

Pengana Private Equity Trust

ARSN 630 923 643

Appendix 4E

Preliminary Final Report for the year ended 30 June 2021

Results announcement to the market	30 June 2021	30 June 2020	Change from the corresponding period
	\$'000	\$'000	%
Total investment income	49,211	9,591	413.1
Total comprehensive income for the period	45,190	6,146	635.3
Basic Earnings per unit (cents per unit)	19.11	3.74	411.0
Net Asset Value (NAV) Per Unit	1.4233	1.3009	9.4
Distribution Information			Cents per share
Interim distribution paid on 14 January 2021			2.50
Final distribution paid on 15 July 2021			2.50

Final Distribution Dates

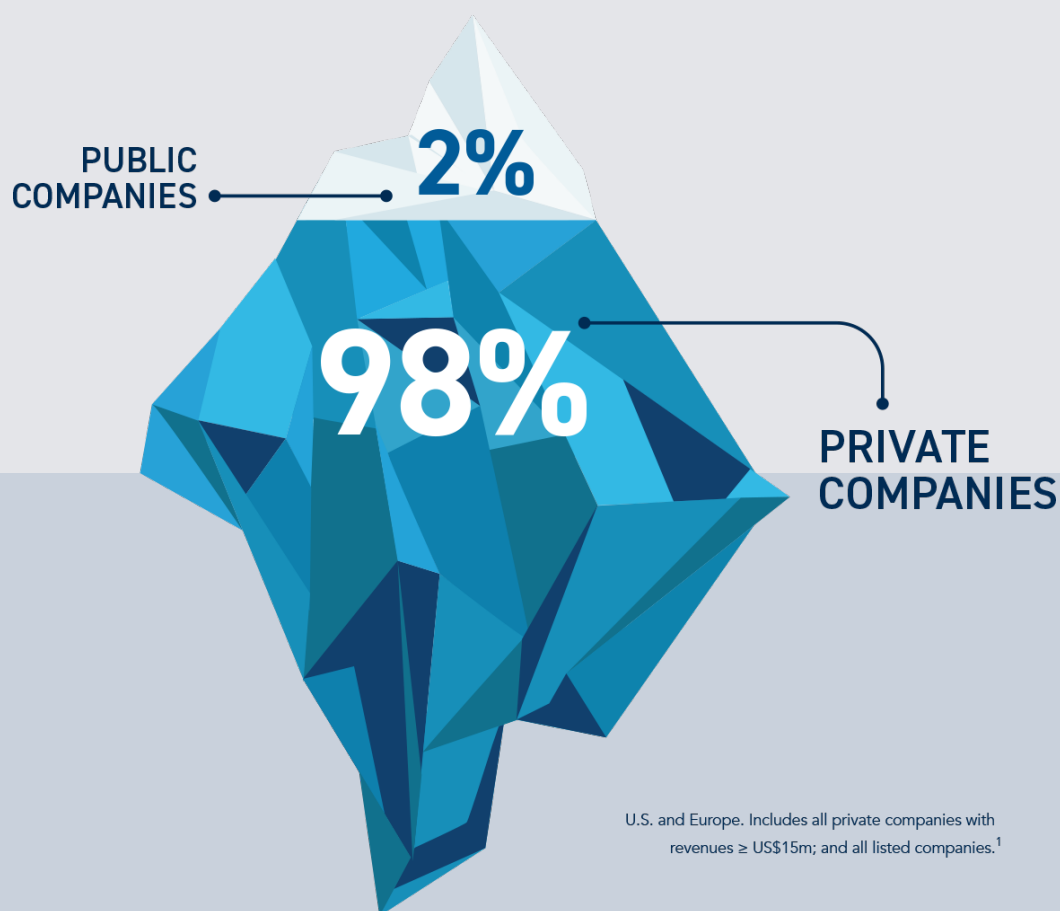
Ex-distribution Date	1 July 2021
Record Date	2 July 2021
Last date for DRP	5 July 2021
Payment Date	15 July 2021

Distribution Reinvestment Plan

The final distribution for the year ended 30 June 2021 of 2.5 cents per unit was paid on 15 July 2021. The Fund's Distribution Reinvestment Plan was available to eligible unitholders in relation to the interim and final distributions.

ANNUAL REPORT

30 JUNE 2021



PENGANA PRIVATE EQUITY TRUST (ASX: PE1)

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MANAGER'S REPORT

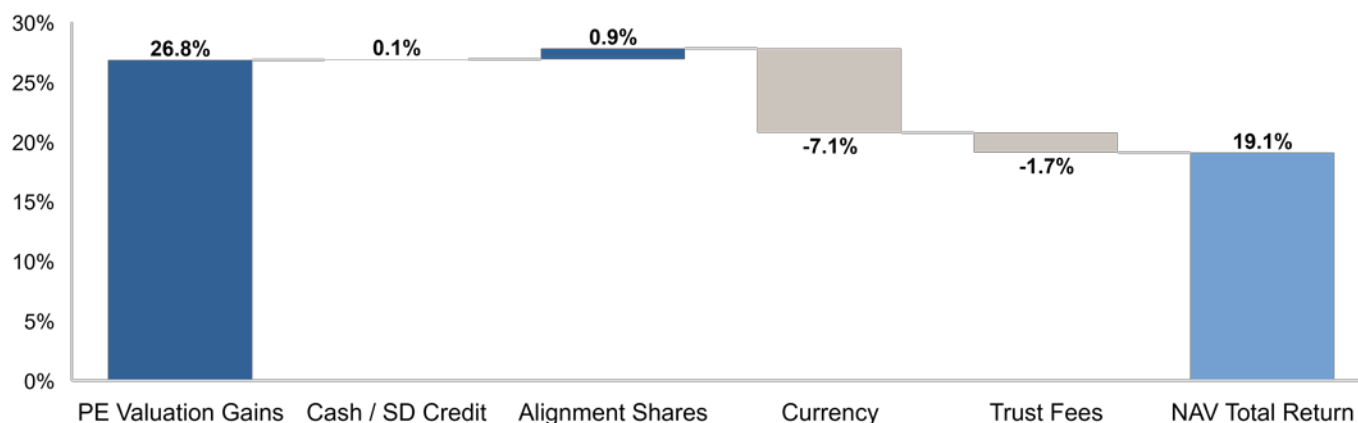
Dear Unitholders

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

The Trust, listed in April 2019, 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 market 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 continued potential to do so. Headquartered in Chicago and with a global presence, GCM has assets under management in excess of US\$67 billion with a track record in global private equity investing dating back to 1999.

For the 20/21 financial year PE1 generated a total return of +19.1%, with the Trust's private equity investments contributing +26.8% to returns in local currency terms, while an increase in the AUD/USD exchange rate from 0.69 to 0.75 over detracted -7.1%.

FY contribution to NAV total return (1 July 2020 to 30 June 2021)

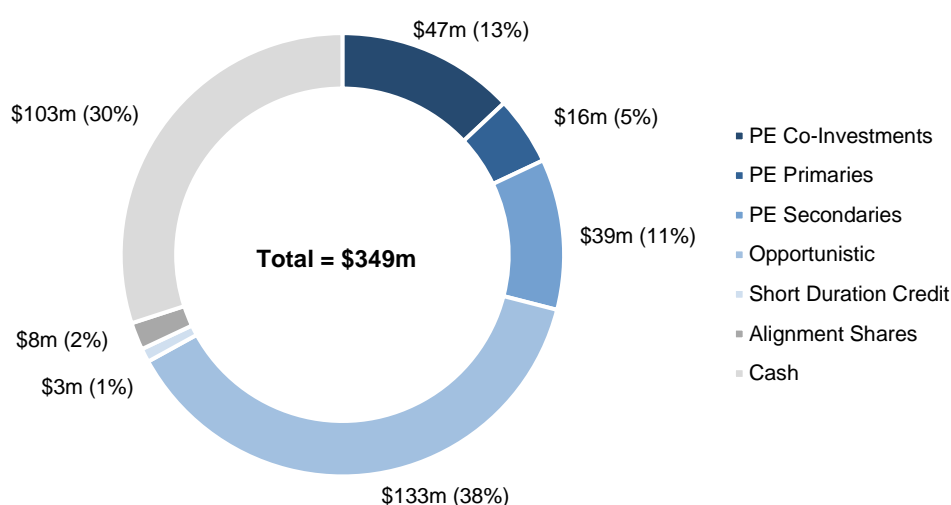


The local currency private equity contribution of +26.8% was generated on an average of 50% of the private equity portfolio being drawn down over the financial year. In other words, if the amount invested was itself a fully invested portfolio, it would have achieved a return of approximately +53.9% in local currency terms.

Prior to completion of the year-end audit we received a number of updated valuations reflecting increases in the value of underlying assets at 30 June 2021. In particular, the value of our holdings in GCM Grosvenor Co-Investment Opportunities Fund II, L.P. (GCF II) and GCM Grosvenor Multi-Asset Class Fund II, L.P. (MAC II) increased by +12.7% and +7.5% respectively. This impact has been incorporated into the figures and charts below and will be incorporated in PE1's 31 August 2021 NAV per unit which is scheduled to be released during September.

The Trust ended the financial year with 68% of capital invested across private markets (up from 42% as at 1 July 2020). I therefore expect that private equity returns will, over future periods, become an ever more dominant component of the Trust's overall return. This increase in invested capital was facilitated by our raising of A\$93.5 million as part of a pro-rata non-renounceable rights issue of units in the Trust alongside a placement of additional securities with sophisticated investors.

PE1 Allocations by Investment Type (A\$)

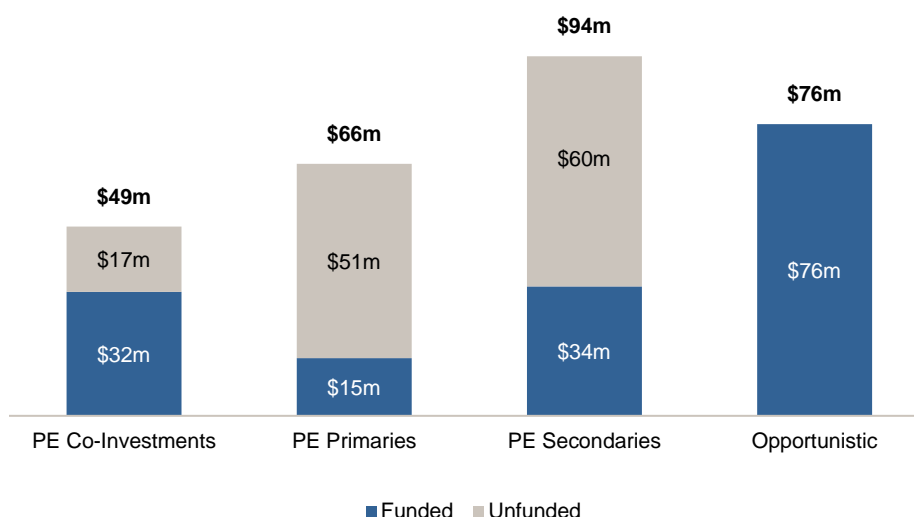


Completed in July 2020, this capital raising allowed PE1 to take advantage of the the massive capital market disruption caused by COVID. I would like to highlight our secondaries investment sleeve, which exposure has increased from 1% to 11% via a number of high-quality deals including one which gave PE1 exposure to a portfolio of 11 underlying funds and 2 direct investments managed by Mubadala Capital (the Emirati sovereign wealth fund), and another consisting of 35 unique funds and over 100 underlying companies.

The portfolio is now overall exposed to in excess of 350 underlying companies. These investments are diversified across all sectors, vintages (2004 to present), regions (U.S., Europe and Asia) and implementation methods, including 11 primary funds managed by 10 cycle-tested managers, 22 dedicated co-investments alongside 13 different sponsors, 5 secondary transactions including over 50 funds and over 200 underlying companies and 54 opportunistic investments.

We have now committed A\$284 million (representing 83% of the PE portfolio) across co-investments, primary funds, opportunistic investments and secondaries, with A\$157 million or 55% of these commitments already funded.

Breakdown of PE Commitments (A\$)



PE1 remains on track to commit and deploy its remaining cash into private equity investments, delivering the long-term target portfolio (with a minimum look-through allocation of 70% to private equity) in 4 years of the initial IPO, already having accomplished the following in the month following financial year end:

- Executing our 12th private equity primary fund investment, with a commitment of US\$2.1 million to ICONIQ Capital's ICONIQ Strategic Partners VI-B, L.P.
- GCM Grosvenor Multi-Asset Class Fund II, L.P. ("MAC II") investing in a convertible note offered by Rivian, a U.S.-based electric vehicle company, and which is a first-mover in the SUV, pick-up truck, and van EV market.
- GCM Grosvenor Secondary Opportunities Fund III, L.P. ("GSF III") closing on Ingenio, a leading collection of online personal marketplace advice brands and digital media properties serving the wellness market, alongside Alpine Investors.

We have also begun to see, leading up to and immediately following the end of the financial year, our first realisations along with signs of further realisations including:

- MAC II's investment alongside Coatue in DingDong, a leading Chinese online grocery service, went public last month at a significant premium to when MAC II invested.
- GCM Grosvenor Co-Investment Opportunities Fund II, L.P.'s ("GCF II's") co-investment in Alion Science and Technology is expected to generate a gross return on GCF II's investment of over 2.0x following Veritas Capital's announcement that it would sell Alion to Huntington Ingalls Industries for a cash purchase price of US\$1.65 billion. Alion will be GCF II's first fully realised investment.
- ByteDance, owner of short-video app TikTok which was recently marked up in line with secondary activity at a US\$500 billion valuation, is expected to list in the fourth quarter of 2021 or early 2022.

Finally, PE1 declared distributions totalling 5 cents per unit to unitholders over the year, equal to a 4% pa cash distribution yield on the initial offering price. Going forward, Pengana intends to continue targeting a 4% pa cash distribution yield which will be paid following every half and full year end calculated at 2% of the NAV per unit. Therefore, any increase in NAV will result in a corresponding increase in distributions.

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 2021

DIRECTORS' REPORT

The Directors of Pengana Investment Management Limited ('PIML'), the Responsible Entity for the Pengana Private Equity Trust (the 'Trust' or 'PE1'), present their report of the Trust for the financial year ended 30 June 2021.

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 and Managing Director
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'). The Trust 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 markets.

PIML has appointed Pengana Capital Limited ('Manager') as the manager of PE1. The Manager has in turn 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.

DIRECTORS' REPORT (continued)

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

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 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')

Upon completion of the Entitlement Offer and Shortfall Placement, PE1 raised in total \$ 93,466,648 through the issue of 74,772,778 Units on 22 July 2020.

Significant Changes in the State of Affairs

There were no 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:

	30 June 2021 \$'000	30 June 2020 \$'000
Results		
Total investment income	49,211	9,591
Total expenses	(4,021)	(3,445)
Net operating profit	45,190	6,146
Unit Price/ NAV Per Unit (\$)	1.4233	1.3009
ASX Reported NAV Per Unit (\$)	1.3625	1.1902
Distribution Information		
Distributions	11,975	8,210
Distribution (cents per unit)	5.00	5.00

On 28 June 2021, the Trust announced a final distribution of 2.5 cents per unit, which was paid on 15 July 2021. This distribution is recognised as a liability as at 30 June 2021.

DIRECTORS' REPORT (continued)

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 2021 nor the financial position as at 30 June 2021 of the Trust have been adversely affected as a result of COVID-19.

The processes to determine the impact of COVID-19 for these financial statements is consistent with the processes disclosed and applied in the 30 June 2020 and 31 December 2020 financial statements. Such processes have identified that no asset impairments have been required. In addition, expected credit losses have remained unchanged on the Fund's receivables, which comprise interest on cash balances and distributions, as they have since been collected or the counterparties have been assessed to have strong credit ratings.

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 and annual investor reports, which can be found in the ASX website. The Trust updates 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 IPO 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 12 August 2021 the Trust reported a NAV per unit as at 31 July 2021 of \$ 1.3881 (31 July 2020: \$1.1659).

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.

DIRECTORS' REPORT (continued)

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 year.


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' of 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.



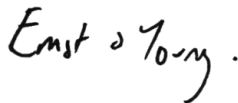
Ellis Varejes

Chairman, Pengana Investment Management Limited
31 August 2021

Auditor's independence declaration to the directors of the Responsible Entity of Pengana Private Equity Trust

As lead auditor for the audit of the financial report of Pengana Private Equity Trust for the financial year ended 30 June 2021, 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 2021

Pengana Private Equity Trust
Statement of comprehensive income
For the year ended 30 June 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Investment Income			
Interest income		1	10
Dividends and distributions received		2,042	202
Net gains on financial instruments at fair value through profit or loss		54,791	9,331
Net foreign exchange losses		(7,624)	(700)
Other operating income		<u>1</u>	<u>748</u>
Total investment income		<u>49,211</u>	<u>9,591</u>
Expenses			
Responsible entity fee and management fee	13	(3,578)	(2,706)
Withholding tax		(2)	-
Secondaries management fee and carried interest fee	13	(277)	(7)
Transaction costs		<u>(164)</u>	<u>(732)</u>
Total operating expenses		<u>(4,021)</u>	<u>(3,445)</u>
Profit for the year		<u>45,190</u>	<u>6,146</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>45,190</u>	<u>6,146</u>
Basic and diluted earnings per unit (cents per unit)	4	19.11	3.74

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

Pengana Private Equity Trust
Statement of financial position
As at 30 June 2021

As at		30 June 2021	30 June 2020
	Notes	\$'000	\$'000
Assets			
Cash and cash equivalents	5	103,266	108,431
Receivables	6	67	50
Financial assets at fair value through profit or loss	7	<u>245,297</u>	<u>105,743</u>
Total assets		<u>348,630</u>	<u>214,224</u>
Liabilities			
Distribution payable		5,498	-
Payables	8	<u>1,430</u>	<u>196</u>
Total liabilities		<u>6,928</u>	<u>196</u>
Total unitholders' equity		<u>341,702</u>	<u>214,028</u>
Unitholders' equity			
Issued units		300,145	205,686
Other equity reserve		10,251	10,251
Retained earnings		<u>31,306</u>	<u>(1,909)</u>
Total unitholders' equity		<u>341,702</u>	<u>214,028</u>

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

Pengana Private Equity Trust
Statement of changes in equity
For the year ended 30 June 2021

For the year ended 30 June 2021

	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Total unitholders' equity at the beginning of the year		214,028	215,432
Transactions with unitholders for the year:			
- units issued	9	93,467	-
- distributions reinvested	9	992	660
Distributions paid/payable	10	<u>(11,975)</u>	<u>(8,210)</u>
Total transactions with unitholders for the year		<u>296,512</u>	<u>207,882</u>
Comprehensive income for the year:			
Profit for the year		45,190	6,146
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>45,190</u>	<u>6,146</u>
Total unitholders' equity at the end of the year		<u>341,702</u>	<u>214,028</u>

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

Pengana Private Equity Trust
Statement of cash flows
For the year ended 30 June 2021

For the year ended 30 June 2021	Notes	30 June 2021 \$'000	30 June 2020 \$'000
Cash flows from operating activities			
Proceeds from sale of investments		-	187,289
Payments for purchase of investments		(83,912)	(69,304)
Transaction costs paid		(164)	(732)
Dividends and distributions received		2,042	202
Interest received		1	18
GST received/(paid)		(17)	(14)
Other income received		1	748
Management fees paid		(3,439)	(2,740)
Secondaries Management Fee and Carried Interest Fee		(35)	(7)
Payment to suppliers		-	1
Net cash (outflow)/(inflow from operating activities)	11	<u>(85,523)</u>	<u>115,461</u>
Cash flows from financing activities			
Issue of units		93,467	-
Distributions paid		(5,485)	(7,550)
Net cash inflow/ (outflow) from financing activities		<u>87,982</u>	<u>(7,550)</u>
Net increase in cash and cash equivalents		2,459	107,911
Cash and cash equivalents at the beginning of the year		108,431	1,220
Translation of foreign cash held		(7,624)	(700)
Cash and cash equivalents at the end of the year	5	<u>103,266</u>	<u>108,431</u>

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

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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 1, 2 and 3, 60 Martin Place, 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 2021. The Directors of the Responsible Entity have the power to amend and reissue the financial report.

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').

Upon completion of the Entitlement Offer and Shortfall Placement, PE1 raised in total \$93,466,648 through the issue of 74,772,778 Units on 22 July 2020.

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

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.

2 Summary of significant accounting policies (continued)

b. Financial instruments (continued)

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.

(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 *Financial 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.

2 Summary of significant accounting policies (continued)

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 that are readily fixed rate to known amounts of cash and which are subject to an insignificant risk of changes in value, with original maturities of three months or less.

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.

2 Summary of significant accounting policies (continued)

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 responsible 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.

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 are 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.

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.

	30 June 2021	30 June 2020
	\$'000	\$'000
Ernst & Young		
Audit and assurance services		
Audit and review of financial statements	83	83
Other services	-	-
Total remuneration for audit and other assurance services	83	83
Non-assurance services		
Tax compliance services	-	-
Total remuneration for taxation services	-	-
Total remuneration of Ernst & Young	83	83

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

4 Earnings per unit (EPU)

	30 June 2021	30 June 2020
	\$'000	\$'000
Net profit used in the calculation of basic and diluted EPU	45,190	6,146
	No. of units	No. of units
	'000	'000
Weighted average number of units outstanding during the period used in calculation of basic EPU	236,504	164,168
Weighted average number of units outstanding during the period used in calculation of diluted EPU	236,504	164,168

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.

5 Cash and cash equivalents

	30 June 2021	30 June 2020
	\$'000	\$'000
Cash at custodian	<u>103,266</u>	<u>108,431</u>
	<u>103,266</u>	<u>108,431</u>

6 Receivables

	30 June 2021	30 June 2020
	\$'000	\$'000
GST receivable	<u>67</u>	<u>50</u>
	<u>67</u>	<u>50</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.

7 Financial assets at fair value through profit or loss

	30 June 2021	30 June 2020
	\$'000	\$'000
Private equity investments	234,380	97,300
Unlisted managed investment funds	3,062	3,166
Unlisted equities (Note 12)	<u>7,855</u>	<u>5,277</u>
	<u>245,297</u>	<u>105,743</u>

8 Payables

	30 June 2021	30 June 2020
	\$'000	\$'000
Responsible Entity and Management fees payable	334	195
Outstanding investment settlements payable*	853	-
Other expenses payable	<u>243</u>	<u>1</u>
	<u>1,430</u>	<u>196</u>

*Outstanding investment settlements payable wholly comprise of secondary investments made under deferred payment arrangements amounting to USD 649,408 (2020:NIL) which fall due no later than 30 June 2022.

9 Unitholders' equity

	30 June 2021	30 June 2020
	No. of units	No. of units
	'000	\$'000
Units on issue at the beginning of the reporting period	164,521	164,021
- Units issued	74,773	-
- Distributions reinvested (DRP)	788	500
Units on issue at the end of reporting period	240,082	164,521
	\$'000	\$'000
Units on issue at the beginning of the reporting period	205,686	205,026
- Units issued	93,467	-
- Distributions reinvested (DRP)	992	660
Units on issue at the end of reporting period	300,145	205,686

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.

10 Distributions

	30 June 2021	30 June 2020
	\$'000	\$'000
a Distributions paid		
Distribution paid - December	5,982	4,100
Distribution paid - March	-	2,055
Distribution paid and payable - June	5,993	2,055
	11,975	8,210
b Dividend reinvestment plan		
Distribution paid - December	(497)	(338)
Distribution paid - March	-	(165)
Distribution paid and payable - June	(495)	(157)
	(992)	(660)
Net distributions paid/payable in cash	10,983	7,550

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

11 Cash flow information

	30 June 2021 \$'000	30 June 2020 \$'000
(a) Reconciliation of net cash flow from operating activities to net profit for the period:		
Net Profit for the period	45,190	6,146
Change in fair value of investments and foreign cash held	(47,166)	(8,631)
Proceeds from sale of investments	-	187,289
Payments for purchase of investments	(83,912)	(69,304)
Change in receivables	(17)	(6)
Change in payables	382	(33)
Net cash (outflow)/inflow from operating activities	(85,523)	115,461
(b) Non-cash financing activities		
Units issued under the distributions reinvestment plan (DRP)	992	660
	992	660

12 Financial risk management

The Trust holds the following financial instruments:

	30 June 2021 \$'000	30 June 2020 \$'000
Financial Assets		
Cash and cash equivalents	103,266	108,431
Receivables	67	50
Investments at fair value through profit or loss (Note 7 and Note 13)	245,297	105,743
	348,630	214,224
Financial Liabilities		
Payables	1,430	196
	1,430	196

12 Financial risk management (continued)

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 and private credit 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 with which the Investment Manager has prior experience.

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%	+10%
	\$'000	\$'000
30 June 2021	(36,795)	24,530
30 June 2020	(15,861)	10,574

(ii) Foreign exchange risk

As at 30 June 2021 the portfolio's net assets was invested 94.64% (2020: 95.98%) in US dollar denominated financial assets and financial liabilities. The portfolio had an exposure to foreign cash and investments of A\$323m (2020: A\$207m).

Sensitivity analysis

The sensitivity analysis has been performed under the assumption that Australian Dollar strengthened or weakened +/-15% (30 June 2020: +/-15%) against the major currencies to which the Trust is exposed.

12 Financial risk management (continued)

a. Market risk (continued)

(ii) Foreign exchange risk (continued)

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

30 June 2021	Cash	Investments
	\$'000	\$'000
Assets (AUD)		
Euro	-	5
United States Dollar	<u>102,829</u>	<u>220,557</u>
	<u>102,829</u>	<u>220,562</u>
30 June 2020	Cash	Investments
	\$'000	\$'000
Assets (AUD)		
United States Dollar	<u>107,300</u>	<u>100,466</u>
	<u>107,300</u>	<u>100,466</u>

(iii) Interest rate risk

The main interest rate risk for the Trust arises from its cash holdings.

	30 June 2021	30 June 2020
	\$'000	\$'000
Cash and cash equivalents		
Cash balance subject to floating interest rate	103,266	108,431

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 increased by \$0.155m and decreased by \$0.516m. (2020: increased by \$0.163m and decreased by \$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+). (2020: 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.

12 Financial risk management (continued)

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).

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 Pengana Capital Group (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.

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.

The information from which the Investment Manager of unlisted managed funds and private equity funds derive 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;
- 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.

12 Financial risk management (continued)

d. Fair value measurement (continued)

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.

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.

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.

30 June 2021	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Private equity investments	-	-	234,380	234,380
Unlisted managed investment funds	-	3,062	-	3,062
Unlisted equities	-	7,855	-	7,855
Total	-	10,917	234,380	245,297

30 June 2020	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
Private equity investments	-	-	97,300	97,300
Unlisted managed investment funds	-	3,166	-	3,166
Unlisted equities	-	5,277	-	5,277
Total	-	8,443	97,300	105,743

As of 30 June 2021, where available, all investments in private equity investments 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 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:

30 June 2021	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 year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at financial year end
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Private equity investments	97,300	75,645	-	-	61,435	234,380	61,435
Total	97,300	75,645	-	-	61,435	234,380	61,435

12 Financial risk management (continued)

d. Fair value measurement (continued)

30 June 2020	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 year end
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Private equity investments	25,514	65,975	-	-	5,811	97,300	5,811
Total	25,514	65,975	-	-	5,811	97,300	5,811

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 gains relating to assets classified within level 3 at the end of the period is \$61,435,495 (30 June 2020: \$5,810,531).

At reporting date, if the unobservable inputs had been 10% higher and 15% lower (30 June 2020: 10% higher and 15% lower) profit or loss of the Trust would have increased by \$6,143,550 and decreased by \$9,215,324 (30 June 2020: increased by \$581,053 and decreased by \$871,580).

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 Zimmerman	Non-Executive Director
Russel Pillemer	Chief Executive Officer and Managing Director
Katrina Glendinning	Executive Director

Key management personnel unitholdings

At 30 June 2021, Katrina Glendinning held 53,933 units in the Trust (30 June 2020: 53,950 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 year end.

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 ('PIML') is the Responsible Entity of the Trust. The Responsible Entity has appointed Pengana Capital Limited ('PCL'), also a member of Pengana Capital Group (PCG), 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 Trust pays PIML a responsible entity fee of 0.05% p.a. and pays PCL a management fee of 1.20% p.a. for the management and operational oversight of the Trust. PCL pays 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. The responsible entity fee of 0.05% and the management fee of 1.20% p.a. are calculated monthly in arrears using the gross value of the investment portfolio. The fees are payable directly from the Trust and reflected in the NAV per Unit.

The costs of the offer ('IPO'), the issue of Alignment shares, and the Rights issue 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 potentially payable by the Trust is 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 2021	30 June 2020
	\$	\$
Responsible entity fee and management fee	3,578,712	2,706,777
Aggregate amount payable for responsible entity fee and management fee	334,243	195,222

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. Refer to 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 2021	30 June 2020
	\$	\$
Secondaries management fee and carried interest fee	276,573	6,635
Aggregate amount payable for Secondaries Management Fee and Carried Interest Fee	242,933	-

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 invests ("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.

13 Related party transactions (continued)

Investments (continued)

The capital commitments the Trust has with GCM funds as at 30 June 2021 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 2021.

	Fair value of investment		Interest held		Commitments / In kind contributions		Dividends/ Distributions received during the year	
	\$ 30 June 2021	30 June 2020	% 30 June 2021	30 June 2020	Units / Value 30 June 2021	30 June 2020	\$ 30 June 2021	30 June 2020
Pengana Capital Group Limited Convertible Preference shares*	7,854,765	5,277,420	4.75	4.75	4,909,228	4,909,228	441,831	196,369
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	47,059,248	22,361,676	11.35	11.35	49,284,049	53,740,015	-	-
GCM Grosvenor Multi-Asset Class Fund II, L.P.	132,684,262	67,583,562	5.80	5.80	75,924,076	82,788,671	-	-
GCM Grosvenor SP Mid Market Opportunities Fund, L.P.	15,633,598	-	23.24	-	123,830,482	-	-	-
GCM Grosvenor CPP Investment Board Mid Market Opportunities Fund II, L.P.	9,424,274	-	23.24	-	30,957,620	-	-	-
GCM Grosvenor CPP Investment Board Co-Investment Fund, L.P.	240,244	-	23.24	-	12,383,048	-	-	-
GCM Grosvenor Secondary Opportunities Feeder Fund III, L.P.	3,382,769	-	7.71	-	43,956,044	-	-	-
GCM Grosvenor CPP Investment Board Mid Market Opportunities Fund, L.P.	347,437	-	23.24	-	2,183,931	-	-	-

*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 IPO.

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.

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.

15 Contingent liabilities and commitments

There were no contingent liabilities at 30 June 2021 that required disclosure (June 2020: nil).

At 30 June 2021, the Trust has the following capital commitments:

30 June 2021	Total capital commitment	Called up capital	Unfunded capital commitment
Investee	\$	\$	\$
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	49,284,049	32,255,715	17,028,334
GCM Grosvenor Multi-Asset Class Fund II, L.P.	75,924,076	75,924,076	-
Carlyle Credit Opportunities Fund Parallel L.P.	6,660,007	4,210,594	2,449,413
Vista Equity Endeavour Fund II A L.P.	5,328,005	941,650	4,386,355
HIG Middle Market Lbo Fund III L.P.	3,849,484	305,832	3,543,652
WPEF VIII Feeder L.P.	6,721,285	-	6,721,285
Alpine Investors III L.P.	1,309,801	1,221,637	88,164
Alpine Investors IV L.P.	333,000	274,401	58,599
Alpine Investors VI L.P.	333,000	220,230	112,770
Alpine Investors VII L.P.	666,001	305,257	360,744
H.I.G. Europe Middle Market Lbo Feeder Fund L.P.	5,769,785	144,245	5,625,540
Riverside Micro-Cap Fund V L.P.	5,362,637	2,651,385	2,711,252
Cornell Capital Partners Ii Parallel L.P.	5,328,005	-	5,328,005
Wynnchurch Capital Partners V L.P.	6,660,007	1,351,553	5,308,454
Peak Rock Capital Fund III L.P.	5,328,005	-	5,328,005
Valiant Peregrine Fund 2, L.P.	5,328,005	-	5,328,005
Evolution Media V, L.P.	5,328,005	4,616,693	711,312
GCM Grosvenor CPP Investment Board Mid-Market Opportunities Fund II, L.P.	8,822,134	6,199,547	2,622,587
GCM Grosvenor CPP Investment Board Mid-Market Opportunities Fund, L.P.	2,183,931	291,575	1,892,356
GCM Grosvenor SP Mid Market Opportunities Fund, L.P.	26,313,977	15,633,598	10,680,379
MC Private Equity Partners I-A, L.P.	1,919,070	1,026,217	892,853
MIC Capital Partners III Parallel (Cayman) L.P.	989,436	595,556	393,880
GCM Grosvenor CPP Investment Board Co-Investment Fund, L.P.	1,445,303	189,370	1,255,933
GCM Grosvenor Secondary Opportunities Feeder Fund III, L.P.	43,956,044	3,157,866	40,798,178
The Veritas Capital Fund VII L.P.	9,324,009	5,450,677	3,873,332
	<u>284,467,061</u>	<u>156,967,674</u>	<u>127,499,387</u>

15 Contingent liabilities and commitments (continued)

30 June 2020	Total capital commitment	Called up capital	Unfunded capital commitment
Investee		\$	\$
	\$		\$
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 L.P.	7,262,164	2,658,147	4,604,017
Vista Equity Endeavour Fund II A L.P.	5,809,731	524,276	5,285,455
HIG Middle Market Lbo Fund III L.P.	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 VI 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 L.P.	5,809,731	-	5,809,731
Wynnchurch Capital Partners V L.P.	<u>7,262,164</u>	<u>189,667</u>	<u>7,072,497</u>
	<u>191,070,403</u>	<u>87,830,352</u>	<u>103,240,051</u>

The total value of capital commitments in local currency amounts to USD 204 and EUR 8 million as at 30 June 2021 (30 June 2020: USD 131 and EUR nil million) of which USD \$121,733,577 and EUR \$91,316 have been called to date. An amount of USD \$86,465,377 and EUR \$7,816,324 remains uncalled by the investment managers.

16 Subsequent events

In the latest release to the ASX on 12 August 2021 the Trust reported a NAV per unit as at 31 July 2021 of \$ 1.3881 (31 July 2020: \$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 Responsible entity of Pengana Private Equity Trust, I state that:

- a the financial statements and notes of the Trust for the financial year ended 30 June 2021 are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the financial position of the Trust as at 30 June 2021 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
 - 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 2021.

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

On behalf of the Board,



Ellis Varejes

Chairman, Pengana Investment Management Limited
31 August 2021

Independent auditor's report to the unitholders of Pengana Private Equity Trust

Opinion

We have audited the financial report of Pengana Private Equity (the Trust), which comprises the statement of financial position as at 30 June 2021, 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 the Trust is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Trust's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- b. 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 APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 2021, the value of these unlisted investments, was \$245,296,707 which equates to 70% 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 2021 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 2021.</p> <p>We assessed the fair value of a representative sample of investments held at 30 June 2021. For unlisted UCITS funds we independently sourced their 30 June 2021 published prices and compared to the prices recorded by the Trust.</p> <p>For a representative sample of unlisted private equity funds we:</p> <ul style="list-style-type: none"> - obtained an understanding of the key processes adopted by management to determine the fair value of the investment at balance date; - confirmed the investment balances, the pro-rata ownership, and future commitments with the respective investee fund managers; - obtained the most recent audited financial statements of the underlying investment funds (as at 31 December 2020), reviewing the nature of the underlying investments held and the recorded fair values of the investments including the accounting basis adopted for such valuations; - reviewed the independence, competence and objectivity of the auditing firms of the unlisted private equity funds and reviewed the content of their audit opinions; and - obtained from management their assessment of the most recent unaudited financial information of material unlisted private equity funds (as at 31 March 2021 or 30 June 2021, 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 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; and
- 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 11 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 and Management fees and performance fees paid to the Responsible Entity, Pengana Investment Management Limited, is a significant operating expense for the Trust. The Trust also directly pays the Manager a management fee and carried interest for those Secondaries investments directly held. The Trust's accounting policy for Investment Manager Fees is described in Note 12 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 2021, Responsible Entity and management fees totaled \$3,578,712 which equates to 84% of total expenses. Secondaries management fee and carried interest fee totaled \$276,573 which equates to 7% of total expenses. Performance fees (excluding GST recovered) totaled \$nil.</p>	<p>We assessed the effectiveness of the controls in relation to the calculation of Responsible Entity and management fee, and Secondaries management fee and carried interest fee, and performance fees at the service provider responsible for the calculation. 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. We also recalculated the Secondaries management and carried interest fees, in accordance with the Product Disclosure Statement.</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 2021.</p> <p>We assessed the adequacy of the disclosures in Note 14 of the financial report in accordance with the requirements of Australian Accounting Standards.</p>

Why significant

The assessment of performance fee arrangements can be complex and judgmental due to uncertainty around future performance.

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 12 to the financial report.

How our audit addressed the key audit matter

Information other than the financial report and auditor's report thereon

The directors of the Responsible Entity are responsible for the other information. The other information is the directors' report accompanying the financial report.

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 for the financial report

The directors of the Responsible Entity of the Trust 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 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 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 either intend to liquidate the Trust or to 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.
- ▶ 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 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.

Ernst & Young

Ernst & Young



Jaddus Manga
Partner
Sydney
31 August 2021



Graeme McKenzie
Partner
Sydney
31 August 2021

ASX INFORMATION (UNAUDITED)

The shareholder information set out below was applicable as at 20 August 2021.

Distribution of unitholders

Analysis of number of equitable security holders by size of holding:

Range	Number of unitholders	Number of units	% units
1 - 1,000	137	63,640	0.0%
1,001 - 5,000	494	1,584,162	0.7%
5,001 - 10,000	806	6,282,258	2.6%
10,001 - 100,000	2,968	91,693,849	38.2%
100,001 and Over	287	140,458,169	58.5%
Total	4,692	240,082,078	100.0%

Holders holding less than a marketable parcel

	Minimum parcel size	Unotholders	Ordinary units
Minimum \$ 500.00 parcel at \$ 1.2850 per unit	390	58	5,379

Substantial unitholders

As at 20 August the following unitholders have notified the Trust that they are the substantial unitholders:

	Number of units	% of total issued units
Westpac Banking Corporation	23,991,084	10.01%

ASX INFORMATION (UNAUDITED) (continued)

20 Largest unitholders

	Number of units	% of total units
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,262,572	9.27
NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	16,237,387	6.76
NULIS NOMINEES (AUSTRALIA) LIMITED <NAVIGATOR MAST PLAN SETT A/C>	12,787,568	5.33
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	10,020,522	4.17
BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	9,198,544	3.83
CITICORP NOMINEES PTY LIMITED <DPSL A/C>	3,193,903	1.33
NATIONAL NOMINEES LIMITED	3,175,906	1.32
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	2,359,460	0.98
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,854,340	0.77
AVANTEOS INVESTMENTS LIMITED <6746319 E&A A/C>	1,600,000	0.67
LEROMA PTY LTD <KAMENEV FAMILY A/C>	1,212,000	0.50
CAPITEL PACIFIC PTY LIMITED	1,082,666	0.45
WARWICK NEGUS & LOUISE GREEN <NEGUS GREEN SUPER A/C>	1,082,666	0.45
ABYANEH PTY LTD <RWK SUPER FUND A/C>	1,077,045	0.45
FERNWAYE PTY LTD <FOLIE STAFF SUPER FUND A/C>	957,088	0.40
MS MARGARET LEONIE O'HANLON <PRENDERGAST&O'HANLON FAM A/C>	841,276	0.35
WASHINGTON H SOUL PATTINSON AND COMPANY LIMITED	800,000	0.33
ANDREW CREE + EVA ATTEBO <CREE & ATTEBO S/F A/C>	691,119	0.29
INVESTMENT CUSTODIAL SERVICES LIMITED <C A/C>	683,739	0.28
CITICORP NOMINEES PTY LIMITED	613,500	0.26
Totals: Top 20 holders of ORDINARY FULLY UNITS	91,731,301	38.21
Total Remaining Holders Balance	148,350,777	61.79

As at 20 August 2021 there were 4,692 unitholders.

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.

. ASX INFORMATION (UNAUDITED) (continued)

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.

Transaction in securities

	30 June 2021	30 June 2020
Total number of transactions in securities during the year	35	40
Total brokerage paid or accrued during the year	164,709	731,809

Principal registered address of the company

The principal registered office is Level 1, 2 and 3 60 Martin Place, Sydney, NSW 2000 Australia. Telephone (02) 8524 9900.

Registry

Computershare Investor Services Pty Limited, Level 4, 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.

ASX INFORMATION (UNAUDITED) (continued)

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.

INVESTMENTS AT MARKET VALUE

As at 30 June 2021

Company Name	Market Value \$'000	% of Gross Assets
Communication Services		
Alpine Investors III L.P.	329	0.09
Alpine Investors IV L.P.	696	0.20
Alpine Investors VI L.P.	544	0.16
Alpine Investors VII L.P.	455	0.13
Carlyle Credit Opportunities Fund Parallel L.P.	5,029	1.44
Evolution Media V L.P.	4,617	1.32
GCM Grosvenor CPP Investment Board Mid Market Opportunities Fund L.P.	347	0.10
GCM Grosvenor Co-Investment Opportunities Feeder Fund II L.P.	47,058	13.50
GCM Grosvenor CPP Investment Board Co-Investment Fund L.P.	240	0.07
GCM Grosvenor CPP Investment Board Mid Market Opportunities Fund II L.P.	9,424	2.70
GCM Grosvenor Multi Asset Class Fund II L.P.	132,684	38.07
GCM Grosvenor SP Mid Market Opportunities Fund L.P.	15,634	4.49
Grosvenor Secondary Opportunities Feeder Fund FUND III L.P.	3,383	0.97
HIG Europe Middle Market LBO Feeder Fund L.P.	5	0.00
HIG Middle Market LBO Fund III L.P.	230	0.07
MC Private Equity Partners I A L.P.	2,411	0.69
MIC Capital Partners III Parallel Cayman L.P.	688	0.20
Pengana Capital Group Preference Share	7,856	2
PIMCO Global Investment Grade Credit Fund Accumulation	1,529	0.44
Riverside Micro Cap Fund V L.P.	2,955	0.85
TCW Metwest Unconstrained Bond Fund	1,533	0.44
The Veritas Capital Fund VII L.P.	5,273	1.51
Vista Equity Endeavour Fund II A L.P.	852	0.24
Wynchurch Capital Partners V L.P.	1,525	0.44
Total long portfolio	245,297	70.37
Total cash and cash equivalents, income receivables and outstanding settlements	103,266	29.63
Gross assets	348,563	

CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

Pengana Private Equity Trust

Level 1, 2 and 3 60 Martin Place,
Sydney, NSW 2000 Australia

Telephone (61 2) 8524 9900

Facsimile (61 2) 8524 9901

Website www.pengana.com/pia

Email clientservice@pengana.com

AUDITOR

Ernst & Young

200 George Street
Sydney NSW 2000 Australia

DIRECTORS

Ellis Varejes

Independent Non-Executive Director and Chairman

Ilan Zimerman

Independent 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

COMPANY SECRETARY

Paula Ferrao



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