

How is the Fund Invested?

Pengana utilises a robust investment process that combines in depth fundamental research with disciplined portfolio construction and risk controls.

The following factors will be integral to our approach of identifying market inefficiencies in the pricing of small/mid cap securities:

- Active company visitation program and the maintenance of strong relationships with company management,
- Industry based feedback to complement our analysis of the company via visiting other unlisted companies,
- Close monitoring of the ownership structure of each company to help access market sentiment of each stock,
- The maintenance of strong relationships with broker analysts,
- Discounted cash flow basis for valuation of all stocks using integrated earnings/cashflow/ balance sheet models. Other valuation methodologies will also be deployed.

The portfolio construction process aims to construct portfolios that incorporate the best investment ideas from Pengana's research, with appropriate levels of diversification so that the portfolio's return and risk targets are realised.

Pengana actively adjusts the investment mix and asset allocation of the Fund within the investment guidelines. Remember that the investment mix may change significantly and quickly due to changes in investment markets caused by factors like, but not limited to, the level of interest rates, economic growth prospects and capital flows.

Performance to 31 May 2006¹

	Fund Return p.a.	Index Return p.a.	Value Added
1 year	42.13%	31.25%	10.88%
Since Inception ²	51.38%	33.78%	17.60%

Past performance is not a reliable indicator of future performance.

What does the Fund invest in?

The Fund invests in listed (or soon to be listed) small/mid cap securities.

The Fund has the capacity to add value through investing in securities outside of the Index but it is precluded from investing in companies within the S&P/ASX50 Leaders Index³. The Fund has the ability to invest in listed trusts, not just companies. To protect Investors and ensure that the Fund is well diversified, the Fund is managed according to the investment guidelines.

Pengana will generally invest the Fund in keeping with the following investment guidelines:

Investment Guidelines

Domestic Investments	
Investment in securities listed in Australia	75-100%
International Investments	
Investment in securities listed in New Zealand	0-15%
Cash Position	
Proportion of the portfolio in cash	0-10%

¹ Compound returns after all fees (including performance fees) and charges and before income tax (inclusive of GST less any applicable reduced input tax credits).

² Fund commenced on 1 November 2004.

³ If a security held by the Fund subsequently becomes part of the S&P/ASX50 Leaders Index, the Fund can continue to hold the security and sell it down within 12 months of the security becoming part of the S&P/ASX50 Leaders Index.

Generally the maximum/minimum value of any individual security in the Fund, relative to the Index, will be the percentage weight of that security in the Index +/- 7%.

Investment guidelines exceeded due to market movements, cashflow movements and changes in the nature of an investment (e.g. a change in Index composition)⁴ amongst other things can cause the Fund to move outside these investment guidelines. However, if rectified within 5 trading days, this will not constitute a breach of the Fund's investment guidelines.

Pengana may use derivatives to reduce risk or gain exposure to investments when it thinks appropriate. Pengana never uses derivatives speculatively, and when derivatives are used, Pengana aims to make sure that the Fund can meet obligations that come with them from the investments of the Fund. These obligations include being able to pay or receive cash or security at a certain price at a certain point in time. Pengana does not use derivatives to borrow on behalf of the Fund, to ensure that at any stage sufficient cash (or security) is available to fully back any derivative exposure.

How are units in the Fund valued?

Unit Prices

Unit prices are calculated by:

- establishing the Net Asset Value of the Fund;
- dividing the Net Asset Value of the Fund by the number of units on issue to determine the Net Asset Value of each unit;
- for entry unit prices, adjusting the Net Asset Value of each unit by adding the respective portion of the Buy/Sell Spread;*
- for exit unit prices, adjusting the Net Asset Value of each unit by deducting the respective portion of the Buy/Sell Spread.*

⁴ If Pengana anticipates a change in the Index, it may position the Fund ahead of the Index change without breaching the investment guidelines.

Generally, the Net Asset Value of the Fund is determined each Business Day based on market values at the end of the day. Valuations may also be made when moneys are deposited to, or withdrawn from the Fund.

The Net Asset Value of the Fund is calculated by deducting from the value of the Fund's gross assets the value of the Fund's 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.

Applications received by 2pm eastern standard time on a Business Day by BNP will be allocated units at a price as at close of business on the date the application is received. Applications received after 2pm eastern standard time will be allocated units at a price as at close of business of the next Business Day after the application has been received.

*The Buy/Sell Spread is not a fee paid to Pengana or Perpetual but it covers the costs of acquiring or selling investments.

What are the Benefits?

Investing in a managed fund

The advantages of managed funds include:

- scope for investors to take advantage of investment diversification and access to markets and opportunities to which they would otherwise not have access.
- generally reduced investment costs.
- scope to utilise specialised investment techniques that investors would not normally be able to use.

The Fund would usually expect to receive the following from its investments:

- Dividends
- Interest
- Capital gains
- Franking credits

- Foreign tax credits
- Tax deferred income and return of capital

The Fund will then distribute income and realised capital gains.

If the Fund is terminated the net proceeds, after the sale of investments, will be distributed to Investors.

Investing with Pengana

There are a number of reasons why Investors should invest with Pengana.

Stability

The investment team are shareholders in a Pengana group company; hence stability of the team is a key feature.

Commitment

The investment team are Investors in various products across the Pengana Group.

Focus

Pengana's sole business is the management of investments for its clients and Pengana does this by applying a focused and disciplined investment process.

Efficient

Pengana has a small and nimble structure that allows efficient and timely investment decision making.

What Are The Risks?

About risk and return

All investments are subject to varying risks and can rise and fall in value. Changes in value can be significant and they can happen quickly.

What about the risks of this Fund?

The significant risks for this Fund, and the way Pengana aims to manage them, are discussed below. Pengana cannot eliminate all risks nor can it promise that the way it manages them will always be successful.

The value of your investment in the Fund may be affected by any or all of the following factors:

Individual Investment Risk. Individual investments may be affected by unexpected

changes in that company's operations or its business environment.

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.

Interest Rate Risk. Changes in interest rates can have a positive or negative impact directly or indirectly on investment value or returns.

Currency Risk. Investments may occur in other countries, and if their currencies change in value relative to the Australian dollar, the value of the investment can change.

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.

Fund Risk. Risks particular to the Fund include the risk that the Fund could terminate, that fees and expenses payable by the Fund could change, and due to the way the Fund is invested relative to the Index, the Fund could under perform the Index for certain periods of time.

International investing risk. The risks of international investing include adverse currency fluctuations, potential political and economic instability affecting overseas markets, limited liquidity and volatile prices of international investments, and investment and repatriation restrictions.

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.

Fees and Other Costs

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

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
Fees when your money moves in or out of the fund.		
<i>Establishment fee</i> The fee to open your investment	Nil	No fee is charged.
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	No fee is charged.
<i>Withdrawal fee</i> The fee on each amount you take out of your investment	Nil	No fee is charged.
<i>Termination fee</i> The fee to close your investment	Nil	No fee is charged.

Management costs		
The fees and costs for managing your investment	<p>Total estimated Management Costs of 1.8491% p.a. consisting of ongoing management costs and an estimated performance fee.</p> <ul style="list-style-type: none"> ● ongoing management costs of 1.3325%p.a¹ (always charged by the Fund). ● an estimated performance fee amount of 0.5166% p.a.² (only charged by the Fund if the Fund has outperformed the Index). 	<p>The ongoing management costs are a per annum fee charged against the Net Asset Value per unit. It is calculated and accrued daily and payable monthly in arrears by the Fund.</p> <p>All fees and expenses of the Fund (excluding Transaction Costs, performance fees and abnormal expenses) are paid from the Ongoing Management Costs.</p> <p>The estimated performance fee amount is based upon performance exceeding the Index by 2.52% for the year.³</p> <p>The performance fee is calculated and accrued daily. It is payable half yearly as at 30 June and 31 December. The fee is paid directly from the Fund and reflected in the unit price.</p> <p>Underperformance in a previous period is required to be made up before a performance fee is payable.</p>

¹ Please refer to the explanation of Management Costs and expense reimbursement in the 'Additional explanation of fees and costs' section below. This fee may in some cases be negotiated with Direct Investors. For more information, please refer to the explanation of 'Differential fees' in the 'Additional explanation of fees and costs' section below.

² The use of this estimate is not an indication or guarantee of future performance. The actual performance fee and therefore the Management Costs will vary depending on the Fund's actual return. A performance fee will not always be payable.

³ The estimated performance fee was chosen based on the performance numbers as at 31 December 2005, as this was the most recent period a performance fee had been paid.

		Further information on the calculation of the performance fee is provided below in 'Additional explanation of fees and costs'.
Service fees		
<i>Investment switching fee</i> The fee for changing investment options	Nil	No fee is charged.

Additional Explanation Of Fees And Costs

Management Costs

The ongoing management costs of the Fund (exclusive of performance and abnormal fees) are capped at 1.3325% of the average annual Net Asset Value of the Fund (including GST less any applicable reduced input tax credits), for the life of this PDS. Perpetual's responsible entity fee, Pengana's investment management fee and all expenses of the Fund (excluding Transaction Costs, and abnormal expenses) are included in this capped amount.

The Management Costs section of the fees and costs table also includes an estimated performance fee. The performance fee is equal to 20.5% (inclusive of GST less any applicable reduced input tax credits) of any return of the Fund greater than the return of the Index.

The estimated performance fee is calculated based on the reasonable assumption that the 12 month period to 31 December 2005 is a reasonable time period to use as an example. This period was chosen as it was the most recent period in which a performance fee was payable for the Fund.

The use of this estimate for the performance fee is not an indication or guarantee of future performance. The actual performance fee and therefore the total Management Costs will vary depending on the Fund's actual return. A

performance fee will not always be payable.

The performance fee is payable to Pengana at the end of each half year period or part period ending 30 June and 31 December. The fee is calculated and accrued daily. Depending on the return of the Fund in relation to the Index at any time during the performance period, this daily 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 half year period.
- If no fee is payable to Pengana at the end of a half year period, then the accrued performance fee, positive or negative, will be carried forward into the next half year period and form part of the performance fee for that half year.

Transaction Costs and Buy/Sell Spread

Transaction Costs are costs related to buying and selling the Fund's assets such as brokerage, settlement costs and stamp duties.

The buy spread is 0.30% and is a cost charged to enter the Fund (buy units) and the sell spread is 0.30% and is a cost charged to exit the Fund (sell units). The dollar value of these costs based on an application or withdrawal of \$50,000 is \$150. They are charged because entering or exiting the Fund necessitates the buying or selling of the Fund's

investments, which will incur Transaction Costs. The spreads are based on estimates of the average Transaction Costs incurred by the Fund. The estimates will be reviewed and set by Perpetual from time to time.

The Buy/Sell Spread is an additional cost incurred directly by an Investor. The costs aim to ensure that other Investors do not pay the costs associated with an Investor entering or exiting the Fund. The Buy/Sell spread is not a fee paid to Pengana, it is retained in the Fund to cover costs associated with buying and selling the Fund's investments.

For in specie transfers of assets into or out of the Fund, a nil or reduced Buy/Sell Spread may be applied to reflect the actual costs incurred by the Fund. Please note that in specie transfers are at the sole discretion of Perpetual, however Perpetual will generally obtain Investor consent before making an in specie transfer out of the Fund. A nil or reduced Buy/Sell Spread may also be applied where an application from one investor coincides with a redemption from an existing unit holder i.e. a "crossing".

A Buy Spread does not apply to the allocation of units in respect of distribution reinvestment. Additional units allocated to a unitholder in respect of a distribution shall have those units allocated at the Net Asset Value unit price immediately after the distribution.

In the event that a withdrawal is effected by way of a buy-back (as opposed to a redemption), stamp duty of 60 cents per \$100 (being \$300 for a withdrawal of \$50,000) will be incurred. The withdrawal proceeds an investor receives where a buy-back is effected will be net of such stamp duty costs. The stamp duty amount is an additional cost which is paid to the New South Wales Office of State Revenue.

Expense Reimbursement

Perpetual is entitled to be reimbursed out of the Fund's assets for outgoings and expenses properly incurred in the proper performance of its duties as the responsible entity. 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. It also includes abnormal expenses, for example, the cost of holding a unitholder meeting, which would not necessarily be incurred in any given year.

Alteration of fees

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

While Perpetual as the responsible entity does not intend to change the current fee structure, the Constitution allows Perpetual to charge a maximum entry fee of 2% of the amount invested and an exit fee of 2% of the proceeds of redemption.

The Constitution allows Perpetual to charge an ongoing management fee of up to 3% per annum of the gross value of the Fund's assets plus GST.

At least 30 days notice will be given to Investors of any change in fees. Indirect Investors should consult with their Operator to determine their arrangement for notifying of changes in fees and charges.

Goods and Services Tax

Unless otherwise noted, all fees and Management Costs specified in this PDS are GST inclusive, net of any input tax credits (including reduced input tax credits) available to the Fund.

The fees and expenses as set out on page 11 are paid out of the Fund assets (with the exception of Administration fees payable to Operators addressed below). Services supplied to the Fund are generally taxable supplies for GST purposes and will therefore usually include a GST component (being 1/11 of the total amount of the fees and expenses). Generally, the Fund cannot claim full input tax credits for these services but is usually entitled to reduced input tax credits equal to 75% of the GST payable on those services.

For further information on tax, please refer to the 'Taxation' section of this PDS.

Administration fee

Pengana may enter into arrangements to pay administration fees to Operators in connection with the listing of this Fund on their investment menus. This fee is paid by Pengana and not by the Fund or Perpetual. It is not charged out of the assets of the Fund and is not a separate additional charge to Investors.

Differential fees

Pengana may agree with Direct Investors who are wholesale clients (as defined in the Corporations Act 2001) to rebate some of the ongoing management costs on a case by case basis. Please contact Pengana for more information.

Example of annual fees and costs for the Pengana Emerging Companies Fund

This table gives an example of how the fees and costs in the Pengana Emerging Companies Fund can affect your investment over a 1 year period. You should use this table to compare this product with other managed investment products.

Example		BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING YEAR
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
PLUS Management Costs*	1.8491% p.a.	And , for every \$50,000 you have in the fund you will be charged \$924.55 each year.
EQUALS 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: \$924.55** What it costs you will depend on the fees you negotiate with your fund or financial adviser.

* These Management Costs include an estimated performance fee of \$258.30 for the Fund. This is based on the Fund's performance exceeding the Index by 2.52% for the year (20.5% x 2.52% x \$50,000). The use of this estimate is not an indication or guarantee of future performance. The actual performance fee and therefore the Management Costs will vary depending on the Fund's actual return. A performance fee will not always be payable.

** Additional fees may apply. Please refer to the above explanation of 'Transaction Costs and Buy/Sell Spread'. 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

This is a simple illustration only. In practice, your investment balance and the value of the Fund will vary daily. The actual fee charged is based on the value of the Fund and will vary with the value of the Fund. A performance fee is only payable if the Fund outperforms the Index, including after taking account of any past under performance with reference to the Index. See page 12 for details on how the performance fee is calculated. These figures do not represent the actual cost of the Fund.

How To Invest And Access Investments

Investing through an IDPS

For Indirect Investors it is the Operator that makes your investments in the Fund and is registered as the unit holder in the Fund. The Operator is therefore entitled to rights as a Direct Investor, such as the right to receive reports and statements, to attend meetings and to make complaints. Operators will advise Indirect Investors about how to invest

through their IDPS, including the minimum initial investment amount.

Indirect Investors should contact their Operator regarding each of these matters.

Investing directly

For Direct Investors the initial investment must be for a minimum of \$25,000 and can be made by completing the accompanying Application Form.

Additional Investments

The Operator will advise Indirect Investors about how to make additional investments, including the minimum amount involved. Indirect Investors can arrange to make additional investments in the Fund in accordance with their arrangement with their Operator.

The minimum additional investment for Direct Investors is \$5,000. Direct Investors should send additional investments to:

BNP Registry Services
PO Box R209
Royal Exchange NSW 1225

Please note application moneys must be in Australian dollars.

Withdrawals for Indirect Investors

Withdrawals by Indirect Investors are made in accordance with their arrangement with their Operator and are not governed by the terms of this PDS. Operators will advise Indirect Investors about how to make withdrawals, including any minimum amount involved. Indirect Investors should contact their Operator to obtain these details.

Withdrawals for Direct Investors

The minimum withdrawal for Direct Investors is \$5,000.

Direct Investors wishing to withdraw funds must provide a written request, signed by an authorised signatory, with details of the bank account to be credited.

Notification of the withdrawal instruction must be sent to:

BNP Registry Services
PO Box R209
Royal Exchange NSW 1225

Or by fax at:

BNP Registry Services
Fax: +61 2 9222 0010

Where the instruction is received by BNP before 2pm eastern standard time on any Business Day, Pengana will endeavour to process the application on the same day and pay that Direct Investor after 3 Business Days. However, the Fund's constitution allows up to 30 days after the Fund receives your withdrawal request to make payment. This period may be extended in certain circumstances outside our control.

Perpetual is permitted in certain circumstances to stagger the payment of large withdrawal requests.

Withdrawal payments will only be made payable to the Direct Investor and directed to the account nominated on the accompanying Application Form.

Direct Investors can fax their written withdrawal instructions to BNP, subject to the following facsimile instructions.

Withdrawals will be affected by way of redemption. In the case of New Zealand Investors, Perpetual may at its discretion alternatively effect a withdrawal by a buy-back of units. Please refer to page 23 for more information.

Facsimile instruction conditions

By using the facsimile instruction service, Direct Investors release Perpetual, the Perpetual Group, BNP, Pengana and the Pengana Group from, and indemnify the same against, all losses and liabilities arising from any payment or action the parties (or associates) take based on any instruction (even if not genuine) that the Fund receives by facsimile bearing an Investor's account number, and a signature apparently of the Direct Investor.

Direct Investors also agree that neither they nor anyone claiming through them has any claim against Perpetual, the Perpetual Group, BNP, Pengana and the Pengana Group in relation to these payments or actions.

Please take care as there is a risk that fraudulent facsimile withdrawal requests can be made by someone who has access to a Direct Investor's account number and a copy of their signature. Pengana reserve the right to add further requirements at any time.

Distributions

Distributions are payable to Direct Investors semi annually (June and December), usually within 20 Business Days after the end of June and December. 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 Direct Investor has requested otherwise. This reinvestment occurs at the next unit price calculated after the end of the distribution period. Indirect Investors should contact their Operator in relation to the timing and frequency of distributions by the Operator. Investors will still be liable to pay any tax payable in respect of a distribution even if a distribution is reinvested.

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

Taxation

The taxation information below is of a general nature only. Investors should also obtain advice from a taxation adviser for their individual circumstances.

Tax position of the Fund

Generally, no Australian income tax will be payable by the Fund as income and realised net capital gains of the Fund will be distributed to Investors in full for a year of income.

Tax position of Australian resident Investors

Distributions

Assessable distributions will be included in an Investor's assessable income even if the distribution is reinvested. Assessable distributions will be payable to Investors semi annually (June and December), usually within 20 Business Days after the end of June and

December. Indirect Investors should contact their Operator in relation to the timing and frequency of distributions by the Operator.

Imputation System

The Fund will seek to pass on any benefits of franking credits in respect of distributions including franked dividends from the Fund. Investors receiving distributions including franked dividends will be required to include their share of dividend income and franking credits in their assessable income.

If imputation credits exceed the tax on the grossed up franked dividend, Investors may be able to reduce their tax liability for that year by offsetting the credits against other tax payable (excluding the Medicare Levy). If franking credits exceed an Investor's tax liability, certain Investors (such as, individuals and complying superannuation funds and life insurance companies) are entitled to a refund of excess franking credits.

Investors may be denied franking credits and franking rebates in respect of distributions on units which the Investor has not owned at risk generally for a continuous period of 45 days (ignoring the day of acquisition and disposal). In determining whether the 45 day period is satisfied, a 'last in, first out' basis is adopted.

Foreign income and foreign tax credits

Where foreign tax has been paid by the Fund in respect of overseas investments, the Fund will generally pass on the corresponding foreign tax credits for offset against the Australian tax payable on their assessable foreign distributions. In order to claim the tax credits, Investors must first include the amount of the credits in their assessable income.

It is Perpetual's intention that generally any foreign investments made by the Fund are investments to which the operative provisions of the Foreign Investment Fund taxation legislation do not apply.

Capital Gains Tax

The withdrawal or transfer of units will constitute a disposal for tax purposes. Generally, profits arising from the disposal of units will be subject to capital

gains tax where these units were acquired for investment purposes. However, such profits may be regarded as ordinary income where for instance the Investor is regarded as a trader or institutional investor

Individuals, trusts and complying superannuation entities may be eligible for partial capital gains tax exemptions in relation to the disposal of units which they have held for at least 12 months and the capital gains portion of distributions.

Tax File Number (TFN)/Australian Business Number (ABN) (Australian resident Investors)

It is not compulsory to provide a TFN. However, without a TFN or appropriate exemption information, tax will be withheld from distributions at the highest marginal tax rate (plus Medicare levy) until Investors quote their TFN or exemption. An ABN may be used as an alternative to a TFN if the investments are undertaken in the course of carrying out an enterprise. Indirect Investors who wish to provide their TFN, exemption or ABN should contact their Operator.

Australian tax position of non-resident Investors

Appropriate statutory deductions of Australian tax will be made from distributions to non-resident Investors. The rate of tax that applies to distributions depends upon the type of income and/or capital gain that is being distributed, whether the Investor is an individual or a company and which country the Investor resides in.

Non-resident Investors may also be subject to tax on distributions in the country in which they reside, but may be entitled to foreign tax credits.

In respect of a disposal or redemption of units in the Fund, a non-resident Investor is not subject to Australian capital gains tax if the Investor owns less than 10% of the units in the Fund. If the non-resident Investor owns more than 10% of units in the Fund then any capital gains or losses of the disposal or redemption of units in the Fund will only be taxable in Australia where at least 10% of the underlying assets of the Fund have a necessary connection with

Australia. If you have owned more than 10% of the units in the Fund, we will provide you with further information regarding the Funds underlying assets to assist you in determining your potential Australian tax liability.

Investors who are tax resident in New Zealand should refer to the section "New Zealand taxation", under the heading "Important Information for New Zealand Investors".

This tax information is current as at 7 June 2006.

Other matters

Fund Constitution

The Fund is governed by the Constitution, 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 Constitution:

- **Term** The Fund will terminate on the day which is 2 days before the 80th anniversary of the date of the Constitution (being 1 November 2004) unless terminated earlier by Perpetual. If the Fund is terminated, Perpetual 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, requisition, attend and vote at unit holder 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 is generally 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.** Perpetual is entitled to be reimbursed out of the Fund for all

expenses properly incurred in fulfilling its duties and obligations as responsible entity.

- **Income distributions.** Perpetual must determine distribution periods each year and make income distributions within 90 days of the end of each distribution period.
- **Powers of Perpetual as responsible entity.** As responsible entity of the Fund, Perpetual 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. In practice, it exercises this discretion in consultation with Pengana.
- **Withdrawals.** The Constitution sets out the procedure for withdrawals. In certain emergency situations, Perpetual may stagger the sale of assets of the Fund to meet the payment of large withdrawal requests.
- **Limitation of Perpetual's liability.** Perpetual 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 responsible entity. It is generally not liable to members for losses caused by anything other than a failure to properly perform its duties as responsible entity of the Fund.
- **Retirement and Removal of Perpetual.** Perpetual may be removed in the circumstances set out in the Corporations Act 2001. Perpetual may also retire subject to compliance with the requirements for the Corporations Act. Pengana may in the future request that Perpetual allow it to assume the role of responsible entity of the Fund.

The Constitution may be amended by Perpetual. However if the amendments will adversely affect unitholders rights, approval must be obtained in accordance with the Corporations Act. Investors may inspect the Constitution by contacting Pengana.

ASIC Class Order

In accordance with ASIC Class Order 05/26, Perpetual is as at the date of this PDS in the process of documenting its

policy in respect of the exercise of discretions to:

- decide a matter that affects the value of a factor included in the formula for determining the unit prices; and
- decide a matter that is an aspect of the method for determining the unit prices.

A copy of Perpetual's description of the formula and method for determining unit prices, the discretions exercised in respect of determining unit prices and its documented policy in respect of such discretions will be available from Perpetual free of charge once available.

Compliance Plan

A compliance plan has been registered with ASIC for the Fund. The compliance plan sets out the procedures in place to ensure that the Fund is operated in accordance with the Corporations Act and the Constitution of the Fund.

Enquires and Complaints

Direct Investors: If you are investing directly, enquiries can be made directly to:

Pengana Capital

Phone: +61 2 8524 9999

Email: info@pengana.com.au

Complaints can be sent to:

Complaints Department
Pengana Emerging Companies Fund
Level 29, 20 Bond Street
Sydney NSW 2000

Pengana will always acknowledge any complaint in writing within 5 days and respond within 45 days of receipt.

Perpetual is a member of the Financial Industry Complaints Services Limited ABN 64 068 901 904 (**FICS**), an external industry complaints resolution scheme.

Indirect Investors: Indirect Investors with a complaint should contact their Operator who is able to contact Pengana where necessary.

Perpetual and Pengana have a complaints resolution procedure in place through which Operators can address any issues concerning the Fund, Indirect Investors' investments and other concerns.

Operators with a complaint should contact Pengana. Perpetual's complaints procedure can be accessed by visiting its website (www.perpetual.com.au). Pengana's complaints procedure can be accessed by contacting Pengana at the details provided in the Fund Directory on page 29.

Perpetual's role

Perpetual is the responsible entity of the Fund and also the issuer of this PDS and of units in the Fund. Perpetual is part of the Perpetual Group, which has been in operation for over 120 years.

Perpetual's role is to administer the Fund in accordance with the Constitution.

In carrying out its role, Perpetual is subject to the Corporations Act 2001 and must:

- act honestly and in the best interests of the Investors;
- exercise care and diligence; and
- treat unitholders in the Fund equally.

Pengana's role

Perpetual has appointed Pengana to promote, market, administer and manage the Fund under the terms of an investment management agreement dated 17 June 2003.

The investment management agreement may be terminated in certain circumstances. These include, where required by law (such as when Pengana or Perpetual cease to carry on business), by Pengana by giving 4 months notice or by Perpetual if directed to do so by unitholders. (Note that Investors holding not less than 5% of the votes that may be cast at a unitholder meeting can request a unitholders meeting to consider this issue. Pengana may also do so where Pengana and Perpetual are unable to agree on an investment recommendation).

Reporting

Regular reporting and disclosure requirements apply to the Fund in accordance with the Corporations Act. Copies of the documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office.

Only Direct Investors will receive, or have the right to the following information.

The Fund may be subject to certain regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Direct Investors have the right to request a copy of the documents from Perpetual when they become available, and Perpetual must send Direct Investors a copy (free of charge) as soon as practicable and in any event, within five days. The documents are:

- the annual financial report for the Fund most recently lodged with ASIC;
- any half-year financial report lodged with ASIC (where applicable);
- any continuous disclosure notice given for the Fund after the lodgement of the annual financial report for the Fund and before the date of this PDS (where applicable).

Direct Investors will receive transaction confirmations for each application and withdrawal showing their current balance and any transactions for the period. Direct Investors will also receive annual financial statements and an annual tax statement including all distribution details.

Perpetual will send Direct Investors copies of the Fund's annual report unless you nominate in the accompanying Application Form to access the report on Pengana's website (www.pengana.com.au). The annual report will be available by 30 September each year. Pengana's website will notify you when the annual report is available for downloading.

The Operator will provide Indirect Investors with reports on the progress of the Fund.

Up To Date Information

The information contained in this PDS 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 PDS, a supplementary PDS will be issued if:

- there is a misleading or deceptive statement in this PDS;
- there is an omission of information from this PDS;
- 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 in information that is not materially adverse information

Updated information that is not materially adverse to the Investors is accessible by contacting Pengana or will be available on Pengana's website (www.pengana.com.au).

This information may include information relating to returns, unit prices, Fund sizes and commentary. A paper copy of the updated information will be available free of charge upon request by contacting Pengana.

Changes to the terms and conditions

Subject to the Constitution and Perpetual's discretion Perpetual may change:

- the investment approaches; and/or
- the terms and conditions set out in this PDS

If any material change is made, reasonable notice will be given to Direct Investors in accordance with the above provisions. Any Direct Investor who withdraws before the expiry of the notice is not bound by the change.

Investor Status

In relation to Indirect Investors the Operator or a custodian appointed by it invests directly in the Fund and so has the rights of a unitholder in the Fund. Further, the Operator or its custodian exercises those rights in accordance with its arrangements with Indirect Investors.

Indirect Investors should be aware that, in addition to the fees and expenses of the Fund as described above, they will bear the fees and expenses described in the relevant disclosure document or

guide of their Operator through which they are investing.

Perpetual authorises the use of this PDS as disclosure for Indirect Investors. However, Indirect Investors should read this PDS in conjunction with the disclosure document provided by the Operator.

Indirect Investors' investment in this Fund is in accordance with the terms of their arrangement with their Operator. Indirect Investors can only redeem their investment during the times allowed by, and in accordance with their agreement with, their Operator.

Some provisions of the Constitution are not relevant for Indirect Investors. For example, the rights of Indirect Investors to attend meetings or transfer units will depend on their arrangements with their Operator.

Consents

The following have consented to be named in the PDS and to the use of the statement or information about them or provided by them in the form and context in which it appears. These parties have not authorised or caused the issue of the PDS nor revoked their consent.

Pengana has consented to the issue of this PDS, to being named as investment manager and to the inclusion of information relating to it and its management of the Fund in the form and context in which that information is included.

Privacy

If you are investing via an IDPS, please be aware that neither Perpetual, Pengana nor BNP (together the **Entities**) collect or hold personal information in connection with an investment in the Fund. If you are investing directly in the Fund, by signing an application form, you agree to the Entities collecting, holding and using your personal information to process your application and manage the products and services provided. This includes monitoring, auditing, evaluating, modelling data, dealing with complaints and answering queries. Without this information, it may be impossible to process your application or provide an appropriate level of service.

Under the Privacy Act 1988, you may request access to personal information held by any of the entities. You can contact Pengana to make such a request or to arrange for a copy of the relevant Entity's privacy policy.

Perpetual's privacy policy is available on its website (www.perpetual.com.au).

Important Information for New Zealand Investors

The information in this section is required under the Securities Act (Australian Registered Managed Investment Schemes) Exemption Notice 2003 (Notice) and is required to be read by New Zealand Investors.

This document is not an investment statement under New Zealand law. It is a product disclosure statement (PDS) prepared under Australian law. There are likely to be differences between the information provided and the way that information is presented in this PDS as compared to an investment statement under New Zealand law.

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions:

- What sort of investment is this?
- Who is involved in providing it for me?
- How much do I pay?
- What are the charges?
- What returns will I get?
- What are my risks?
- Can the investment be altered?
- How do I cash in my investment?
- Who do I contact with enquiries about my investment?
- Is there anyone to whom I can complain if I have problems with the investment?

- What other information can I obtain about this investment?

Choosing an investment adviser

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- whether the adviser gives advice only about particular types of investments;
- whether the advice is limited to the investments offered by one or more particular financial organisations; and
- whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within 5 working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition

- If an investment adviser has any convictions for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

Additional information

Allotments of the units in the Fund will be made in the manner specified in this PDS and in the manner prescribed by the laws of Australia.

Perpetual Trust Services Limited is the responsible entity of the Fund. Perpetual's address is:

Fund Compliance Services
Perpetual Trust Services Limited
Level 12, Angel Place
123 Pitt Street
Sydney NSW 2000

Perpetual and the person who makes the offer may not be subject in all respects to New Zealand law.

New Zealand taxation

The summary of the New Zealand taxation rules below is based on current taxation laws and their interpretation in Australia and New Zealand as at 7 June 2006. It assumes that a New Zealand Investor is a tax resident of New Zealand only and who holds their investment on capital account. It does not cover the position of New Zealand resident investors who are 'transitional residents'. It is neither an exhaustive nor a definitive summary. The level and basis of taxation frequently change and individual circumstances will vary the tax treatment of Investors. The tax treatment may vary between Direct Investors and Indirect Investors. The comments below relate to Direct Investors only. Indirect Investors will need to consider the nature of the IDPS through which they invest.

The New Zealand Government has announced changes to the way in which portfolio investment in foreign entities are taxed, with a view to these being effective from 1 April 2007. If passed in the form currently proposed, this will change the New Zealand tax treatment of investments in unlisted Australian unit trusts from that discussed below.

For the above reasons, Investors should seek professional advice on the taxation implications of investing in the Fund and should not rely on the following tax information. Perpetual cannot take responsibility for an Investor's tax treatment.

New Zealand's international tax rules as they relate to a foreign investment fund or controlled foreign company interests may apply to New Zealand Investors holding a 10% or greater interest in the Fund.

The application of the Australian capital gains regime could, based on current Australian taxation legislation, apply to New Zealand Investors. Please refer to the discussion earlier under Taxation - Australian tax position of non-resident investors in respect of the potential application of these rules.

Income Distributions

For New Zealand tax purposes the Fund falls within the definition of a unit trust and accordingly is deemed to be a company. New Zealand Investors are deemed to be shareholders of the deemed company and any income distributions generally are taxable as dividends in their hands.

Australian tax will be withheld from distributions to the extent they comprise Australian sourced income or capital gains realised in relation to assets that have a necessary connection with Australia. Based on current Australian tax legislation, tax will be withheld at the following prescribed rates in relation to a New Zealand Investor which are announced to apply from 1 July 2006:

Australian interest income - 10%

Australian unfranked dividends - 15%

Australian other income including capital gains in relation to assets that have a necessary connection with Australia -

Individuals (at marginal rates)	
First \$25,000	29%
\$25,001 to \$75,000	30%
\$75,001 to \$150,000	40%
\$150,001 +	45%
Companies	30%
Non-complying Superannuation Funds	45%

Where any money or property of the Fund vests absolutely in interest in the Investor, this generally will be regarded as a dividend received by the New Zealand Investor for New Zealand tax purposes.

The taxable dividend for a New Zealand non-corporate Investor will be the cash distribution received plus any Australian withholding tax deducted, converted to New Zealand dollars, any money or property that vests absolutely, and includes any amounts reinvested under the distribution reinvestment scheme.

Where Australian withholding tax has been deducted from the total distribution received this generally may be offset

against the New Zealand income tax liability up to the amount of the New Zealand tax on the income from those distributions (net of any expenses).

Dividends received by a New Zealand Investor that is a company (including a unit trust) generally will be exempt income but liable to a dividend withholding payment at the rate of 33%, with a credit available for any tax withheld in Australia. If the Investor company (or unit trust) holds 10% or more of the units on issue, relief may be available from the dividend withholding payment for any underlying foreign tax credits.

Although there were some changes in recent years to the New Zealand and Australian tax rules governing the imputation system and franking credits, a New Zealand resident unitholder is unable to utilise Australian franking credits against their New Zealand income tax liability, nor are franking credits required to be included in their taxable income. It is unlikely that the Fund will pay any New Zealand income tax, such that it is unlikely for there to be available to New Zealand Investors any franking credits attached to distributions.

Non-Australian sourced income and realised capital gains from assets which do not have a necessary connection with Australia should flow through the Fund to New Zealand tax resident Investors without any Australian tax being applied, but generally will amount to a dividend for New Zealand income tax purposes. However any withholding tax deducted from income sourced outside Australia generally is not available as a tax credit to Investors who are tax resident in New Zealand.

Withdrawals

A Direct Investor may redeem their units. In addition, at Perpetual's discretion, Perpetual may buy-back (repurchase) the units, the subject of an Investor's withdrawal request. The New Zealand tax consequences differ between a redemption and a repurchase and are explained below. Perpetual's standard practice is to effect properly completed withdrawal requests by redemption. A repurchase of units will only be made at the discretion of

Perpetual and only once a proper request is received.

Any gain on the repurchase of units may not be taxable to New Zealand Investors depending upon the circumstances of the repurchase and assuming they do not deal or trade in such investments, do not carry on a business of buying and selling such investments, did not acquire the units with the dominant purpose of resale, and did not derive the gain as part of a profit making undertaking or scheme. Further, if the repurchase results in a loss to such a New Zealand Investor, the loss is unlikely to be deductible for tax purposes. Investors whose units are repurchased should seek advice as to whether they are within this general position and, if not, on the extent to which the amount received may constitute a dividend for New Zealand tax purposes.

Stamp duty is payable in New South Wales on repurchases.

New Zealand Investors whose units are redeemed should seek advice on the extent to which the amount received may constitute a dividend for New Zealand tax purposes.

There is no stamp duty payable in Australia on the redemption of units.

Proposed reforms

If the reforms are enacted as proposed, the 'grey-list' exemption will not apply to the Fund, and, in simplified terms,:

- i. New Zealand Investors generally will be liable to New Zealand income tax on both the realised and unrealised gains on their investment, including capital gains. Depending upon the calculation method adopted, this tax exposure may be capped at 85% of that (realised and unrealised) gain, with tax payable annually on the higher of dividends received or 5% of the opening value of the units, and the balance above the 5% gain being rolled forward and becoming taxable upon disposal of the units.
- ii. The tax treatment indicated at (i) above will not apply to

natural person Investors whose total foreign investments cost less than NZ\$50,000 (in this context "total foreign investments" would not include shares in certain Australian listed companies that were tax resident in Australia). These persons will remain liable to tax on, in effect, the current dividends approach (assuming they hold the units on capital account).

It is unlikely that the proposed reforms will be enacted without further changes being made. Further, the New Zealand Government also has announced a review of the taxation of foreign non-portfolio investment.

Concluding comments

The New Zealand tax considerations mean that any forecast or projected returns may differ from the returns for Australian investors described in this Australian disclosure document.

Despite the information provided above, Investors should satisfy themselves as to the tax implications of investing in the units in the Fund. In light of the proposed reforms, Investors should ensure that they understand both the current tax implications and the tax implications that are likely to apply from 1 April 2007.

Other Additional Information

Investing in units in the Fund may carry with it a currency exchange risk.

The financial reporting requirements applying in New Zealand and those applying in respect of the Fund may be different, and the financial statements of the Fund may not be compatible in all respects with financial statements prepared in accordance with the New Zealand law.

Although a copy of this PDS and other documents have been received by the Registrar of Companies, the PDS has not been registered in New Zealand under New Zealand law and may not contain all the information that a New Zealand registered prospectus is required to contain.

Australian law does not require a trustee (unlike the position in New Zealand for unit trusts), or a statutory supervisor (unlike the position in New Zealand for contributory schemes involving participatory securities), that is separate from, and independent of Perpetual.

The following documents relating to the Fund have been received by the Registrar of Companies in accordance with the Notice. These documents can be inspected at the office of the Registrar of Companies and can be obtained from Perpetual:

- i. the current PDS relating to the units in the Fund;
- ii. any exemption, order, or declaration that has been granted by ASIC in respect of the Fund (other than any exemption, order, or declaration that applies to Australian registered schemes generally or to a class of persons);
- iii. the licence of Perpetual granted under the Corporations Act 2001;
- iv. the Constitution of the Fund;
- v. evidence of registration of the Fund with ASIC;
- vi. the compliance plan required under the laws of Australia relating to the Fund;
- vii. any documents that amend or supplement any of the documents referred to in subparagraphs (i) to (vi) in existence at the time that the first offer of any units in that Fund is made or open for acceptance in New Zealand; and
- viii. a copy of any document that amends, supplements or replaces the current PDS relating to units in the Fund (other than a document in relation to which a copy must be received under subparagraph (vii) above) will be filed with the Registrar of Companies before any allotment of units in the Fund is made in New Zealand after the amendment, supplement, or replacement takes effect.

It is a term of the offer of units in the Fund made in New Zealand that Perpetual will, within 5 working days of receiving an offeree's request for a copy of the Australian disclosure document

relating to the units in the Fund, without fee, send or cause to be sent, to that offeree the documents detailed in subparagraphs (i) above, together with copies of any documents that, under the laws of Australia, must accompany a copy of the Australian disclosure document sent to any person to whom an offer of units in the Fund is made in Australia and a copy of any supplementary disclosure document in use at the time the request is received.

Agreement as to Jurisdiction

- (A) In respect of a dispute concerning an offer of units in the Fund offered in reliance on any exemption in clause 5 of the Notice or the contract for units in the Fund, Perpetual:
- i Agrees to submit to the non-exclusive jurisdiction of New Zealand courts; and
 - ii has instructed the New Zealand agent for service referred to in paragraph (C) below to accept service on Perpetual's behalf; and
 - iii agrees that this statement is an agreement with each Investor for the purposes of section 389(1)(e) of the Companies Act 1993.
- (B) Despite the statements referred to in paragraph A above, the contract in respect of the units in the Fund may not always be enforceable in New Zealand courts.
- (C) Phillips Fox, 50-64 Customhouse Quay, Wellington has been appointed by Perpetual to accept service in New Zealand of any documents on its behalf.

Distribution Reinvestment Scheme

Units in the Fund allotted under the distribution reinvestment scheme will be allotted in accordance with this PDS and the constitution for the Fund.

Within 30 days of the day on which the units in the Fund are allotted to a person under the distribution reinvestment scheme, the person will be sent a statement of the amount of the distribution and the number of securities that have been allotted to that person.

The following documents are available from Perpetual, on request and free of charge:

- (a) The most recent annual report of the Fund (if any);
- (b) The most recent financial statements of the Fund (if any); and
- (c) the current Australian disclosure document relating to the Fund; and
- (d) the constitution of the Fund and any amendments to it.

Responsible Entity:
 Perpetual Trust Services Ltd
 ABN 48 000 142 049
 AFSL 236 648



Pengana Emerging Companies Fund
Application Form

Please send application to: BNP Registry Services

PO Box R209
 Royal Exchange NSW 1225

Or, by Fax to: +61 2 9222 0010

TYPE OF INVESTOR

<input type="checkbox"/> Individual	<input type="checkbox"/> Joint	<input type="checkbox"/> Company	<input type="checkbox"/> Trust / Superfund
<input type="checkbox"/> Other (Specify):			

INVESTOR 1: DETAILS

Title	<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Other Please Specify:
Surname	
Given Name(s)	
Date of Birth	
Tax File Number / Exemption	

INVESTOR 2: DETAILS

Title	<input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms <input type="checkbox"/> Other Please Specify:
Surname	
Given Name(s)	
Date of Birth	
Tax File Number / Exemption	

TRUST ACCOUNT / SUPERFUND NAME

Account Reference	
-------------------	--

COMPANY, TRUST or ASSOCIATIONS

A.B.N	
Full Name	
Tax File Number / Exemption	
Contact Person	

Responsible Entity:
 Perpetual Trust Services Ltd
 ABN 48 000 142 049
 AFSL 236 648

CONTACT DETAILS

Address	
State / Postcode (Country)	
Telephone	
Fax	
Email	

NON-AUSTRALIAN RESIDENTS

If you are not an Australian resident for tax purposes, state country of residence for tax purposes.

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FINANCIAL ADVISER/ ALTERNATIVE CONTACT (if applicable)

Name		
Company Name (if applicable)		
Dealer Group		
Phone Number		

Email		Dealer Group Stamp
Address		

I / We authorise our financial adviser/ alternative contact to have access to information on our holdings in the fund.

INVESTMENT AMOUNT (Minimum \$25,000)

Investment in Pengana Emerging Companies Fund	\$
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Electronic transfer payments can be made to:

Bank: Westpac Banking Corporation

Account Name: Cogent Nominees Pty Ltd ACF Pengana Emerging Companies Fund

BSB / Account Number 032 002 / 427 776

Cheques, please make payable to:

Cogent Nominees Pty Ltd ACF Pengana Emerging Companies Fund

DISTRIBUTION ELECTION

I / We elect to receive distributions by	
<input type="checkbox"/> Direct Debit <input type="checkbox"/> Additional Units	
Name of Institution	
Branch	
Account Name	

Responsible Entity:
 Perpetual Trust Services Ltd
 ABN 48 000 142 049
 AFSL 236 648

BSB / Account Number	

4. upon allotment of units in the Fund, I/We agree to be bound by the provisions of the Constitution for the Pengana Emerging Companies Fund and any other additional obligations or restrictions contained in the PDS;
5. I/We have read the section of this PDS called "Privacy" and agree that Perpetual and Pengana may collect, use, disclose, and handle personal information in the manner set out in that section.
6. I/We acknowledge that Perpetual has the right to reject this application in accordance with the Fund's Constitution.

If no election is made, distributions will automatically be reinvested.

ANNUAL REPORT

We are required by law to provide you with a copy of the Fund's annual financial statements unless you indicate otherwise. If you do not wish for us to mail you a paper copy of this report, you can view an electronic copy of the latest annual financial statement on Pengana's website at www.pengana.com.au.

Please tick the box if you do not require us to mail you a paper copy of the Fund's annual financial statement each year.

If this application is signed by an attorney, the attorney states that there is no notice of revocation of the power of attorney under which this application is signed. Any tax file number supplied at any time may be applied to this investment and previous or future investment in my/our names(s).

I/We acknowledge that I/We understand that:

- a. units in the Fund do not represent a deposit or liability of Pengana, the Pengana Group, Perpetual or any other member of the Perpetual Group and is subject to investment risk, including possible delays in repayment and loss of income and principal invested.
- b. neither Pengana, the Pengana Group, Perpetual nor any other member of the Perpetual Group guarantee the performance of the Fund or the repayment of capital invested in the Fund.

I/We do not wish to receive promotional material from other Pengana Funds.

I/We declare that:

1. I/We have read this PDS in full;
2. if this PDS has been obtained from the internet, or by other electronic means, a full copy of the PDS dated 29 June 2006 in an unaltered form has been obtained, accompanied by or attached to this application from;
3. I/We are a 'wholesale client' as defined in section 761G of Part 7.1 of the Corporations Act 2001, including in respect of future applications (unless I/we notify the Perpetual otherwise);

APPLICANT SIGNATURE

INVESTOR 1 / DIRECTOR	DATE / /
INVESTOR 2 / DIRECTOR / COMPANY SECRETARY	DATE / /
COMPANY SEAL (if required)	

Fund Directory

Investment Manager

Pengana Capital Limited

Suite 3, Level 29,

20 Bond Street

Sydney NSW 2000

GPO Box 4298

Sydney NSW 2001

Telephone: +61 2 8524 9999

Facsimile: +61 2 8248 3901

Email: info@pengana.com.au

Internet: www.pengana.com.au

National Distribution Manager

Justin Brooks

Telephone: + 61 416 194 633

Facsimile: +61 2 8524 9901

Responsible Entity

Fund Compliance Services

Perpetual Trust Services Limited

GPO Box 4172

Sydney NSW 2001

Telephone: +61 2 9229 9000

Facsimile: +61 2 8256 1419

Custodian And Administrator

BNP Paribas Fund Services Australasia
Pty Limited

Level 6, 60 Castlereagh Street

Sydney NSW 2000

Telephone: +61 2 9222 0000

Facsimile: +61 2 9222 0255