

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.

MAY 2023

A SPOTLESS INVESTMENT

NAV
PER UNIT¹

\$1.6649

1 MONTH
PERFORMANCE²

2.1%

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

11.6%

TARGET DISTRIBUTION
YIELD⁴

4%

COMMENTARY

The Trust returned +2.1% over May with almost all gains resulting from movements in foreign currencies relative to the Australian Dollar. During May we hosted a private markets and portfolio update webinar which can be [viewed online](#). We have continued to see realisations and have made a number of investments over the month including the following:

- We liquidated our co-investment in **Verra Mobility**, the #1 provider of both toll management solutions to rental car companies and fleet management companies in North America and road safety cameras in the U.S., generating a gross IRR of more than 24%.
- A secondary transaction to acquire interests in **Spotless Brands**, which operates express car washes via a strategy of partnering with best-in-class operators in premium markets and enabling transformative growth. This strategy has resulted in 140 operating locations across the US. Spotless Brands has an attractive financial profile having achieved substantial revenue and EBITDA growth over the last few years. The majority of car wash revenue derives from members who pay a monthly subscription fee, which helps drive a significant degree of revenue predictability.
- A unitranche term loan to finance the leveraged buyout of a manufacturer of mission-critical components that are primarily incorporated into satellite and defence platforms. We believe the loan is earning an above-market return, and with space being the fastest growing portion of the U.S. Department of Defence budget (c.25% CAGR over the last 3 years) we also believe that the company is well positioned to capitalise on growing demand given its 60-year track record and presence on all historical major U.S. space platforms with 100% success rates. We expect the company's performance to be stable in uncertain economic environments as 80% of its revenue is derived from defence and government customers, and space and defence revenue is often predictable over the long-term.

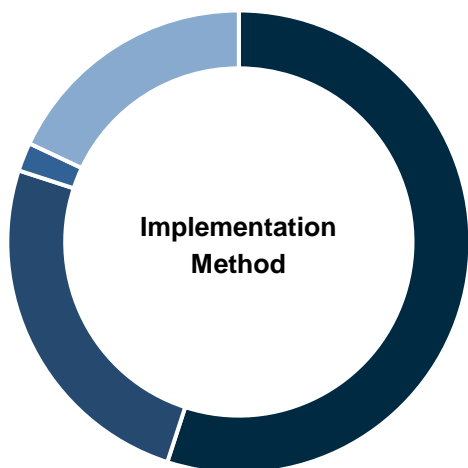


PE1 WEBINAR UPDATE

GCM Grosvenor Managing Directors Fred Pollock and Corey LoPrete provide a portfolio update and insights from the reporting season.

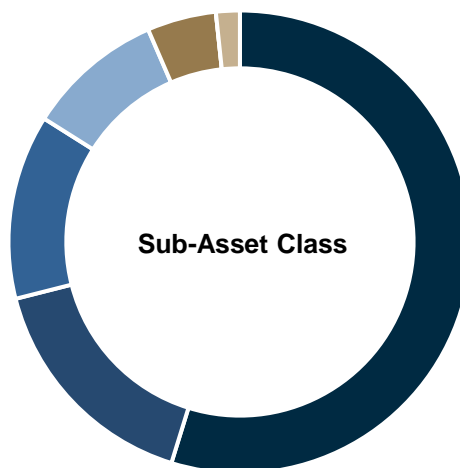
[WATCH THE WEBINAR >>](#)

PORTFOLIO DIVERSIFICATION



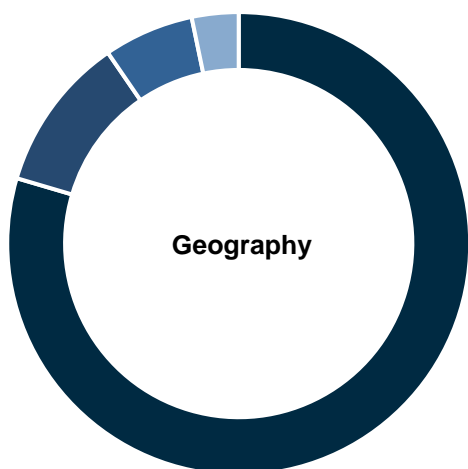
Equity Co-Investments & Direct Investments	55%
Equity Funds	25%
Private Credit	2%
Cash	18%

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



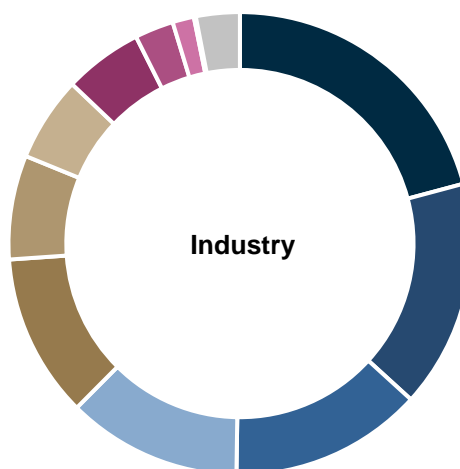
Buyout	55%
Structured Equity ⁶	16%
Growth Equity	13%
Special Situations (Including Credit)	10%
Real Estate	5%
Venture Capital	0%
Other	2%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.



North America	80%
Europe	11%
Asia/Oceania	6%
Other	3%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.



Information Technology	21%
Industrials	16%
Consumer Discretionary	13%
Health Care	12%
Financials	11%
Consumer Staples	7%
Real Estate	6%
Materials	5%
Communication Services	3%
Energy	1%
Utilities	0%
Other	3%

Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments. Refer to footnote 5 for the calculation methodology.

NAV PER UNIT PERFORMANCE AS AT 31 MAY 2023 ^{2, 3}



	1 month	1 year	3 years p.a.	Since inception p.a. ³
NAV per Unit	2.1%	6.8%	14.8%	11.6%

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS ⁷

EQUITY CO-INVESTMENTS AND DIRECT INVESTMENTS



In October 2018, GCM Grosvenor Co-Investment Opportunities Fund II, L.P. (GCF II) invested in part of a US\$400M Private Investment in Public Equity round to finance the acquisition of **Verra Mobility** by Gores Holdings II, a Special-Purpose Acquisition Company sponsored by the Gores Group. Verra Mobility is the #1 provider of both toll management solutions to rental car companies and fleet management companies in North America and road safety cameras in the U.S. We initially acquired our interests at an attractive discount to the then public share price and subsequently made a further investment in March of 2020 when the share price declined due to COVID-induced volatility in the public markets, which additional investment materially reduced our average cost basis per share. The stock price rebounded nicely post-COVID, and we completed the liquidation of our position in Verra Mobility in May, generating a gross IRR of more than 24% and a 2.3x gross multiple to GCF II. Following this realisation, investments in GCF II have returned nearly 65% of invested capital.

EQUITY FUNDS



We recently invested in a continuation fund organised by Access Holdings (Access) to finance the acquisition of interests in **Spotless Brands** (Spotless). Spotless was established in 2020 with the goal of revolutionising the express car wash industry through partnering with best-in-class operators in premium markets and enabling transformative growth. Since its initial scaled express car wash acquisition at launch, Spotless has established itself as an industry leader, acquiring three additional platforms in addition to in-fill and de novo sites, resulting in 140 locations across nine premium geographies across the U.S.

Spotless has an attractive financial profile and has achieved substantial revenue and EBITDA growth over the last few years through platform acquisitions, infill M&A, de novos, and same-store sales growth. Spotless' car wash sites have strong unit level economics with the majority of car wash revenue coming from members who pay a monthly subscription fee, which helps drive a significant degree of revenue predictability. Moreover, the U.S. car wash industry is anticipated to achieve high single-digit growth through at least the end of 2023, and we believe that Spotless is well positioned to gain market share based on its history of successfully building, opening, and ramping de novos in larger volumes than many other platforms. Finally, we believe that the sponsor and its co-investors are well-aligned with investors in this transaction, with Access making a significant commitment to the transaction out of its latest flagship fund and both Access' prior fund and co-investors rolling 100% of their exposure to the company.

PRIVATE CREDIT

We participated in a unitranche term loan to finance the leveraged buyout of a manufacturer of mission-critical components that are primarily incorporated into satellite and defence platforms used by the military and intelligence communities (the "Company"). We believe the loan is earning an above-market return with a yield to maturity that is generating +100bps more than the market rate in the liquid first-lien leveraged loan market despite lower LTVs, attractive industry dynamics, and favourable sponsor dynamics.

Space is the fastest growing portion of the U.S. Department of Defence budget with a c.25% CAGR over the last 3 years, and we expect growth to continue as the U.S. refocuses on China's near-peer military capabilities. We believe the Company is well positioned to capitalise on the growing demand given its 60-year track record and presence on all historical major U.S. space platforms with 100% success rates. We expect the Company's performance to be stable in uncertain economic environments as 80% of its revenue is derived from defence and government customers, and space and defence revenue is often predictable as military platforms typically have four-six-year lead times.

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 (23 April 2019) is based on the subscription price per unit which is equal to \$1.25.
4. 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. Portfolio Diversification charts and Top 10 Portfolio Investments tables, where applicable, represents the remaining value of the investments and are based on the Fund's percentage of ownership in the investments. Remaining value is reflected gross of both investments and Fund-related management fees, expenses and carried interest, if applicable, as of the valuation date of the respective investments reflected herein. If applicable, charts that are inclusive of both co-investments and underlying holdings of fund investments may reflect a co-investment valuation date as of the fund investment valuation date (i.e., on a quarter lag). Public underlying investments may include, but may not be limited to, investments in publicly-traded equity instruments, such as common and preferred stock, and publicly traded debt instruments, if applicable. Asset-level remaining value is presented gross of fund-level leverage which may be used in lieu of asset-level leverage. As such, the remaining value presented in this report may be a larger portion or exceed the remaining value of the parent investment.
6. Structured Equity is used to describe investments that have structural elements designed to enhance the risk/return profile of a number of our investments, including growth investments. These elements typically include a component of potential downside protection through the use of a variety of different mechanisms including, but not limited to, liquidation preferences and convertible preferred equity.
7. 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.

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Authorised by: Paula Ferrao, Company Secretary



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