

REVERENCE SHOWS FAITH IN MINISTRY

NAV
PER UNIT¹

\$1.6212

1 MONTH
PERFORMANCE²

-1.5%

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

13.2%

TARGET DISTRIBUTION
YIELD⁴

4%

COMMENTARY

The Trust returned a net -1.5% over the month of July resulting from an appreciation of the AUD:USD. In spite of rising interest rates against a backdrop of weaker growth, we have seen ongoing commitments and investments in high quality companies that require continued financing, as well as realisations within the PE1 portfolio:

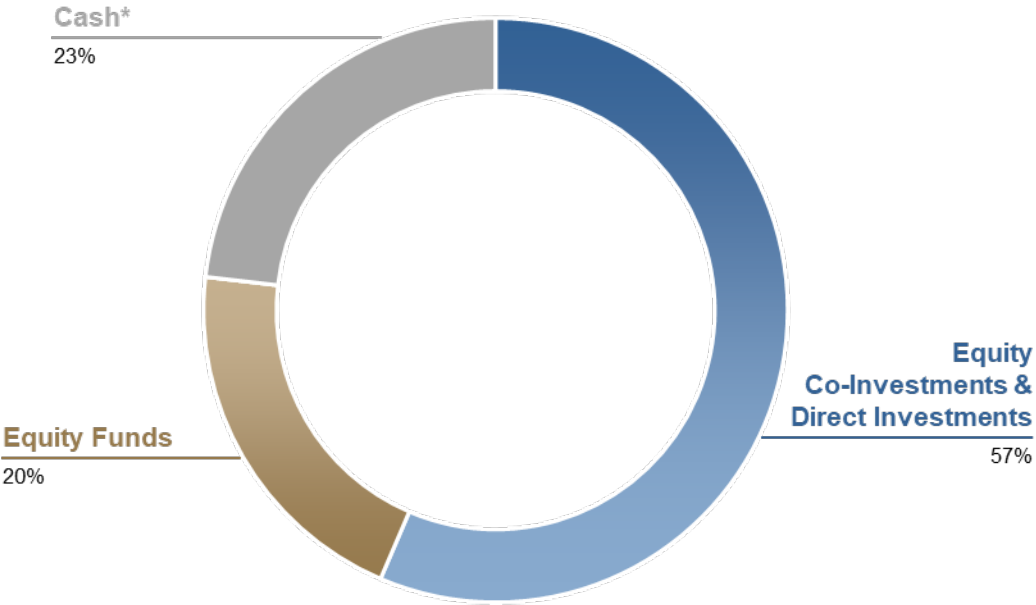
- We recently committed to a secondary investment that involved the acquisition of two funds managed by a middle-market, New York-based private equity firm that specialises in consumer, distribution, and retail-related investments. The two funds, which were purchased at an aggregate discount to 31/12/21 NAV of 15%, have diversified exposure to 14 companies.
- We recently co-invested alongside Reverence Capital Partners in **Ministry Brands**, the largest provider of core back-office software and payment solutions to faith-based organisations (“FBOs”) in North America. The company serves 96k+ FBOs, which represents ~24% of total FBOs in North America, and is the #1 provider in terms of both revenue and number of clients.
- In May 2022, Telefonica Tech, a leading company in digital transformation, agreed to acquire 100% of **BE-terna**, a 2019 co-investment in a Germany-based IT services business. The transaction closed in June, generating a gross return of ~2.8x with a potential additional ~0.2x earn-out.
- **SpaceX** recently raised US\$1.7 billion at a US\$125 billion valuation, representing a 25% increase from the company’s previous financing round last year.

The Board of Pengana Investment Management Limited declared a half-yearly distribution of 3.243 cents per unit which was paid to unitholders (who were on the register as at the record date of 4 July 2022) on 15 July 2022.

Cumulative NAV Per Unit Return Since Inception (23 April 2019 to 31 July 2022) ^{2, 3}



Portfolio Allocations by Investment Type (31 July 2022)



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

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS ⁵

EQUITY CO-INVESTMENTS



We recently co-invested in **Ministry Brands** alongside Reverence Capital Partners (“Reverence”). Founded in 2012 and headquartered in Lenoir City, Tennessee, Ministry Brands is the largest provider of core back-office software and payment solutions to faith-based organisations in North America. The company serves 96k+ FBOs, which represents ~24% of total FBOs in North America, and is the #1 provider in terms of both revenue and number of clients.

This investment was particularly attractive as it was an opportunity to acquire the market leader in the FBO software and solutions market where the continued shift from physical to digital payments, as well as the increasing adoption of FBO management software, is expected to cause the market to grow at a ~15% CAGR. Additionally, the company operates in a recession-resistant market and has strong recurring and predictable revenues (~80% of the company’s revenues are from contractually recurring software subscriptions or payment processing for recurring giving, and ~17% from re-occurring usage-based fees for background checks). Finally, there are significant operational improvement opportunities as there was limited hands-on involvement with the company by the prior owner and we believe that Reverence, who has significant payment and carve-out experience, is the right sponsor to succeed in making those improvements.



In August of 2019, GCM Grosvenor Co-Investment Opportunities Fund II, L.P. committed alongside Deutsche Private Equity into two complementary IT services businesses: Leipzig, Germany-based **BE-terna GmbH** and Munich, Germany-based **Valantic**. In May 2022, Telefonica Tech, a leading company in digital transformation, agreed to acquire 100% of BE-terna. The transaction closed in June, generating a gross return of ~2.8x with a potential additional ~0.2x earn-out on the BE-terna portion of the BE-terna-Valantic investment (or ~1.5x MOIC on the combined BE-terna-Valantic investment).



Finally, Elon Musk’s **SpaceX** recently raised US\$1.7 billion at a US\$125 billion valuation, representing a 25% increase from the company’s previous financing round last year. Proceeds from this financing round are expected to help SpaceX build out its Starlink satellite constellation, complete its next-generation Starship spaceship and heavy-lift rocket and continue to competitively recruit aerospace engineering talent.

EQUITY FUNDS

We recently committed to a secondary investment that involved the acquisition of two funds managed by a middle-market, New York-based private equity firm that specialises in consumer, distribution, and retail-related investments. The two funds, which were purchased at an aggregate discount to 31/12/21 NAV of 15%, were acquired from a family office that was seeking greater liquidity in its portfolio. The portfolio has diversified exposure to 14 companies, with the top eight underlying positions representing ~92% of the 31/12/21 NAV. In addition to the information advantage we had as an existing investor in both of these funds, we were able to leverage our relationship with the manager during due diligence to enable us to granularly assess the underlying companies in the funds and determine the appropriate discount to bid for the portfolio.

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



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