ASX: PE1

PENGANA PRIVATE EQUITY TRUST

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

OCTOBER 2020

WATERLAND, SPACE X & UBER FREIGHT

NAV PER UNIT[1]	1 MONTH PERFORMANCE[2]	SINCE INCEPTION PERFORMANCE (P.A.)[2,3]	TARGET DIVIDEND YIELD[4]
$1.2734	**2.4%**	**3.8%**	**4%**

COMMENTARY

The Trust returned 2.4% for the month of October. This gain was mostly as a result of the continued depreciation in AUDUSD exchange rate and the increase in the value of the Alignment Shares, plus a smaller contribution from our opportunistic investments.

Over October, PE1 closed on **Waterland Private Equity Fund VIII**, its ninth private equity primary fund. Waterland VIII will implement a buy-and-build strategy across Western Europe by focussing on four sector themes: aging population, leisure & luxury, outsourcing & digitalisation, and sustainability.

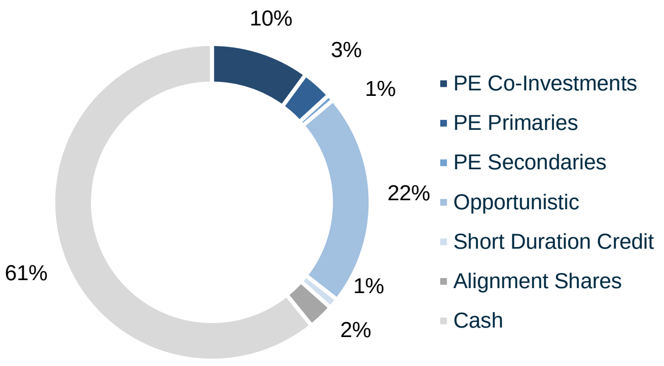
GCM Grosvenor Multi-Asset Class Fund II (“MAC II”) executed a private equity co-investment in **SpaceX** alongside D1 Capital as the company’s low-cost reusable rocket technology (in which SpaceX has a 5+ year technological lead) creates a deep competitive moat in the stable launch industry, which is supported by highly profitable government contracts.

GCM Grosvenor Co-Investment Opportunities Fund II (“GCF II”) committed to co-invest alongside Greenbrier Equity Group in **Uber Freight**, a digital freight broker and leading innovator in the highly fragmented ~US$86 billion US truck brokerage market, in which there are a significant number of vulnerable, low-tech regional players.

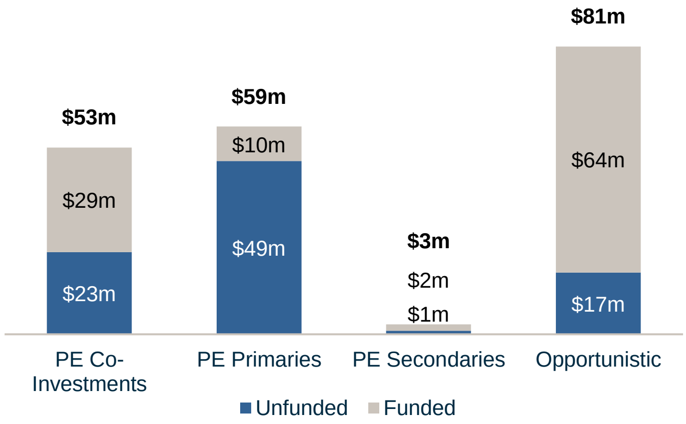
WEBINAR: THE IDEAL CLIMATE FOR PRIVATE MARKETS

We have also included a **link** to the recording of our Pengana Private Equity Trust reporting season update which we hosted this month.

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]

PRIMARY FUND INVESTMENTS

PE1 closed on its ninth private equity primary fund investment during October, a US$5 million commitment to **Waterland Private Equity Fund VIII** ("Waterland VIII").

Founded in 1999 and headquartered in Bussum, Netherlands, Waterland Private Equity Investments B.V. is a private equity firm that makes control investments in companies in fragmented markets to finance organic and acquisitive growth. Waterland's investment approach is characterised by a thorough "top-down" research of markets that it identifies as having long-term growth potential and other economic fundamentals that are favourable to a consolidation strategy, such as size, sustainable profitability, fragmentation, and a consolidation rationale. Waterland currently has nine offices located in Europe and has 77 investment professionals who have a balanced mix of operational skills, M&A experience, strategic consulting, finance experience and entrepreneurial skills.

Waterland VIII will continue the firm's investment strategy from previous funds, implementing a buy-and-build strategy across Western Europe and seeking to achieve superior returns by applying its experience and core value drivers to achieve operational and financial value creation.

The fund will focus on four sector themes: Aging Population, Leisure & Luxury, Outsourcing & Digitalisation and Sustainability, as they believe these sectors are the most conducive to its buy-and-build strategy. The growing number of elderly in the population, a preference for luxury and convenience, the emphasis on efficiency improvement and outsourcing non-core businesses, and the awareness of the environment and sustainability of human eco-support systems, all form the foundation behind their investment thesis.

Waterland's "top-down" targeted approach and focus on a consolidation strategy has facilitated the identification of numerous proprietary opportunities. Moreover, the firm has a differentiated deal sourcing model based on interactions with first generation entrepreneurs who are approaching retirement age and are keen to sell family-owned businesses that need capital to expand. Waterland also leverages its network of local industry experts, accountants, lawyers, investment bankers, intermediaries and other relationships to identify investment opportunities that are not evident or generally available and which may be pursued in less or non-competitive situations.

Waterland VIII will seek to build an investment portfolio of c. 40-50 platform companies with revenues in the range of €10-200 million and with a typical equity investment of €10-50 million per platform investment initially, and an additional €15-50 million for add-ons.

OPPORTUNISTIC INVESTMENTS

MAC II recently recently executed a private equity co-investment in **SpaceX** alongside D1 Capital.

Founded in 2002 by Elon Musk, SpaceX designs, manufacturers and launches advanced rockets and spacecrafts. The company operates out of two primary business segments: Launch and Satellite.

Launch provides rocket services, primarily commercial and government satellites, via the Falcon-9 (main launch vehicle), the Falcon Heavy (launched in February 2018, the most powerful operational rocket in the world), and the Dragon Spacecraft (free-flying spacecraft). SpaceX is currently completing its next-generation vehicle, the Starship, which is larger and more cost efficient than the Falcon-9.

Starlink is the company's Satellite business. In early 2018, SpaceX received the first FCC approval of a US-licensed satellite constellation to provide broadband internet services using a new generation of low-Earth orbit satellite technologies.

The company is also the largest private producer of rocket engines in the world.

MAC II pursued this transaction due in part to the fact that the company's low-cost reusable rocket technology creates a deep competitive moat in launch – a stable industry supported by highly profitable government contracts. SpaceX's 5+ year technological lead in reusable rocket technology has driven launch costs 75% lower than its competitors, allowing a first mover advantage in distributing low earth orbit, high speed, and low latency satellite internet globally at a high return on capital. Additionally, the global internet broadband market represents a large, US$150+ billion total addressable market with inadequate existing solutions. Broadband providers have historically been unable to provide an attractive solution to rural and underserved markets in the US. Starlink boasts faster internet speeds, lower cost, and a 5-month satellite payback period, which we believe should allow the company to successfully penetrate these populations.

CO-INVESTMENTS

GCF II recently committed to co-invest alongside Greenbrier Equity Group ("Greenbrier") in **Uber Freight**.

Headquartered in Chicago, Illinois and launched in 2017 by its parent company, Uber Technologies ("Uber"), Uber Freight is a digital freight broker and leading innovator in the ~US$86 billion US truck brokerage market. The freight brokerage marketplace is highly fragmented, and Uber Freight currently serves 270+ enterprise shippers and 5,300+ small-to-medium business shippers with ~60,000 carriers. The company brings proprietary IP to the historically manual brokerage process of matching shipper loads to carrier capacity, with the goal of lowering operating costs, reducing empty miles for carriers and providing better price transparency in the market. Uber Freight has primary operations and 900+ employees in the US and Canada.

GCF II believes that the structure of the transaction, which includes a liquidation preference that is convertible into common equity upon a qualified liquidity event (e.g., an IPO), as well as some downside protection coming from Uber's balance sheet, provides the baseline for an attractive risk-reward profile for the investment. This structure, together with

(i) a large and fragmented total addressable market that has a significant number of vulnerable, low-tech regional players that Uber Freight believes it can easily take market share from,
(ii) current business trends for Uber Freight that we believe indicate that Uber Freight is viable as a public company, and
(iii) the opportunity to marry Uber's technology leadership with Greenbriar's logistics expertise to continue scaling an already strong business,

made this investment opportunity particularly compelling.

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:

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Authorised by: Paula Ferrao, Company Secretary