

# Pengana Private Equity Trust

ARSN 630 923 643

## Appendix 4E Preliminary Final Report for the year ended 30 June 2020

### Results announcement to the market

	30 June 2020	30 June 2019	Change from the corresponding period
	\$	\$	%
Total investment income	9,591	1,717	458.6
Total comprehensive income for the period	6,146	155	3,865.2
Basic Earnings per unit (cents per unit)	3.74	0.23	1,526.1
<b>Net Asset Value (NAV) Per Unit</b>	<b>1.3009</b>	<b>1.3134</b>	<b>-1.0</b>

<b>Distribution Information</b>	<b>Cents per share</b>
Interim distribution paid on 15 January 2020	2.50
Interim distribution paid on 31 March 2020	1.25
Final distribution paid on 30 June 2020	1.25

<b>Final Distribution Dates</b>	
Ex-distribution Date	18 June 2020
Record Date	19 June 2020
Last date for DRP	22 June 2020
Payment Date	30 June 2020

### Distribution Reinvestment Plan

The final distribution for the year ended 30 June 2020 of 2.5 cents per unit was paid on Monday, 30 June 2020. The Fund's Distribution Reinvestment Plan was available to eligible unitholders in relation to the interim and final distributions.

This report is based on the Annual Report which has been audited by Ernst & Young. The audit report is included with the Trust's Annual Report which accompanies this Appendix 4E. All the documents comprise the information required by Listing Rule 4.3A.

For further information on the results for the Trust refer to the Chief Executive Officer's letter to unit holders contained in the attached Annual Report.

# Pengana Private Equity Trust

ARSN 630 923 643

## Annual financial report for the year ended 30 June 2020

For personal use only

# Pengana Private Equity Trust

ARSN 630 923 643

## Annual financial report for the year ended 30 June 2020

### CONTENTS

	<b>Page</b>
Chief Executive Officer's Letter to Unitholders	2
Directors' Report	4
Auditor's Independence Declaration	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	27
Independent Auditor's Report	28
ASX Information	33
Corporate Directory	37

This financial report covers Pengana Private Equity Trust (ARSN 630 923 643) as an individual entity.

The Responsible Entity of Pengana Private Equity Trust is Pengana Investment Management Limited (ABN 69 063 081 612).  
The Responsible Entity's registered office is: Level 12, 167 Macquarie Street, Sydney, NSW 2000 Australia.

# CHIEF EXECUTIVE OFFICER’S LETTER TO UNITHOLDERS

Dear Unitholders

I am pleased to present the Annual Report for Pengana Private Equity Trust (ASX: PE1) (the “Trust”).

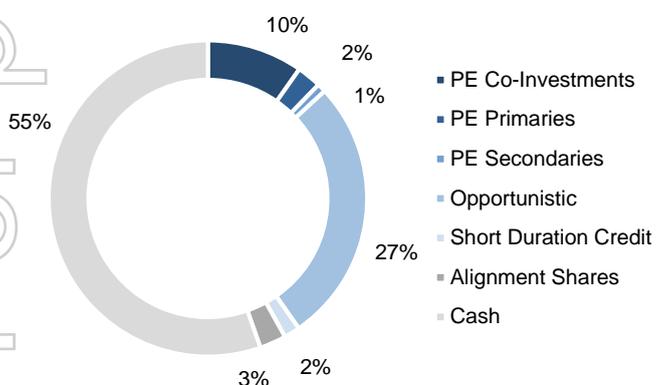
The Trust has been listed on the Australian Securities Exchange since 30 April 2019, having raised \$205 million at an IPO issue price of \$1.25 per unit. On 30 June 2020, as part of an ongoing pro-rata non-renounceable rights issue of units in the Trust as well as an ongoing placement of additional securities with sophisticated investors, the Trust had received binding commitments in excess of \$86 million. This process was completed in early July having raised a total of \$93.5 million.

PE1 paid a final distribution of 1.25 cents per unit on 30 June 2020, bringing the full year’s distribution to 5 cents per unit, representing a yield of 4% based on the Trust’s IPO issue price. From 1 July 2020, Pengana intends to target a cash distribution yield equal to 4% p.a. of the NAV paid semi-annually.

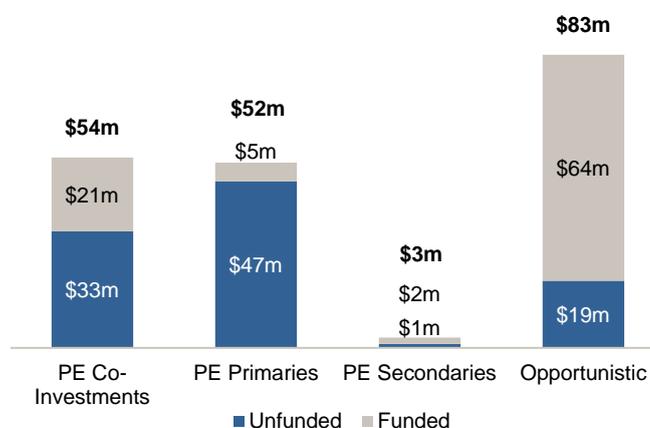
The Trust seeks to generate, over an investment horizon of at least 10 years, attractive returns and capital growth through a selective and diversified approach to private markets investments, including private equity, private credit, and other opportunistic investments. Grosvenor Capital Management, L.P. (“GCM”), as investment manager, generally seeks to invest with underlying investment managers who have historically managed investment vehicles which have generated upper quartile returns, and whom they believe have the potential to continue to do so. Headquartered in Chicago and with a global presence, GCM has AUM in excess of US\$55 billion and a track record in global PE investing dating back to 1999.

For the year ending 30 June 2020, the Trust reported a NAV total return of -5.9% which was primarily a result of the portfolio’s underlying private equity investments being priced using 31 March 2020 valuations, a time peak of COVID-19 uncertainty within financial markets. Company valuations in general have improved significantly since that time and we have already seen an improvement in 30 June 2020 valuations for a number of the underlying companies in the portfolio (which are reflected in the financial statements contained herein but not our reported NAVs to date) and expect further increases as our portfolio companies’ valuations are finalised in the coming months. Fluctuations in the AUD vs. USD exchange rate, while creating some turbulence month-to-month, overall generated slight gains – the Trust’s private market investments and cash are denominated primarily in USD on an unhedged basis in order to provide investors with downside protection in the event of a severe equity market correction.

**PE1 Allocations by Investment Type**



**Breakdown of PE Commitments (A\$)**



As at 30 June 2020, the Trust's portfolio was diversified across all sectors via commitments in 8 private equity primary funds managed by 7 cycle-tested managers, 16 dedicated co-investments alongside 12 different sponsors, 4 secondary funds, and 22 opportunistic investments. With history demonstrating that private equity returns following market corrections and recessionary periods are some of the most attractive, we look forward to taking advantage of these conditions and our recent raising to commit to additional portfolio companies.

I thank you for your continued support for the Trust and for investing in Australia's first listed portfolio of diversified global private market investments.

Yours sincerely,



**Russel Pillemer**  
Chief Executive Officer, Pengana Capital Group  
Executive Director, Pengana Investment Management Limited  
31 August 2020

## DIRECTORS' REPORT

### DIRECTORS' REPORT

The Directors of Pengana Investment Management Limited ('PIML') the responsible entity for Pengana Private Equity Trust (the 'Trust' or 'PE1') present their report of the Trust, for the financial year ended 30 June 2020.

#### Directors

The names of Directors in office at any time during or since the end of the year are:

Ellis Varejes	Non-Executive Director and Chairman
Ilan Zimmerman	Non-Executive Director
Russel Pillemer	Chief Executive Officer
Katrina Glendinning	Executive Director

Directors have been in office since the start of the year to the date of this report, unless stated otherwise.

#### Trust Overview and Principal Activities

Pengana Private Equity Trust is a registered managed investment scheme structured as a closed-end unit trust that is listed on the Australian Securities Exchange ('ASX') and was established on 18 January 2019 to invest in a diversified portfolio of global private equity investments.

The Trust's investment objective is to generate over an investment horizon of at least 10 years, attractive returns and capital growth through a selective and diversified approach to private equity investments.

Pengana Capital Limited ('Manager') is the manager of PE1. The Manager has engaged Grosvenor Capital Management, L.P. ('GCM' or 'Investment Manager') as the investment manager of PE1.

The Trust did not have any employees during the year.

The various service providers for the Trust are detailed below:

Service	Provider
Responsible Entity	Pengana Investment Management Limited
Manager	Pengana Capital Limited
Investment Manager	Grosvenor Capital Management, L.P.
Custodian and Administrator	BNP Paribas Securities Services
Statutory Auditor	Ernst & Young

#### Background Information of The Trust

The Trust raised \$205 million from an initial public offering ("Offer") by the issue of 164 million units on 4 March 2019 at an issue price of \$1.25 per unit. The Offer comprised a broker firm/general public offer and a priority offer. The priority offer was available to investors in all of PCG's funds as well as shareholders in the listed investment company Pengana International Equities Limited (ASX: PIA), Pengana Capital Group (ASX: PCG) and Washington H. Soul Pattinson (ASX: SOL). The costs of the offer were paid by PCG.

On 24 April 2019, units in the Trust were allotted, and on 30 April 2019, the Trust commenced trading on the ASX.

#### Significant Changes in the State of Affairs

On 13 March 2020 Pengana Investment Management Limited as the Responsible Entity for the Trust announced the withdrawal of the secondary offer of units in the Trust to the ASX.

The offer was withdrawn due to volatility experienced in financial markets as a result of the outbreak of coronavirus(COVID-19). Due to the prevalent market volatility it was deemed impossible to proceed with the secondary capital raising in an orderly process, and the decision to withdraw the offer was made in the best interests of all stakeholders concerned.

#### Renounceable right issue and additional placement

On 11 June 2020 the Responsible Entity announced a 1-for-3 pro-rata non-renounceable Rights Issue at an offer price of \$1.25 unit per unit available to all Unit holders ('Eligible Unit Holders') who held units as at 16 June 2020 (all together the 'Entitlement Offer').

Eligible Unit Holders were also invited to subscribe for additional new units in PE1 under a shortfall facility, available if the Entitlement Offer was not to be fully subscribed ('Shortfall Facility'). Any balance of units not taken up through the Entitlement Offer or the Shortfall Facility was placed through an issue of new units to sophisticated investors ('Shortfall Placement').

Due to excess demand, the Responsible Entity utilised the Trust's 15% placement capacity pursuant to ASX Listing Rule 7.1 to raise additional capital from sophisticated investors. ('Additional Placement')

## DIRECTORS' REPORT

These sophisticated investors fall under the definition of 'Wholesale Clients' pursuant to the Corporations Act and, accordingly, a Product Disclosure Statement was not required to be prepared for the issue of new units to them.

On 13 July 2020 PE1 raised \$48,459,229 through the issue of 38,767,383 new units pursuant to the Entitlement Offer, Shortfall Facility and Shortfall Placement. These units commenced trading on the ASX on 14 July 2020.

On 14 July 2020 PE raised \$37,950,850 through the issue of 30,360,380 new units to sophisticated investors through a further and final Shortfall Placement and through an Additional Placement. These units commenced trading on the ASX on 15 July 2020.

On 22 July 2020 PE1 raised a further \$7,056,569 through the issue of 5,645,015 new units to sophisticated investors through a further Additional Placement. These units commenced trading on the ASX on 23 July 2020

There were no other significant changes in the state of affairs during the reporting period.

### Operating Results

#### Review and results of operations

The performance of the Trust, as represented by the results of its operations was as follows:

	For the year ended 30 June 2020	For the period from 18 January 2019 to 30 June 2019
Results	\$'000	\$'000
Total investment (income)/gain	9,591	1,717
Total expenses	<u>(3,445)</u>	<u>(1,562)</u>
Net operating profit	<u>6,146</u>	<u>155</u>
<b>Unit Price (NAV Per Unit) (\$)</b>	1.3009	1.3134
<b>ASX Reported (NAV Per Unit) (\$)</b>	1.1902	1.3134

#### Distribution Information

	Cents per share
Interim distribution paid on 15 January 2020	2.50
Interim distribution paid on 31 March 2020	1.25
Final distribution paid on 30 June 2020	1.25

#### Coronavirus impact (COVID-19)

COVID 19, which is a respiratory illness caused by a new virus, was declared a worldwide pandemic by the World Health Organisation in March 2020. COVID 19 and measures to slow the spread of the virus have since had a significant impact on global economies and equity and financial markets. Neither the operating results for the year ended 30 June 2020 nor the financial position as at 30 June 2020 of the Trust have been adversely affected as a result of COVID-19.

It is not practicable to estimate the potential impact, positive or negative, subsequent to reporting date. It is however possible but unquantifiable that underlying investments held were positively or negatively affected by the pandemic. The situation is rapidly evolving and is dependent on measures imposed by Governments, Central Banks and the potential spread of the virus itself. The Directors of the Trust will closely monitor the situation as it evolves and take relevant measure as required in ensuring the Trust is able to navigate through this challenging period.

To reflect the heightened market volatility and uncertainty certain assumptions used in performing the sensitivity analysis have changed when compared to the prior financial year. Please refer Note 12(a) to the financial statements.

## CORPORATE DIRECTORY

### Strategy and Future Outlook

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Trust provides monthly fund updates, quarterly portfolio disclosure and annual investor reports, which can be found in the ASX website. The Trust updates and investor reports include detailed discussions in relation to some investee funds from time to time along with general outlook commentary.

### Likely Developments and Expected Results of Operations

The Trust will continue to invest in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Trust is not expected to change in the foreseeable future however the results of the Trust's operations may be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

### Events Subsequent to Balance Sheet Date

In the latest release to the ASX on 13 August 2020, the Trust reported a NAV per unit as at 31 July 2020 of \$1.1659.

Refer to Significant Changes in the State of Affairs for details of the renounceable rights offer and additional placement which was completed on 22 July 2020.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Trust's operations, the results of those operations or the Trust's state of affairs in future years.

### Environmental Regulation

The Trust's operations are not subject to any environmental regulation under the law of the Commonwealth, State and Territory.

### Proceedings on Behalf of the Trust

No person has applied for leave of Court to bring proceedings on behalf of the Trust or intervene in any proceedings to which the Trust is a party for the purpose of taking responsibility on behalf of the Trust for all or any part of those proceedings. The Trust was not a party to any such proceedings during the period.

### Rounding of Amounts

The Trust is an entity of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, relating to the 'rounding off' amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

### Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.



Ellis Varejes Chairman  
Sydney  
31 August 2020



**Building a better  
working world**

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## **Auditor's Independence Declaration to the Directors of the Responsible Entity of Pengana Private Equity Trust**

As lead auditor for the audit of Pengana Private Equity Trust for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Graeme McKenzie  
Partner  
31 August 2020

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2020

	Notes	1 July 2019 to 30 June 2020 \$'000	18 January 2019 to 30 June 2019 \$'000
<b>Investment Income</b>			
Interest income		10	98
Dividends and distributions received		202	-
Net (losses)/gains on financial instruments at fair value through profit or loss		9,331	1,619
Net foreign exchange losses		(700)	-
Other operating income		748	-
<b>Total investment (loss)/income</b>		<b>9,591</b>	<b>1,717</b>
<b>Expenses</b>			
Responsible Entity fees and Management fees	13	(2,706)	(485)
Secondaries Management Fee and Carried Interest Fee	13	(7)	-
Transaction costs		(732)	(1,077)
<b>Total operating expenses</b>		<b>(3,445)</b>	<b>(1,562)</b>
<b>(Loss)/profit for the period</b>		<b>6,146</b>	<b>155</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive (loss)/income for the period</b>		<b>6,146</b>	<b>155</b>
Basic and diluted earnings per unit (cents per unit)	4	3.74	0.23

*The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## STATEMENT OF FINANCIAL POSITION

As at	Notes	30 June 2020 \$'000	30 June 2019 \$'000
<b>Assets</b>			
Cash and cash equivalents	5	108,431	1,220
Receivables	6	50	44
Financial assets at fair value through profit or loss	7	<u>105,743</u>	<u>214,398</u>
<b>Total assets</b>		<b><u>214,224</u></b>	<b><u>215,662</u></b>
<b>Liabilities</b>			
Payables	8	<u>196</u>	<u>230</u>
<b>Total liabilities</b>		<b><u>196</u></b>	<b><u>230</u></b>
<b>Total unitholders' equity</b>		<b><u>214,028</u></b>	<b><u>215,432</u></b>
<b>Unitholders' equity</b>			
Issued units		205,686	205,026
Other equity reserve		10,251	10,251
Retained earnings		<u>(1,909)</u>	<u>155</u>
<b>Total unitholders' equity</b>		<b><u>214,028</u></b>	<b><u>215,432</u></b>

*The statement of financial position should be read in conjunction with the accompanying notes.*

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2020

	Notes	1 July 2019 to 30 June 2020 \$'000	18 January 2019 to 30 June 2019 \$'000
<b>Total unitholders' equity at beginning of the period</b>		215,432	-
Transactions with unitholders for the period:			
- units issued	9	-	205,026
- distributions reinvested	9	660	-
Distributions paid	10	(8,210)	-
Contribution in-kind to other equity reserve	13	-	10,251
Total transactions with unitholders for the period		<u>207,882</u>	<u>215,277</u>
Comprehensive income for the period:			
Profit for the period		6,146	155
Other comprehensive income for the period		-	-
Total comprehensive income for the period		<u>6,146</u>	<u>155</u>
<b>Total unitholders' equity at end of the period</b>		<u>214,028</u>	<u>215,432</u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020	Notes	1 July 2019 to 30 June 2020 \$'000	18 January 2019 to 30 June \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		187,291	26,601
Payments for purchase of investments		(69,306)	(229,129)
Transaction costs paid		(732)	(1,077)
Dividends and distributions received		202	-
Interest received		18	90
GST received/(paid)		(14)	(36)
Other income received		748	-
Management fees paid		(2,740)	(255)
Secondaries Management Fee and Carried Interest Fee		(7)	-
Payment to suppliers		1	-
<b>Net cash outflow from operating activities</b>	11	<b><u>115,461</u></b>	<b><u>(203,806)</u></b>
<b>Cash flows from financing activities</b>			
Issue of units		-	205,026
Distributions paid	10	<u>(7,550)</u>	-
<b>Net cash (outflow)/inflow from financing activities</b>		<b><u>(7,550)</u></b>	<b><u>205,026</u></b>
Net increase in cash and cash equivalents		107,911	1,220
Cash and cash equivalents at the beginning of the period		1,220	-
Translation of foreign cash held		<u>(700)</u>	-
<b>Cash and cash equivalents at the end of the period</b>	5	<b><u>108,431</u></b>	<b><u>1,220</u></b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: General Information

These financial statements cover Pengana Private Equity Trust ("the Trust") as an individual entity.

Pengana Private Equity Trust is a registered managed investment scheme, structured as a closed-end unit trust, incorporated and domiciled in Australia.

The Responsible Entity of the Trust is Pengana Investment Management Limited (ABN 69 063 081 612) (the "Responsible Entity"). The Responsible Entity's registered office is: Level 12, 167 Macquarie Street, Sydney, NSW 2000 Australia.

The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors on 31 August 2020. The directors of the Responsible Entity have the power to amend and reissue the financial report.

Further information on the nature of the operations and principal activities of the Trust is provided in the Directors' report.

### NOTE 2: Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

#### a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and the *Corporations Act 2001* in Australia. Pengana Private Equity Trust is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis.

Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets.

The Trust manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at balance sheet date.

#### *Compliance with International Financial Reporting Standards*

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

#### *New standards and interpretations not yet adopted*

There are no standards that are not yet effective and that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

#### b. Financial instruments

##### (i) Classification

In accordance with AASB 9 Financial Instruments, the Trust classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

##### Assets

The Trust classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets and whether or not such cash flow constitute solely payments of principal and interest on principal amount outstanding. The Trust's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: Summary of Significant Accounting Policies (continued)

#### b. Financial instruments (continued)

##### (ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

##### (iii) Measurement

Financial assets and liabilities at fair value through profit or loss:

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within change in fair value of investments at fair value through profit or loss in the period in which they arise. Gains and losses do not include interest or dividend income.

Further details on how the fair values of financial instruments are determined are disclosed in Note 12.

#### c. Unitholders' equity

Under the Constitution, the Trust has no obligation to distribute income. The units issued by the Trust are classified as equity as they satisfy the below criteria under AASB 132 *Financials Instruments Presentation*:

- the units are the most subordinate class and entitle unitholders to a pro-rata share of the net assets in the event of the Trust's liquidation;
- all units have the identical contractual obligation for the Trust to deliver a pro rata share of its net assets on liquidation;
- the Trust has no other instrument that has: total cash flows based substantially on the profit or loss, change in recognised net assets or change in fair value of recognised and unrecognised net assets of the Trust; and the effect of substantially restricting or fixing the residual return to the holders.

Units are recognised at the value of consideration received by the Trust. Where the Trust purchases its own issued units under a buyback, the consideration paid, including any directly attributable transaction costs, is deducted from unitholders' equity.

#### d. Revenue and other income

Interest income on cash and cash equivalents is recognised in the statement of comprehensive income using the accruals method.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense in the profit and loss and other comprehensive income.

#### e. Expenses

All expenses are recognised on an accrual basis.

#### f. Distributions

The Trust has elected into the Attribution Managed Investment Trust ("AMIT") regime. The units in the Trust have been classified as equity. Under the Constitution the Trust does not have an obligation to make distributions to Unitholders by cash and/or reinvestment.

Distributions to unitholders are recognised directly in equity, and presented in the Statement of Changes in Equity. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at reporting date.

#### g. Cash and cash equivalents

Cash and cash equivalents wholly comprise of cash held at custodian.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: Summary of Significant Accounting Policies (continued)

#### h. Receivables

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in note (d) above. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### i. Payables

Payables are initially recognised at fair value. They are subsequently measured at amortised cost.

#### j. Foreign currency translation

##### (i) Functional and presentation currency

Items included in the Trust's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for capital and is regulated. The Australian dollar is also the Trust's presentation currency.

##### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

#### k. Income Tax

Under current legislation, the Trust is not subject to income tax provided it attributes the entirety of its taxable income to its unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain would be included in taxable income. Realised capital losses can only be utilised to offset any realised capital gains. Net realised capital losses are retained in the Trust to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess may be distributed to Unitholders.

#### l. Goods and Services Tax

The GST incurred on the costs of various services provided to the Trust by third parties such as custodial services and investment management fees have been passed onto the Trust.

The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%, hence responsibility entity and management fees, custodial fees and other expenses have been recognised in the profit and loss and other comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position.

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: Summary of Significant Accounting Policies(continued)

#### m. Use of estimates and judgments

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trust uses fair value valuation techniques in valuing Private equity investments and Unlisted managed investment funds. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For more information on how fair value is calculated please see Note 12(d) to the financial statements.

The Responsible Entity has applied judgment in determining the functional currency of the Trust and considered the primary and secondary indicators in AASB 121. The currency in which funds from issuing equity instruments are generated is considered to be a key factor. The Responsible Entity has determined that the functional currency of the Trust is the Australian dollar.

#### n. Rounding of amounts

Unless otherwise shown in the financial statements, amounts have been rounded to the nearest thousand dollars and are shown in A\$'000. Pengana Private Equity Trust is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

### NOTE 3: AUDITOR'S REMUNERATION

During the year the following fees were paid or payable by the Trust for services provided by the auditor of the Trust, Ernst & Young.

	2020 \$'000	2019 \$'000
<b>Ernst &amp; Young</b>		
<b>Audit and assurance services</b>		
Audit and review of financial statements	83	40
Other services	-	-
<b>Total remuneration for audit and other assurance services</b>	<u>83</u>	<u>40</u>
<b>Total remuneration of Ernst &amp; Young</b>	<u>83</u>	<u>40</u>

The auditor's remuneration was borne by the Responsible Entity.

### NOTE 4: EARNINGS PER UNIT (EPU)

	2020 \$'000	2019 \$'000
Net profit used in the calculation of basic and diluted EPU	6,146	155
	<b>No. of units '000</b>	<b>No. of units '000</b>
Weighted average number of units outstanding during the period used in calculation of basic EPU	164,168	67,419
Weighted average number of units outstanding during the period used in calculation of diluted EPU	164,168	67,419

The basic and diluted earnings per unit have been calculated using the profit attributable to the unitholders of the Trust as the numerator. There is no difference between basic and diluted earnings per unit as there are no dilutive potential units.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 5: CASH AND CASH EQUIVALENTS

	2020 \$'000	2019 \$'000
Cash at custodian	108,431	1,220
	<u>108,431</u>	<u>1,220</u>

### NOTE 6: RECEIVABLES

	2020 \$'000	2019 \$'000
Interest receivable	-	8
GST receivable	50	36
	<u>50</u>	<u>44</u>

There are no past due or impaired receivables at reporting date. All trade receivables are expected to be received within 12 months of the reporting date.

### NOTE 7: FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 \$'000	2019 \$'000
Private equity investments	97,300	25,514
Unlisted managed investment funds	3,166	181,471
Unlisted equities (Note 12)	5,277	7,413
	<u>105,743</u>	<u>214,398</u>

### NOTE 8: PAYABLES

	2020 \$'000	2019 \$'000
Responsible Entity and Management fees payable	195	230
Other expenses payable	1	-
	<u>196</u>	<u>230</u>

### NOTE 9: UNITHOLDERS' EQUITY

	2020 No. of units '000	2019 No. of units '000
<b>Units on issue at the beginning of the reporting period</b>	164,021	-
- Units issued	-	164,021
- Distributions reinvested (DRP)	500	-
<b>Units on issue at the end of reporting period</b>	<u>164,521</u>	<u>164,021</u>
	<b>\$'000</b>	<b>\$'000</b>
<b>Units on issue at the beginning of the reporting period</b>	205,026	-
- Units issued	-	205,026
Distributions reinvested (DRP)	660	-
<b>Units on issue at reporting date</b>	<u>205,686</u>	<u>205,026</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 9: UNITHOLDERS' EQUITY (continued)

#### Terms and conditions of Units

Units are listed on the Australian Securities Exchange ("ASX").

Each unit confers upon the unitholder an equal interest in the Trust, and is of equal value to other units in the Trust.

A unit does not confer upon the holder any interest in any particular asset or investment of the Trust. The rights of unitholders are contained in the Trust's Constitution and include:

- the right to receive a distribution determined in accordance with the provisions of the Trust's Constitution;
- the right to attend and vote at meetings of unitholders; and
- the right to participate in the termination and winding up of the Trust.

There are no separate classes of units and each unit in the Trust has the same rights attaching to it as all other units of the Trust.

Contribution in-kind other equity reserve, which forms part of unitholders' equity, is discussed in detail under Note 13 to the Financial Statements.

### NOTE 10: DISTRIBUTIONS

	2020 \$'000	2019 \$'000
<b>a Distributions paid</b>		
Interim distribution 15 January 2020	4,100	-
Interim distribution 31 March 2020	2,055	-
Final distribution 30 June 2020	<u>2,055</u>	<u>-</u>
	<b>8,210</b>	<b>-</b>
<b>b Dividend reinvestment plan</b>		
Interim distribution 15 January 2020	(338)	-
Interim distribution 31 March 2020	(165)	-
Final distribution 30 June 2020	<u>(157)</u>	<u>-</u>
	<b>(660)</b>	<b>-</b>
<b>Net distributions paid in cash</b>	<b><u>7,550</u></b>	<b><u>-</u></b>

The Trust will make distributions to investors semi-annually but it may do so more or less frequently at the Responsible Entity's discretion.

### NOTE 11: CASH FLOW INFORMATION

	2020 \$'000	2019 \$'000
<b>(a) Reconciliation of net cash flow from operating activities to net profit for the period:</b>		
Net Profit for the period	6,146	155
Change in fair value of investments and foreign cash held	(8,631)	(1,619)
Proceeds from sale of investments	187,291	26,601
Payments for purchase of investments	(69,306)	(229,129)
Change in receivables	(6)	(44)
Change in payables	<u>(33)</u>	<u>230</u>
<b>Net cash outflow from operating activities</b>	<b><u>115,461</u></b>	<b><u>(203,806)</u></b>
<b>(b) Non-cash financing activities</b>		
In kind contribution - Alignment shares (Note 13)	<u>-</u>	<u>10,251</u>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: FINANCIAL RISK MANAGEMENT

The Trust holds the following financial instruments:

	2020 \$'000	2019 \$'000
<b>Financial Assets</b>		
Cash and cash equivalents	108,431	1,220
Receivables	50	44
Investments at fair value through profit or loss (Note 7 and Note 13)	<u>105,743</u>	<u>214,398</u>
	<b><u>214,224</u></b>	<b><u>215,662</u></b>
<b>Financial Liabilities</b>		
Payables	<u>196</u>	<u>230</u>
	<b><u>196</u></b>	<b><u>230</u></b>

### Financial Risk Exposures and Management

The main risks the Trust is exposed to through its financial instruments are market risk and credit risk.

#### a. Market Risk

##### (i) Price risk

Price risk arises from the Trust's investee funds, whose valuation is based on the valuation of the underlying companies of those investee funds. The Trust invests in such financial assets in order to take advantage of their long-term growth. All investments present a risk of loss of capital. The Investment Manager mitigates this risk through careful selection of investee funds within specified limits. All of the investee funds and their underlying investments are subject to the risks inherent in their industries. Moreover, established markets do not exist for these holdings, and they are therefore considered illiquid.

##### Primary commitments

The Trust makes commitments to a diversified portfolio of private equity, private debt and private infrastructure funds, managed by managers with a strong track record. The Trust diversifies its portfolio of investee funds across managers, underlying industries, countries and investment stages.

The Investment Manager follows a rigorous investment due diligence process prior to making an investment. In making the investment decision, the Investment Manager considers both qualitative and quantitative criteria in the areas of financial performance, business strategy, tax and legal compliance, such as financial information obtained through the Investment Managers of the underlying investee funds through on-site visits, interviews and questionnaires together with information gathered from external sources. Prior to entering into an investment agreement, gathered information is confirmed through reference checks or through the Investment Manager's standing data and experience.

##### Secondary purchases of interests in private funds

The Trust also makes commitments to investee funds through secondary market transactions. Where there are new investments, the due diligence process followed is consistent to the one described above. However, in most cases, the Trust makes such commitments to investee funds, in which the Investment Manager has already made commitments through other products the Investment Manager has prior experience with.

The Investment Manager performs continuous monitoring of the Trust's investments through an established ongoing monitoring process. The Investment Manager monitors the performance of its investments using a look-through approach, where possible, to the underlying investments of its investee funds. The Investment Manager monitors price movements in listed underlying investments, as well as company, industry, tax, regulatory and legal developments in countries of the unlisted underlying investments. The Investment Manager uses such information in order to make estimates of the fair value of such companies, in cases where financial/capital account statements provided by the investment managers of the investee funds do not coincide with the reporting dates.

#### Sensitivity analysis

The following table summarises the sensitivity of the Trust's operating profit and total unitholders' equity to price risk on non-monetary assets on the basis that this information is beneficial to unitholders.

	-15% \$'000	+10% \$'000
<b>30 June 2020</b>	<b>(15,861)</b>	<b>10,574</b>
30 June 2019	(10,720)	10,720

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

#### a. Market risk (continued)

##### (ii) Foreign exchange risk

As at 30 June 2020 the portfolio (net assets excluding net tax liabilities) was invested 97.07% (2019: 95.98%) in US dollar. The portfolio had an exposure to foreign cash and investments of A\$208m (2019: A\$207m).

##### Sensitivity analysis

The sensitivity analysis has been performed under the assumption that Australian Dollar strengthened or weakened against +/-15%(2019:+/-10%) against the major currencies the Trust is exposed to. The change in the assumption in comparison to prior financial year is due to the increased volatility experienced in the foreign exchange markets.

The Trust's total net exposure to fluctuations in foreign currency exchange rates at the reporting date was as follows:

	Cash \$'000	Investments \$'000
<b>2020</b>		
<b>Assets (AUD)</b>		
United States Dollar	<u>107,300</u>	<u>100,466</u>
	<b>107,300</b>	<b>100,466</b>
<b>2019</b>		
<b>Assets (AUD)</b>		
United States Dollar	<u>10</u>	<u>206,985</u>
	<b>10</b>	<b>206,985</b>

##### (iii) Interest rate risk

The main interest rate risk for the Trust arises from its cash holdings. The Trust's exposure to interest rate risk is immaterial.

	2020 \$'000	2019 \$'000
<b>Cash and cash equivalents</b>		
Cash balance subject to floating interest rate	108,431	1,220

##### Sensitivity analysis

At reporting date, if the interest rates had been 0.15% higher and 0.50% lower, profit or loss of the Trust would have (decreased)/increased by \$0.163m and \$0.542m.

#### b. Credit risk

Credit risk principally arises from cash and cash equivalents held with the custodian and outstanding receivables.

The Trust's major credit risk arises from assets and cash held with the custodian, BNP Paribas Securities Services (credit rating: A-1+).

#### c. Liquidity risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities on the due date or will be forced to sell financial assets at a value which is less than they are worth.

Private equity investments typically involve the investors' capital being locked up for a number of years. The Trust allows small and large investors to gain exposure to global private equity with the flexibility to buy and sell units on the ASX as long as an active market exists.

#### d. Fair value measurement

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

#### d. Fair value measurement (continued)

##### *Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

##### *Fair value in an inactive or unquoted market (level 2 and level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

The Alignment Shares are recognised as a financial asset on the statement of financial position and are included in financial assets at fair value through profit or loss line item of the statement of financial position.

Due to the nature of these Alignment Shares they are valued at parity with the PCG ordinary shares on the ASX. The different characteristics of the Alignment Shares compared to ordinary shares have been considered as valuation factors and any impact deemed immaterial.

The Trust invests in private equity funds that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Private equity investments are valued at fair value. The method that the Investment Manager uses to determine the fair value of private equity investments is based on the latest information available to the Investment Manager as of the corresponding valuation date and at the time the report for such date is issued.

The information from which the Investment Manager derives fair value typically includes but is not limited to:

- independent third party valuations;
- audited (annually) and unaudited (quarterly) financial statements, which include net earnings, earnings before interest, taxes, depreciation and amortisation ("EBITDA"), balance sheets and other financial disclosures;
- recent public or private transactions (especially for venture capital underlying companies);
- valuations for comparable companies;
- historical data; and/or
- other measures, including discounted cash flows, estimated collectability of escrows, sponsor valuation (for comparison purposes only), and consideration of any other pertinent information including the types of securities held and restrictions on disposition.

Where appropriate, the methods used to estimate fair value may utilise the following:

- market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets including any recent transactions in the subject Co-investment);
- income approach (such as the discounted projected cash flow method); or
- cost approach, as the best initial approximation of fair value upon acquisition of an investment.
- The Trust classifies the fair value of these investments as Level 3.

Investments in unlisted managed investment funds are recorded at the net asset value per unit as reported by the investment managers of such funds. The Trust may make adjustments to the value based on considerations such as: liquidity of the Investee fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

#### d. Fair value measurement (continued)

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

<b>2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Private equity investments	-	-	97,300	97,300
Unlisted managed investment funds	-	3,166	-	3,166
Unlisted equities (Note 7)	-	5,277	-	5,277
<b>Total</b>	<b>-</b>	<b>8,443</b>	<b>97,300</b>	<b>105,743</b>
<b>2019</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Private equity investments	-	-	25,514	25,514
Unlisted managed investment funds	-	181,471	-	181,471
Unlisted equities (Note 7)	-	7,413	-	7,413
<b>Total</b>	<b>-</b>	<b>188,884</b>	<b>25,514</b>	<b>214,398</b>

As of 30 June 2020, where available, all investments in private equity funds and unlisted managed investment funds were valued using the NAV reported by the underlying investment manager. The fair value measurements are discussed and assessed during the periodic review by the Investment Manager.

The carrying amount of cash, trade and other receivables and other payables approximate their fair values.

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

<b>2020</b>	<b>Opening balance</b>	<b>Purchases</b>	<b>Sales</b>	<b>Net transfers in/ (out)</b>	<b>Net changes in the fair value of financial instruments measured at fair value through profit or loss</b>	<b>Closing balance</b>	<b>Total gain/(loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at financial year end</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Private equity investments	25,514	65,975	-	-	5,811	97,300	5,811
<b>Total</b>	<b>25,514</b>	<b>65,975</b>	<b>-</b>	<b>-</b>	<b>5,811</b>	<b>97,300</b>	<b>5,811</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 12: FINANCIAL RISK MANAGEMENT (continued)

#### d. Fair value measurement (continued)

2019	Opening balance	Purchases	Sales	Net transfers in/ (out)	Net changes in the fair value of financial instruments measured at fair value through profit or loss	Closing balance	Total gain/(loss) for the period included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at financial period end
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Private equity investments	-	25,719	-	-	(205)	25,514	(205)
<b>Total</b>	<b>-</b>	<b>25,719</b>	<b>-</b>	<b>-</b>	<b>(205)</b>	<b>25,514</b>	<b>(205)</b>

For total gains and losses recognised during the period in the statement of profit or loss and other comprehensive income, the amount that is attributable to the change in unrealised losses relating to assets classified within level 3 at the end of the period is \$12,402,377 (2019: \$205,155).

At reporting date, if the unobservable inputs had been 10% higher and 15% lower (2019: 5% higher and lower) profit or loss of the Trust would have increased/decreased by \$1,240,238 and 1,860,357 (2019: increased/decreased by \$10,258).

### NOTE 13 RELATED PARTY TRANSACTIONS

#### Responsible Entity

The Responsible Entity of Pengana Private Equity Trust is Pengana Investment Management Limited (ABN 69 063 081 612). Accordingly, transactions with entities related to Pengana Investment Management Limited are disclosed below.

#### Key management personnel

##### Directors

Key management personnel includes persons who were directors of Pengana Investment Management Limited at any time during the financial period or since the end of the year end and up to the date of this report:

Ellis Varejes	Non-Executive Director and Chairman
Ilan Zimerman	Non-Executive Director
Katrina Glendinning	Executive Director
Russel Pillemer	Chief Executive Officer

#### Key management personnel unitholdings

At 30 June 2020, Katrina Glendinning held 40,617 units in the Trust (30 June 2019: 40,000 units).

#### Key management personnel compensation

Key management personnel are paid by Pengana Capital Group (ASX: PCG). Payments made from the Trust to the Responsible Entity do not include any amounts directly attributable to the compensation of key management personnel and are not related to services that directors render to individual funds.

#### Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

#### Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust during the reporting period and there were no material contracts involving key management personnel's interests existing at period end.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 13: RELATED PARTY TRANSACTIONS (continued)

#### Responsible Entity's fees and other transactions:

Under the terms of the Trust's Constitution and the current Product Disclosure Statement for the Trust, the Responsible Entity is entitled to receive fees monthly.

Pengana Investment Management Limited is the responsible entity of the Trust. The Responsible Entity has appointed Pengana Capital Limited, also a member of the Pengana Capital Group of Companies, as the Manager of the Trust. The Manager has appointed Grosvenor Capital Management, L.P. ('GCM' or 'Investment Manager') as the investment manager of the Portfolio of the Trust.

The Responsible Entity Fee and Management Fee are payable to Pengana Investment Management Limited for the management and operational oversight of the Trust. Pengana Investment Management Limited will pay a portion of the Management Fee to GCM pursuant to the Investment Management Agreement.

The total value and investment return of the Alignment Shares is not included when calculating the Responsible Entity Fee and Management Fee payable by the Trust. Management fee of 1.25% p.a. is calculated monthly in arrears using the gross value of the investment portfolio. The fees are paid directly from the Trust and reflected in the NAV per Unit.

The costs of the offer ('IPO'), the issue of Alignment shares, and the Secondary Offer were paid by PCG and PCG has no intention of claiming reimbursement of such costs.

The performance fee is payable to Pengana Investment Management Limited ('PIML'). The performance fee is potentially payable by the Trust equal to 20% of the Trust Outperformance, namely of the Trust's Total Return in excess of the Hurdle Return (being 8% p.a.) and subject to the NAV being greater than the Trust's High Water Mark ("HWM"). The HWM is equal to the NAV less the value of the Alignment Shares at the end of the latest Performance Fee Payment Period in which the Trust paid a Performance Fee ("Last Payment Period"). The initial HWM is equal to the initial NAV less the initial value of the Alignment Shares. The HWM will be adjusted for capital flows into and out of the Trust (including from distributions) following the Last Payment Period. The Performance Fee is calculated and accrued monthly and payable to Pengana from the Trust each half-year period ending 30 June or 31 December. The total value and investment return of the Alignment Shares are not included when calculating the Performance Fee payable.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the year and amounts at period end between the Trust and the Responsible Entity were as follows:

	30 June 2020	30 June 2019
	\$	\$
Responsible Entity fee and Management fee	2,706,777	485,194
Aggregate amount payable for Responsible Entity fee and Management fee	195,222	229,591

#### Investment Manager fees:

Two types of fees are payable from the Trust to the Investment Manager (GCM) in respect of the Investment Manager's investment management of the Secondaries Sub-Portfolio, namely the Secondaries Management Fee and the Secondaries Carried Interest Fee. Please refer sections 12.3.4.1 and 12.3.4.1 in the Product Disclosure Statement 22 February 2019 for further details on the Secondaries Management fee and the Carried interest Fee.

The transactions during the year and amount at period end between the Trust and the Investment Manager were as follows:

	30 June 2020	30 June 2019
	\$	\$
Secondaries Management Fee and Carried Interest Fee	6,635	-

#### Investments

GCM as the Investment Manager invests the Trust's capital primarily by allocating capital through GCM funds and underlying funds managed by third-party managers who invest in a wide range of different Portfolio Companies.

GCM also makes investments directly on behalf of the Trust.

GCM and other members of the GCM Group also serve as the manager of a number of the underlying funds in which the Trust will invest ("GCM funds"). The GCM Group receives management fees and/or incentive compensation from these GCM funds. The Trust will also invest in other underlying funds (other than the GCM funds) and the managers of these other underlying funds will also receive management fees and/or incentive compensation.

The capital commitments the Trust has with GCM funds as at 30 June 2020 are disclosed in Note 15.

The Trust did not hold any investments in Pengana Investment Management Limited and Pengana Capital Limited during the year. The Trust held investments in the following related parties at 30 June 2020.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 13: RELATED PARTY TRANSACTIONS (continued)

#### Investments (continued)

	Fair value of investment		Interest held		Commitments / In kind contributions		Dividends received during the year	
	\$		%		Units / Value		\$	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Pengana Capital Group Limited Convertible Preference shares*	5,277,420	7,412,934	4.75	4.75	4,909,228	4,909,228	196,369	-
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	22,361,676	9,135,823	11.35	11.09	53,740,015	52,725,330	-	-
GCM Grosvenor Multi-Asset Class Fund II, L.P.	67,583,562	16,378,385	5.80	4.58	82,788,671	52,725,330	-	-

\*The investment made in relation Pengana Capital Group Limited Convertible Preference shares is for the Alignment shares issued by PCG to the Trust amounting to 5% of the total amount raised from the offer.

PCG has issued the shares to the Trust at a nominal cost, being an aggregate price of \$1.00 for all Alignment Shares issued.

The Alignment Shares are recognised as a financial asset on the statement on financial position and are subsequently measured at fair value through profit or loss at the end of each reporting period. Due to the nature of these Alignment Shares they are valued at parity with the PCG ordinary shares on the ASX. The different characteristics of the Alignment Shares compared to ordinary shares have been considered as valuation factors and any impact deemed immaterial.

Approximately two years after the commencement of trading of the Units on the ASX, the Responsible Entity intends to distribute the Alignment Shares to Unitholders in proportion to the size of their Unitholding, subject to a determination by the Responsible Entity to distribute. Alignment Shares will convert into ordinary shares in PCG on such distribution.

For further details on the alignment shares please refer Section 9 of the replacement Product Disclosure statement issue date 22 February 2019.

#### NOTE 14: STATEMENT OF OPERATIONS BY SEGMENT

The Trust has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Manager in assessing and determining the allocation of resources.

The Trust operates in one business segment, being investment in securities.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 15: CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities at 30 June 2020 that required disclosure (30 June 2019: nil).

At 30 June 2020, the Trust has the following capital commitments:

<b>30 June 2020</b>	<b>Total capital commitment</b>	<b>Called up capital</b>	<b>Unfunded capital commitment</b>
<b>investee</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	53,740,015	19,969,065	33,770,950
GCM Grosvenor Multi-Asset Class Fund II, L.P.	82,788,671	60,546,257	22,242,414
Carlyle Credit Opportunities Fund Parallel LP	7,262,164	2,658,147	4,604,017
Vista Equity Endeavour Fund II A LP	5,809,731	524,276	5,285,455
HIG Middle Market Lbo Fund III LP	4,197,531	209,971	3,987,560
The Veritas Capital Fund Vii L.P.	10,167,030	79,434	10,087,596
Alpine Investors III L.P.	1,428,225	1,332,090	96,135
Alpine Investors IV L.P.	363,108	299,211	63,897
Alpine Investors VI L.P.	363,108	240,142	122,966
Alpine Investors VII L.P.	726,216	188,947	537,269
H.I.G. Europe Middle Market Lbo Feeder Fund L.P.	5,305,214	132,630	5,172,584
Riverside Micro-Cap Fund V L.P.	5,847,495	1,460,515	4,386,980
Cornell Capital Partners Ii Parallel Lp	5,809,731	-	5,809,731
Wynnchurch Capital Partners V L.P.	7,262,164	189,667	7,072,497
	<b><u>191,070,403</u></b>	<b><u>87,830,352</u></b>	<b><u>103,240,051</u></b>
<b>30 June 2019</b>	<b>Total capital commitment</b>	<b>Called up capital</b>	<b>Unfunded capital commitment</b>
<b>Investee</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	52,725,330	9,135,823	43,589,507
GCM Grosvenor Multi-Asset Class Fund II, L.P.	52,725,330	16,378,385	36,346,945
Carlyle Credit Opportunities Fund Parallel LP	7,125,045	-	7,125,045
Vista Equity Endeavour Fund II A LP	5,700,036	-	5,700,036
	<b><u>118,275,741</u></b>	<b><u>25,514,208</u></b>	<b><u>92,761,533</u></b>

The total value of capital commitments in local currency amounts to USD 131 million as at 30 June 2020 (30 June 2019: USD83 million).

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 16: SUBSEQUENT EVENTS

On 11 June 2020 the Responsible Entity announced a 1-for-3 pro-rata non-renounceable Rights Issue at an offer price of \$1.25 unit per unit available to all Unit holders ('Eligible Unit Holders') who held units as at 16 June 2020 (all together the 'Entitlement Offer').

Eligible Unit Holders were also invited to subscribe for additional new units in PE1 under a shortfall facility, available if the Entitlement Offer was not to be fully subscribed ('Shortfall Facility'). Any balance of units not taken up through the Entitlement Offer or the Shortfall Facility was placed through an issue of new units to sophisticated investors ('Shortfall Placement').

Due to excess demand, the Responsible Entity utilised the Trust's 15% placement capacity pursuant to ASX Listing Rule 7.1 to raise additional capital from sophisticated investors. ('Additional Placement')

These sophisticated investors fall under the definition of 'Wholesale Clients' pursuant to the Corporations Act and, accordingly, a Product Disclosure Statement was not required to be prepared for the issue of new units to them.

On 13 July 2020 PE1 raised \$48,459,229 through the issue of 38,767,383 new units pursuant to the Entitlement Offer, Shortfall Facility and Shortfall Placement. These units commenced trading on the ASX on 14 July 2020.

On 14 July 2020 PE raised \$37,950,850 through the issue of 30,360,380 new units to sophisticated investors through a further and final Shortfall Placement and through an Additional Placement. These units commenced trading on the ASX on 15 July 2020.

On 22 July 2020 PE1 raised a further \$ 7,056,569 through the issue of 5,645,015 new units to sophisticated investors through a further Additional Placement. These units commenced trading on the ASX on 23 July 2020

In the latest release to the ASX on 13 August 2020, the Trust reported a NAV per unit as at 31 July 2020 of \$1.1659.

Other than the above, the Directors are not aware of any matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Trust's operations, the results of those operations or the Trust's state of affairs in future years.

## DIRECTORS' DECLARATION

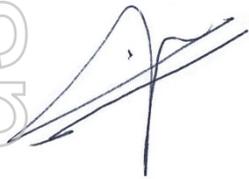
In accordance with a resolution of the Directors of Pengana Private Equity Trust, I state that:

- a) the financial statements of the Trust as set out on pages 8 to 26 are in accordance with the *Corporations Act 2001*, including:
- i) giving a true and fair view of the financial position of the Trust as at 30 June 2020 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
  - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards as disclosed in Note 2 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2020.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Board



Ellis Varejes  
Chairman  
Sydney  
31 August 2020



Building a better  
working world

Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
ey.com/au

## Independent Auditor's Report to the unitholders of Pengana Private Equity Trust

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Pengana Private Equity Trust (the Trust), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of Pengana Private Equity Trust is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Trust's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

## 1. Investment existence and valuation

Why significant	How our audit addressed the key audit matter
<p>The Trust has a significant investment portfolio consisting primarily of unlisted securities, including unlisted investment funds and unlisted shares. As at 30 June 2020, the value of these unlisted investments, was \$105,743,727 which equates to 49% of total assets.</p> <p>As detailed in the Trust's accounting policy described in Note 2a of the financial report, these financial assets are recognised at fair value through profit or loss in accordance with Australian Accounting Standards.</p> <p>Pricing, exchange rates and other market drivers can have a significant impact on the value of these financial assets and the financial report. Accordingly, valuation of the investment portfolio was considered a key audit matter.</p>	<p>We assessed the effectiveness of the controls relating to the recognition and valuation of investments.</p> <p>We obtained and considered the assurance report on the controls of the Trust's administrator in relation to Fund Administration Services for the year ended 30 June 2020 and considered the auditor's qualifications and objectivity and the results of their procedures.</p> <p>We agreed a representative sample of investment holdings, including cash accounts, to third party confirmations at 30 June 2020.</p> <p>We assessed the fair value of a representative sample of investments held at 30 June 2020. For unlisted UCITS funds we independently sourced their 30 June 2020 published price and compared to the price recorded by the Trust.</p> <p>For a representative sample of unlisted private equity funds we:</p> <ul style="list-style-type: none"> <li>- obtained an understanding of the key processes adopted by management to determine the fair value of the investment at balance date;</li> <li>- confirmed the investment balances, the pro-rata ownership, and future commitments with the respective investee fund managers;</li> <li>- obtained the most recent audited financial statements of the underlying investment funds (as at 31 December 2019), reviewing the nature of the underlying investments held and the recorded fair values of the investments including the accounting basis adopted for such valuations;</li> <li>- reviewed the independence, competence and objectivity of the auditing firms of the unlisted private equity funds and reviewed the content of their audit opinions;</li> <li>- obtained from management their assessment of the most recent unaudited financial information of material unlisted private equity funds (as at 31 March 2020 or 30 June 2020, as available) and obtained information from the underlying investment manager and evaluated the quantum and reasonableness of any material fair value movements (or the lack thereof) from the date of the latest audited</li> </ul>

For personal use only

For personal use only

financial information by comparing them to publicly available market information.

For unlisted equity, we:

- obtained an understanding of the key processes adopted by management to determine the fair value of the investment at balance date;

- corroborated the fair value determination by agreeing the key assumptions of the model to independently obtained source data.

We assessed the adequacy of the disclosures in Note 12 of the financial report in accordance with the requirements of Australian Accounting Standards.

## 2. Responsible Entity, Management Fees and Performance Fees

Why significant	How our audit addressed the key audit matter
<p>Responsible Entity, Management fees, including performance fees, paid to the Responsible Entity, Pengana Investment Management Limited, is a significant operating expense for the Trust.</p> <p>The Trust's accounting policy for Responsible Entity and management fees and performance fees is described in Note 13 to the financial report. Performance fees are recognised in the financial report if the performance hurdles for the Trust have been met at the end of the relevant measurement period, which is the date that the performance criteria is met and the liability has been crystallised.</p> <p>For the period ended 30 June 2020, Responsible Entity and management fees totalled \$2,706,777 which equates to 79% of total expenses. Of this amount, performance fees (excluding GST recovered) totaled \$nil.</p> <p>The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance.</p> <p>The quantum of these expenses and the impact that market volatility can have on the recognition of performance fees, resulted in this being a key audit matter. The disclosure of these amounts is included in Note 13 to the financial report.</p>	<p>We assessed the effectiveness of the controls in relation to the calculation of Responsible Entity and management and performance fees at the service provider responsible for the calculation.</p> <p>We recalculated Responsible Entity and management fees, in accordance with the Trust's Product Disclosure Statement and the Trust's Constitution, including verifying the fee rate to the agreement.</p> <p>We assessed the performance fee calculation, including testing the inputs into the calculation model and assessed whether the calculation was in line with the relevant Trust's Product Disclosure Statement and the Trust's Constitution.</p> <p>We also assessed whether the criteria for accrual of a performance fee liability were met at 30 June 2020.</p> <p>We assessed the adequacy of the disclosures in Note 13 of the financial report.</p>

## Information Other than the Financial Report and Auditor's Report

The Directors of the Responsible Entity are responsible for the other information. The other information comprises the information included in Trust's 2020 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors of the Responsible Entity for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors of the Responsible Entity determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors of the Responsible Entity either intend to liquidate the Trust or cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

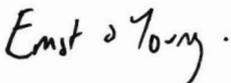
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors of the Responsible Entity with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors of the Responsible Entity, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young



Graeme McKenzie  
Partner

Sydney  
31 August 2020

## ASX INFORMATION

### DISTRIBUTION OF UNITHOLDERS AS AT 24 AUGUST 2020

Category (size of holding)	Number of unitholders	Number of units
1 - 1,000	109	55,232
1,001 - 5,000	403	1,235,996
5,001 - 10,000	766	5,970,091
10,001 - 100,000	2,995	91,283,226
100,001 - 9,999,999,999	302	140,749,626
<b>Total</b>	<b>4,575</b>	<b>239,294,171</b>

### SUBSTANTIAL UNITHOLDERS

As at 24 August 2020 the following unitholders have notified the Trust that they are the substantial unitholders:

	Number of units	% of total units issued
Westpac Banking Corporation	21,008,635	8.78%
National Australia Bank Limited	12,933,875	5.41%

	Number of units	% of total units issued
<b>20 LARGEST UNITHOLDERS - UNITS (as at 24 August 2020)</b>		
HSBC Custody Nominees (Australia) Limited	18,191,518	7.60
Navigator Australia Ltd	17,486,493	7.31
Nulis Nominees (Australia) Limited	13,091,909	5.47
BNP Paribas Nominees Pty Ltd	7,821,090	3.27
Netwealth Investments Limited	6,853,682	2.86
J P Morgan Nominees Australia Pty Limited	5,287,957	2.21
Citicorp Nominees Pty Limited	4,270,188	1.78
National Nominees Limited	3,512,625	1.47
Washington H Soul Pattinson and Company Limited	2,182,479	0.91
Avanteos Investments Limited	1,600,000	0.67
Netwealth Investments Limited	1,571,623	0.66
Leroma Pty Ltd	1,212,000	0.51
Capitel Pacific Pty Limited	1,082,666	0.45
Warwick Negus & Louise Green	1,082,666	0.45
Abyaneh Pty Ltd	1,019,045	0.43
Mutual Trust Pty Ltd	1,015,069	0.42
Fernway Pty Ltd	920,204	0.38
BT Portfolio Services Limited	800,000	0.33
Investment Custodial Services Limited	785,029	0.33
Andrew Cree and Eva Attebo	676,798	0.28

As at 31 August 2020 there were 4,575 unitholders.

## ASX INFORMATION

### VOTING RIGHTS

Subject to the Trust's constitution:

- At meetings of unitholders, each unitholder is entitled to vote in person, by proxy, by attorney or by representative;
- On a show of hands, each unitholder present in person, by proxy, by attorney or by representative is entitled to one vote;
- On a poll, each unitholder present in person, by proxy, by attorney or by representative is entitled to one vote for every share held by the unitholder.

In the case of joint holdings, only one joint holder may vote.

### VOTING BY PROXY

Unitholders may appoint a proxy or attorney to represent them at a unitholder meeting. If a proxy is appointed and the unitholder attends the meeting then that proxy is automatically revoked.

A corporate unitholder may appoint a proxy, an attorney or a corporate representative.

### DISTRIBUTION PAYMENTS

The Trust offers unitholders the following choices of how distribution entitlements can be received:

- Cash – a cheque is mailed to the unitholder's registered address
- Direct Credit Deposit –the distribution is paid directly to the nominated bank account. Direct credits avoid delay in postal delivery and the possibility of lost cheques and are therefore a preferred option.

### TRANSACTIONS IN SECURITIES

	<u>30 June 2020</u>	<u>30 June 2019</u>
Total number of transactions in securities during the period	40	12
Transaction costs paid or accrued during the period	731,809	1,076,687

## ASX INFORMATION

### INVESTMENTS AT MARKET VALUE AS AT 30 JUNE 2020

Company Name	Market value \$'000	% of Gross Assets
<b>Financials</b>		
Pengana Capital Group Preference Share	5,277	2.46 %
Carlyle Credit Opportunities Fund Parallel LP	2,932	1.37 %
PIMCO Global Investment Grade Credit Fund Accumulation	1,593	0.74 %
TCW Metwest Unconstrained Bond Fund	1,573	0.73 %
The Veritas Capital Fund VII LP	(16)	(0.01)%
Vista Equity Endeavour Fund II A L P	478	0.22 %
HIG Europe Middle Market Lbo Feeder Fund LP	100	0.05 %
Alpine Investors III LP	818	0.38 %
Alpine Investors IV LP	648	0.30 %
Alpine Investors VI LP	402	0.19 %
Alpine Investors VII LP	166	0.08 %
GCM Grosvenor Multi Asset Class Fund II LP	67,584	31.55 %
GCM Grosvenor Co Investment Opportunities Feeder Fund II LP	22,362	10.44 %
HIG Middle Market Lbo Fund III Lp	109	0.05 %
Riverside Micro Cap Fund V LP	1,527	0.71 %
Wynnchurch Capital Partners V LP	190	0.09 %
	<b>105,743</b>	<b>49.36 %</b>
<b>Total long portfolio</b>	<b>105,743</b>	<b>49.36 %</b>
<b>Total cash and cash equivalents, income receivables and outstanding settlements</b>	<b>108,481</b>	<b>50.64 %</b>
<b>Gross assets</b>	<b>214,224</b>	

## ASX INFORMATION

### PRINCIPAL REGISTERED ADDRESS OF THE Trust

The principal registered office is Level 12, 167 Macquarie Street, Sydney, NSW 2000 Australia. Telephone (02) 8524 9900.

### Registry

Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney NSW 2000. Investor Enquiries 02 8216 5700.

### STOCK EXCHANGE LISTING

Quotation has been granted for all the units of the Trust on all Member Exchanges of the Australian Securities Exchange Limited ("ASX"). The Trust shares are traded under the symbol PE1. Details of trading activity are published in most daily newspapers and also obtainable from the ASX website: [www.asx.com.au](http://www.asx.com.au).

### INVESTMENT MANAGEMENT AGREEMENT

The Trust has appointed Grosvenor Capital Management L.P (the 'Investment Manager'), under an Investment Management Agreement dated 11 February 2019, to manage the investment portfolio of the Trust. The Investment Manager manages and supervises all investments of the Trust, including providing monthly valuations, for the term of the contract.

### Term

The Investment Management Agreement is for an initial period of 25 years commencing on the date the Trust listed on the ASX (March 2004), unless terminated earlier in accordance with terms of the Investment Management Agreement.

### Powers of Manager

For the purpose of carrying out its functions and duties under the Investment Management Agreement, the Investment Manager has the powers of a natural person and absolute and unfettered discretion to manage the investment portfolio and to do all things and execute all documents necessary for the purpose of managing the investment portfolio.

### Management Fee

In return for the performance of its duties as Investment Manager of the Trust's investment portfolio, the Investment Manager is entitled to a management fee of 1.25% per annum of the gross value of the investment portfolio, payable on a monthly basis.

### Performance fee

The Investment Manager is also entitled to a Performance Fee, equal to 20% of any out-performance of the investment portfolio compared to the hurdle return (being 8% p.a.) in Australian Dollars. The fee is aggregated daily and paid each half- year period.

## CORPORATE DIRECTORY

### PRINCIPAL AND REGISTERED OFFICE

#### **Pengana Private Equity Trust**

Level 12, 167 Macquarie Street,  
Sydney, NSW 2000 Australia

Telephone (61 2) 8524 9900

Facsimile (61 2) 8524 9901

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

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

### AUDITOR

#### **Ernst & Young**

200 George Street  
Sydney NSW 2000  
Australia

### DIRECTORS

#### **Ellis Varejes**

*Non-Executive Director and Chairman*

#### **Ilan Zimmerman**

*Non-Executive Director*

#### **Russel Pillemer**

*Chief Executive Officer*

#### **Katrina Glendinning**

*Executive Director*

### UNIT REGISTRY

#### **Computershare Investor Services Pty Limited**

Level 4, 60 Carrington St  
Sydney NSW 2000

Australia

Telephone (61 2) 8234 5000

Website [www.computershare.com/au](http://www.computershare.com/au)

### COMPANY SECRETARY

**Paula Ferrao**