

ASX: PE1

PENGANA PRIVATE EQUITY TRUST

A diversified portfolio of global private market investments, managed by one of the largest and most diversified independent asset managers in the world - Grosvenor Capital Management.

OCTOBER 2023

NUTS AND BOLTS

NAV
PER UNIT¹

\$1.6572

1 MONTH
PERFORMANCE²

1.6%

SINCE INCEPTION
PERFORMANCE (P.A.)^{2,3}

10.9%

TARGET DISTRIBUTION
YIELD⁴

4%

COMMENTARY

The Trust returned +1.6% over October as a result of a depreciating AUD. With private equity investments typically valued quarterly and October being the first month of a new quarter, our private equity investments did not contribute to PE1's monthly return. Over the month, we made investments across the private market spectrum including:

- An investment in the largest commercial landscaping company in the US through a convertible security that offers significant equity upside while retaining credit-like downside. We believe our entry point is attractive and see several opportunities to accelerate growth and improve margins within a highly recurring and largely non-discretionary industry.
- A secondary transaction involving the purchase of an interest in a 2019 buyout fund that focuses on B2B investments in Western Europe. The fund was purchased at an estimated pro forma discount of ~9% and includes 13 remaining assets, with a nice blend of potential near-term distributions as well as potential uplift from newer investments.
- A private credit investment in Monroe Engineering via a first lien term loan to help fund three tuck-in acquisitions and provide capacity for future M&A. The company is a value-added distributor of standard and custom hardware and component products for general industrial OEM applications across a diversity of end markets (e.g., fasteners, knobs, and springs).

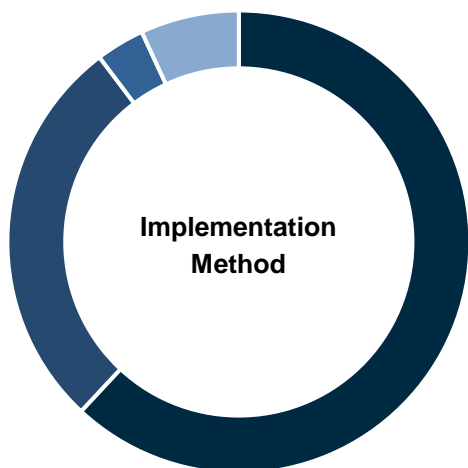


PE1 WEBINAR UPDATE

GCM Grosvenor Managing Directors Fred Pollock and Corey LoPrete provide a portfolio update and insights from the reporting season.

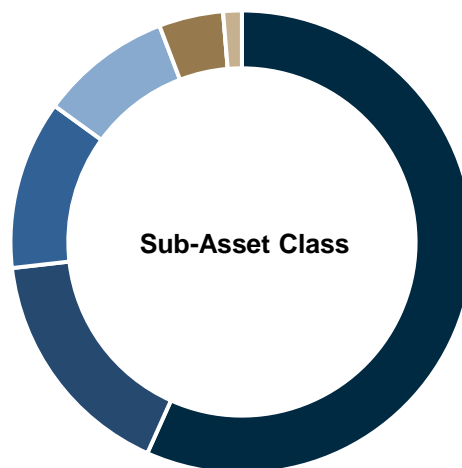
[WATCH THE WEBINAR >>](#)

PORTFOLIO DIVERSIFICATION



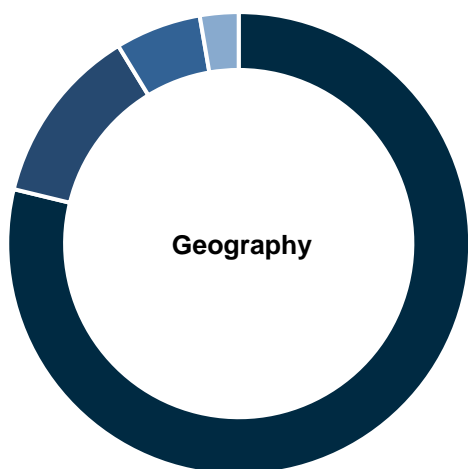
Equity Co-Investments & Direct Investments	62%
Equity Funds	28%
Private Credit	3%
Cash	7%

Cash includes short duration credit which may be used as a cash management tool.



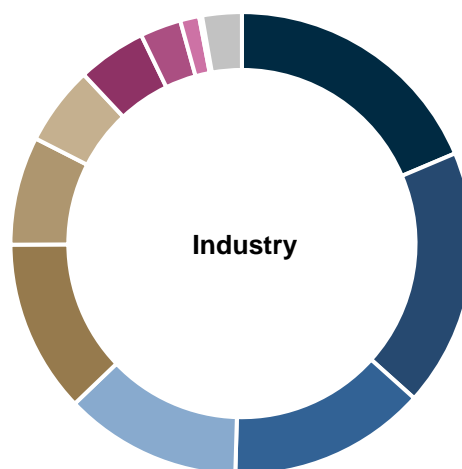
Buyout	57%
Structured Equity ⁶	17%
Growth Equity	12%
Special Situations (Including Credit)	9%
Real Estate	4%
Venture Capital	0%
Other	1%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.



North America	79%
Europe	13%
Asia/Oceania	6%
Other	3%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.



Industrials	18%
Information Technology	18%
Financials	13%
Health Care	12%
Consumer Discretionary	12%
Consumer Staples	7%
Real Estate	5%
Materials	5%
Communication Services	3%
Energy	1%
Utilities	0%
Other	3%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.

NAV PER UNIT PERFORMANCE AS AT 31 OCTOBER 2023 ^{2, 3}



	1 month	1 year	3 years p.a.	Since inception p.a. ³
NAV per Unit	1.6%	0.8%	14.7%	10.9%

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS ⁷

EQUITY CO-INVESTMENTS AND DIRECTS

We recently executed an investment in the largest commercial landscaping company in the US. The commercial landscaping industry is highly recurring and largely non-discretionary, as the industry declined just 6% in 2009. Additionally, the industry is highly fragmented with the company's leading ~2.5% market share over 6x larger than its next closest competitor.

We invested in this company through a convertible security that offers significant equity upside while retaining credit-like downside. Our conversion price equates to less than 8x 2023 EBITDA, while business services comps generally trade at greater than 10x (e.g., uniforms, pest control, foodservice). We believe our entry point is attractive and see several opportunities to accelerate growth and improve margins over the next several years.

EQUITY FUNDS

In early October we completed a secondary transaction involving the purchase of a limited partner interest in a 2019 vintage year buyout fund that focuses on B2B investments in Western Europe. The fund was purchased at an estimated pro forma discount of ~9% and includes 13 remaining assets. We found this transaction attractive as the fund is just entering its harvesting period (there have been no realisations to date) and has several companies positioned for exit in the next 12 – 18 months. The fund provides a nice blend of potential near-term distributions as well as potential uplift from newer investments still in the early stages of value creation. As an existing investor in the fund and a co-investor in one of the underlying assets, we were able to acquire this interest at a discount and leverage our relationship with the manager during due diligence to gain an in depth understanding of the portfolio, including the manager's current expectations with respect to final exit timing and performance for several of the key portfolio drivers.



We recently participated in a first lien term loan issued by Monroe Engineering (“Monroe”) to help Monroe fund three tuck-in acquisitions and provide capacity for future M&A. Monroe is a value-added distributor of standard and custom hardware and component products for general industrial OEM applications across a diversity of end markets. Monroe specialises in low cost and high product count “C-Parts”, being parts that are critical to final performance and typically ordered in large economic quantities (e.g., fasteners, knobs, and springs), and which can create logistical and cost-related problems for OEMs to procure directly from suppliers.

Monroe has a unique combination of product breadth and technical expertise/customisation ability, while its competitive set typically only has one of those characteristics. Furthermore, the company has a high level of diversification across various dimensions, including number of products, customer base, suppliers, and end markets. Importantly, Monroe’s products are critical to end function, comprise less than 5% of overall costs of goods produced by its customers, and are highly recurring and quasi-consumable in nature. The company also benefits from strong revenue and customer retention.

1. The NAV is unaudited.
2. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. The net return has been determined with reference to the increase in the Net Asset Value per Unit, as well as of the reinvestment of a Unit’s distribution back into the Trust pursuant to the Trust’s distribution reinvestment plan (“DRP”). Pengana has established a DRP in respect of distributions made by the Trust. Under the DRP, Unitholders may elect to have all or part of their distribution reinvested in additional Units.
3. The NAV per unit at inception (23 April 2019) is based on the subscription price per unit which is equal to \$1.25.
4. Pengana intends to target a cash distribution yield equal to 4% p.a. (prorated on a non-compounded basis) of the NAV (excluding the total value of the Alignment Shares but including the cash distribution amount payable) as at the end of the period that a distribution relates to. The targeted distribution is only a target and may not be achieved. Investors should read the Risks summary set out in Section 11 of the IPO PDS.
5. Portfolio Diversification charts and Top 10 Portfolio Investments tables, where applicable, represents the remaining value of the investments and are based on the Fund’s percentage of ownership in the investments. Remaining value is reflected gross of both investments and Fund-related management fees, expenses and carried interest, if applicable, as of the valuation date of the respective investments reflected herein. If applicable, charts that are inclusive of both co-investments and underlying holdings of fund investments may reflect a co-investment valuation date as of the fund investment valuation date (i.e., on a quarter lag). Public underlying investments may include, but may not be limited to, investments in publicly-traded equity instruments, such as common and preferred stock, and publicly traded debt instruments, if applicable. Asset-level remaining value is presented gross of fund-level leverage which may be used in lieu of asset-level leverage. As such, the remaining value presented in this report may be a larger portion or exceed the remaining value of the parent investment.
6. Structured Equity is used to describe investments that have structural elements designed to enhance the risk/return profile of a number of our investments, including growth investments. These elements typically include a component of potential downside protection through the use of a variety of different mechanisms including, but not limited to, liquidation preferences and convertible preferred equity.
7. In reviewing the case studies / trade examples (“Examples”) provided in this presentation, you should consider the following:

This presentation does not purport to make any recommendations regarding, or to serve as a basis or analysis on which persons might make investment decisions regarding, specific securities, investment strategies, industries or sectors. It is prepared for informational purposes only to provide background, data and topical comment on various aspects of the alternative investments industry. References to specific securities, strategies, industries or sectors contained in this presentation, whether successful or unsuccessful, are presented solely for illustrative and educational purposes only and should not be relied on in connection with making any investment decisions. The returns (actual or hypothetical) described in the Examples, if any, should not be taken as any indication of the performance of any investment in any strategy described herein. Further, potential outcome scenarios described in each Example represent only certain possible outcomes for the given trade. Additional outcomes may include severe or total losses.

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Authorised by: Paula Ferrao, Company Secretary



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