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.

January 2024

HEALTHCARE & DISCOUNTED SECONDARIES

NAV PER UNIT[1]	1 MONTH PERFORMANCE[2]	SINCE INCEPTION PERFORMANCE (P.A.)[2,3]	TARGET DISTRIBUTION YIELD[4]
$1.5702	**2.9%**	**9.5%**	**4%**

COMMENTARY

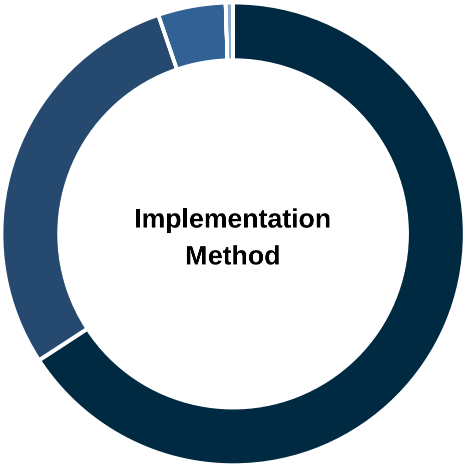
The Trust returned 2.9% over January due to a declining Australian Dollar. Over the month, we completed a number of transactions including:

- Several secondaries that included three funds purchased at an average aggregate estimated pro forma discount of 21%. The funds collectively added exposure to 44 portfolio companies that are well-diversified by remaining value, industry exposure and investment date.
- A first lien term loan issued by LifePoint Health Inc., a scaled hospital operator and healthcare services provider with 122 inpatient and 62 outpatient facilities across the United States. The company is the 3rd largest for-profit hospital operator in the US with a strong local market share (#1 position in more than 75% of the markets in which it operates), good geographic diversification, and increasing exposure to its higher margin business lines.

NAV PER UNIT PERFORMANCE AS AT 31 JANUARY 2024 [2, 3]

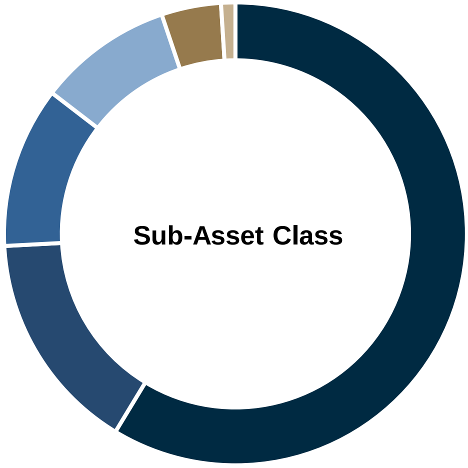
	1 month	1 year	3 years p.a.	Since inception p.a. [3]
NAV per Unit	2.9%	5.2%	15.6%	9.5%

PORTFOLIO DIVERSIFICATION



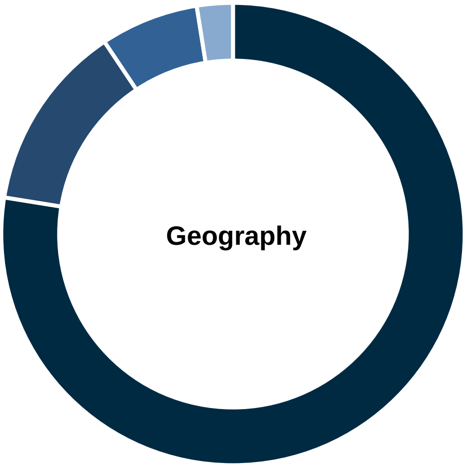
Equity Co-Investments & Direct Investments	66%
Equity Funds	29%
Private Credit	5%
Cash	1%

Cash includes short duration credit which may be used as a cash management tool. The Trust has utilised a line of credit equal to 1% of the NAV.



Buyout	59%
Structured Equity [6]	16%
Growth Equity	11%
Special Situations (Including Credit)	9%
Real Estate	4%
Venture Capital	0%
Other	1%

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	77%
Europe	13%
Asia/Oceania	7%
Other	3%

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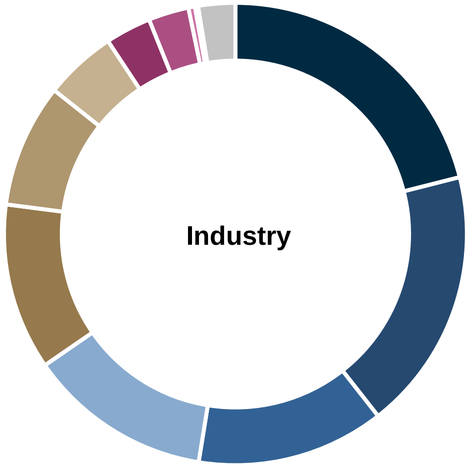

Industrials	21%
Information Technology	18%
Financials	13%
Consumer Discretionary	13%
Health Care	12%
Consumer Staples	9%
Real Estate	5%
Materials	3%
Communication Services	3%
Energy	0%
Utilities	0%
Other	3%

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.

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS [7]

EQUITY FUNDS

We recently completed several secondary transactions that collectively involved the purchase of limited partner interests in three middle market buyout funds managed by two different US-based private equity firms. The three funds, which were purchased at an average aggregate estimated pro forma discount of 21%, collectively have exposure to 44 different portfolio companies that are well-diversified by remaining value, industry exposure and investment date, with the top 10 companies comprising ~60% of NAV. The portfolio includes a nice mix of companies poised to generate potential near-term distributions (several companies have already commenced sales processes or hired brokers) and those that will be subject to longer-term holds that we believe have the potential to generate significant value creation and uplift through the hold period. As an existing investor with both managers (including in two of the three funds we purchased as part of this transaction), we had significant access to information as part of the transaction and were able to leverage our relationships with those managers during due diligence to help us understand the carrying valuations for the businesses and discuss each manager's exit projections and exit timing for their portfolios.

PRIVATE CREDIT

Lifepoint Health

We recently participated in a first lien term loan issued by **LifePoint Health Inc.** ("LifePoint") with a coupon rate equal to the secured overnight financing rate ("SOFR") + 5.50% p.a. and maturing in 2028. LifePoint is a scaled hospital operator and healthcare services provider with 122 inpatient and 62 outpatient facilities across the United States, concentrated in the South Atlantic region in primarily non-urban settings. The company, which primarily operates out of three segments (acute care hospitals that typically serve as the sole provider of care for a given community, inpatient rehabilitation facilities and inpatient behavioural health facilities), is the 3rd largest for-profit hospital operator in the US.

LifePoint has strong local market share (#1 position in more than 75% of the markets in which it operates), good geographic diversification and has been increasing its exposure over the last five years to its rehab and behavioural verticals, which tend to be higher margin business lines. Recent performance has been strong with good visibility into the 2024 rate setup, possible upside from volume recovery, some embedded growth from the company's pipeline of de novo rehabilitation and behavioural facilities over the next several years, and optionality from real estate ownership of more than 50 acute care hospitals. Moreover, the macro environment for hospitals is positive going into 2024/2025, as elevated labour costs associated with over-reliance on contract labour driven by pandemic era nursing shortages have subsided, and the resetting of commercial payor contracts (typically 3-year contracts with fixed escalators) are beginning to reset, allowing operators to begin to recapture margin eroded by the cost inflation experienced over the last few years.

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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