ASX: PE1

PENGANA PRIVATE EQUITY TRUST

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

JUNE 2020

PERFORMANCE UPDATE – JUNE 2020

NAV PER UNIT[1]	1 MONTH PERFORMANCE[2]	SINCE INCEPTION PERFORMANCE (P.A.)[2,3]	TARGET DIVIDEND YIELD[4]
$1.1902	**-4.6%**	**-0.9%**	**4%**

COMMENTARY

The Trust returned -4.6% for the month of June**. The vast majority of losses occurred as a result of the appreciation of the AUD versus the USD.** As we have discussed in previous reports, the Trust's private market investments are denominated primarily in USD. These exposures are unhedged in order to provide investors with downside protection in the event of a severe equity market correction – the AUD is likely to lose value when global equity markets decline significantly. This was certainly the case in March this year when the AUD declined to an intraday low of about $0.55 to the USD as markets were roiled by COVID-19 related volatility. The currency has since stabilised as confidence has returned to the markets and finished the month at $0.69 to the USD, a 25% appreciation from the lows**.** On a month-to-month basis, currency movements are unpredictable and may result in periods of volatility.

It is important to remember that valuations for PE1's underlying investments are typically updated at the end of each quarter.

The valuations currently incorporated in the NAV mostly reflect valuations as at the end of March during peak COVID-19 uncertainty. Company valuations in general have improved significantly as illustrated by the S&P 500 Index which has risen by 21% (in USD terms) in the June quarter.

Valuations as at the end of the June quarter will only be reflected in the 30 September NAV, which will also include specific updates for transactions such as the Instacart raising (detailed below).

In June, our private market investments detracted -0.4%, with the Multi-Asset Class Fund II ("MAC II") having the largest impact due to additional mark to market losses stemming from the COVID-related economic shutdown and market stress. **We expect the portfolio to more than recover the losses when 30 June MAC II valuations are released, driven in large part by Instacart, the largest position in the MAC II portfolio**, which announced on 11 June that it had raised $225 million in a new funding round, catapulting its valuation from $7.9 billion to $13.7 billion. Instacart, the leading on-demand grocery delivery services, has seen order volume go up by as much as 500% in the past 12 months, and the average customer spent up to 35% more per order.

GCM Grosvenor Co-Investment Opportunities Fund II ("GCF II") saw a similar performance decline (which was recognised in May) due to the current crisis. However, based on the fundamentals of the businesses within the portfolio, as well as a 40%+ increase in share price during the June quarter for both Verra Mobility (a major provider of toll management solutions to rental car companies in North America), and Pacific Architects and Engineers (which provides a broad range of mission-critical services to U.S. government, armed forces, and international players), **we believe GCF II is poised to recover and perform well when updated valuations are incorporated into the NAV**.

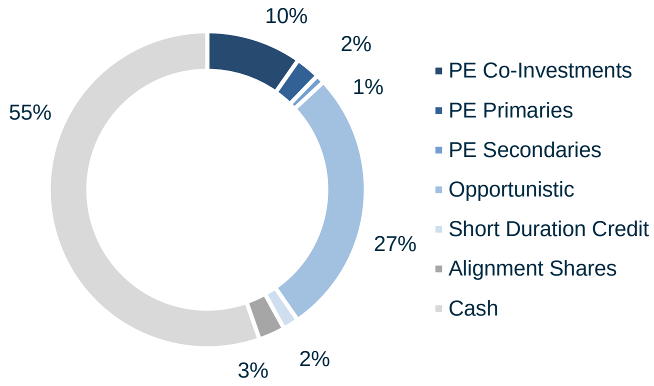
Overall, with only circa 47% of its capital invested to date, we believe PE1 is well positioned to take advantage of high quality opportunities that present themselves as market conditions continue to evolve and we strongly believe this environment will present a variety of highly compelling investment opportunities at more attractive valuations than we were observing prior to the start of the current crisis. **Private equity experienced some of the strongest returns following the last recession and we believe that the cycle-tested manager's PE1 has partnered with are well poised to take advantage of these opportunities as they arise**.

During June, GCM Grosvenor Multi-Asset Class Fund II ("MAC II") executed two new private equity investments, including a co-investment in Nubank, the largest fintech company in Latin America offering credit cards, personal loans and savings accounts by smartphone at more competitive rates than traditional Brazilian banks. Separately, GCM Grosvenor Co-Investment Opportunities Fund II ("GCF II") committed to its 16th co-investment alongside SkyKnight Capital in StarStone U.S., a specialty Property & Casualty insurance company.

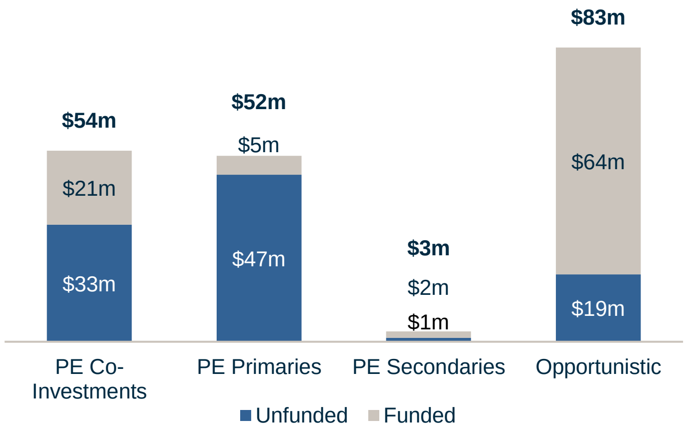
DIVIDEND & RIGHTS ISSUE

PE1 paid a dividend of 1.25 cents per unit on 30 June 2020, as well as completed a pro-rata non-renounceable rights issue of units in the Trust in early July with part of the shortfall allocated to sophisticated investors, in total having raised or received binding commitments in excess of $68 million. Utilising part of the Trust's 15% placement capacity, PE1 has received further binding commitments from sophisticated investors totalling approximately $18 million. In the near future, the Responsible Entity may place additional securities with sophisticated investors utilising this placement capacity.

PE1 Allocations by Investment Type



Breakdown of PE Commitments (A$)



Values may not sum to 100% and/or subtotals may nor aggregate precisely due to rounding.

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS[5]

OPPORTUNISTIC INVESTMENTS

During the month of June, MAC II executed two new private equity investments, including a co-investment in Nubank.

Founded in 2013 and based in São Paulo, Brazil, Nubank is the largest fintech company in Latin America. Nubank offers credit cards, personal loans and savings accounts by smartphone without the need for physical documents or branch visits, at more competitive rates than traditional Brazilian banks and with zero fees. At March 2020, Nubank had 23 million unique customers (14% of the adult population of Brazil), with 13.3 million cardholders and 19.8 million depositors.

MAC II provided senior convertible preferred equity alongside Dragoneer Investment Group, a San Francisco-based venture capital firm, to strengthen Nubank's balance sheet ahead of anticipated weakness in its credit portfolio resulting from a COVID-driven recession. The preferred equity offers a minimum high teens gross IRR in USD and is senior to the US$1 billion raised across all prior equity rounds. Pro forma for the new convertible preferred equity, Nubank will have R$4.5 billion of regulatory capital to absorb potential losses from ~R$12 billion of credit card receivables. We believe Nubank is well positioned to continue to disrupt the >US$90 billion in market cap at the four largest Brazilian banks.

CO-INVESTMENTS

In June, "GCF II committed to co-invest alongside SkyKnight Capital in StarStone U.S., a specialty Property & Casualty insurance company. With this new investment, GCF II has now executed 16 co-investments alongside 12 different sponsors in six different industries.

STARSTONE

StarStone U.S. is being lifted out of Enstar Group Limited (NASDAQ:ESGR) and capitalised with new equity with the goal of creating a best-in-class specialty insurer poised to take advantage of the attractive insurance rate environment. In addition to the existing StarStone U.S. platform, which is licensed to write both admitted and surplus lines insurance in all 50 U.S. states, StarStone U.S. intends to build a new Excess & Surplus property business on top of the company's existing casualty and professional lines of business by hiring several identified underwriters and leveraging its relationship with AmWINS, the world's leading specialty insurance wholesaler.

GCM was attracted to this investment opportunity for a number of reasons, including:

(i) the investment's attractive and asymmetric base case return profile with potential upside driven by the ramp in proposed new business lines that are experiencing strong premium pricing momentum,
(ii) the proven management team that has a track record of building multiple insurance franchises with leading performance KPIs,
(iii) the significant strategic advantages the company enjoys due to its relationships with AmWINS and Enstar, and
(iv) the opportunity to partner with a sponsor that has worked with the company's new executive team on several successful insurance investments.

Please note that this transaction is expected to close in Q3 2020, subject to regulatory approval. *There can be no guarantee that the transaction will close on this timeframe or at all.*

1. The NAV is unaudited.
2. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. The net return has been determined with reference to the increase in the Net Asset Value per Unit, as well as of the reinvestment of a Unit's distribution back into the Trust pursuant to the Trust's distribution reinvestment plan ("DRP"). Pengana has established a DRP in respect of distributions made by the Trust. Under the DRP, Unitholders may elect to have all or part of their distribution reinvested in additional Units.
3. The NAV per unit at inception is based on the subscription price per unit which is equal to $1.25.
4. From 1 July 2020, Pengana intends to target a cash distribution yield equal to 4% p.a. (prorated on a non-compounded basis) of the NAV (excluding the total value of the Alignment Shares but including the cash distribution amount payable) as at the end of the period that a distribution relates to. The targeted distribution is only a target and may not be achieved. Investors should read the Risks summary set out in Section 11 of the IPO PDS.
5. In reviewing the case studies / trade examples ("Examples") provided in this presentation, you should consider the following:

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

   References to "managers" or "investment managers" in this presentation are not necessarily to "managers" or "investment managers" of the underlying funds ("Underlying Funds") in which one or more GCM Grosvenor fund or account invests. Where expressly noted, however, references to "managers" or "investment managers" in this presentation are to the subset of investment managers of Underlying Funds in which one or more GCM Grosvenor fund or account invests.

   By accepting this information, you agree to treat it as confidential and not to use it for any purpose other than evaluating your investment in a GCM Grosvenor fund or account. Moreover, the information may include material, nonpublic information relating to particular securities and/or the issuers thereof. Furthermore, you acknowledge that you may be receiving material, nonpublic information and that, under certain circumstances, United States securities laws prohibit the purchase and sale of securities by persons or entities who are in possession of material, nonpublic information relating to such securities and/or the issuers thereof, and the securities laws of other jurisdictions may contain similar prohibition. **Therefore, it is possible that trading in securities and/or the issuers thereof which are the subject of information contained in this presentation may be prohibited by law.**

   GCM Grosvenor obtains information about investment managers with whom GCM Grosvenor funds or accounts do not invest, either through direct communication with such investment managers or through third-party sources. In attributing particular outlooks, expectations or statements to "managers" or "investment managers," GCM Grosvenor has relied exclusively on information communicated to it by such "managers" or "investment managers" or by third-party sources whom we reasonably believe to have reliable information concerning these matters. GCM Grosvenor has not independently verified such information and makes no representation or warranty as to its accuracy or completeness.

Authorised by: Paula Ferrao, Company Secretary

PENGANA CAPITAL

PENGANA INVESTMENT MANAGEMENT LIMITED
ABN 69 063 081 612 AFSL 219 462

Level 12, 167 Macquarie Street,
Sydney NSW 2000

T: +61 2 8524 9900
F: +61 2 8524 9901
E: clientservice@pengana.com

PENGANA.COM