PENGANA DIVERSIFIED PRIVATE CREDIT FUND

28 November 2024

Dear Investor,

We were pleased to deliver our inaugural webinar on the Pengana Diversified Private Credit Fund (the "Fund") on 29 October. For those of you who were able to join, we hope you found it to be useful and informative.

For convenience, a replay of the webinar can be found here >>.

In summary, the webinar provided:

- A recap on Global Private Credit, specifically the attractive structural dynamics that have driven its growth and adoption being ***attractive yields***, ***capital stability and resilience***, and ***portfolio diversification*** benefits;
- An overview of the macro environment and how it remains attractive for Global Private Credit investing;
- An update on the performance of our underlying managers, who are performing at or above their target returns; and
- A summary of how our portfolio construction, with its wide diversification and quality of managers, positions the fund to deliver attractive returns through market uncertainty.

We also provided two case studies to illustrate the value proposition of our managers and types of transactions you can find in the portfolio. We have attached them **HERE** for ease of access.

Since publishing the webinar, the US has elected Donald Trump as its 47th President and delivered the Republican Party a majority position in both the upper and lower houses of Congress. What has followed is a lot of speculation as to what impact the election and Cabinet nominations will have on both US and Global economies, geopolitical risk and climate change policy, amongst others.

Within this context, we thought it would be interesting to provide you with some thoughts as to how our underlying managers have been thinking about the election and the overall economic outlook more generally.

1. Our managers have been monitoring the candidates, their proposed policies and initiatives, the impact these might have on their portfolios and future origination, and what adjustments they may need to make in their management and underwriting to account for the potential risks. So, for example, what impact a protectionist trade policy would have on companies, and as a result, factoring such impacts into the way they price, structure and approve investments. Additionally, for credit opportunities strategies, what new opportunities might arise from companies that could be adversely impacted;

2. There is a broad consensus that the US and European central banks will ease, but at a gradual pace and with the likelihood that rates will be higher for longer, with the implications being:
    a. The credit quality of borrowers will improve as their interest payment burdens reduce with lower base rates;
    b. While yields will come down, they will remain attractive if the higher for longer base rate thesis comes to fruition; and
    c. Companies' appetite to invest in growth, both organically and through mergers and acquisitions, is starting to gain momentum as seen through demonstrable increase in activity.

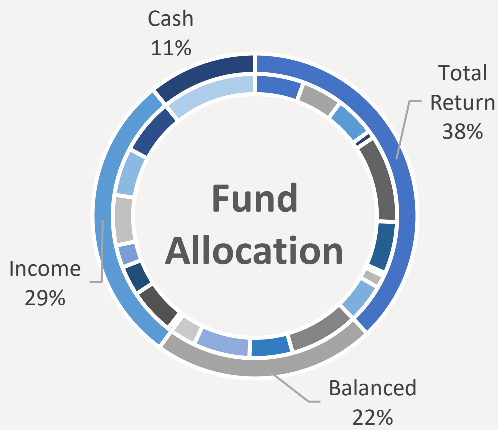
3. Regardless of how things evolve, we remain confident that our core tenets of robust manager selection and management, wide diversification, and a portfolio underpinned by resilience and relative value flexibility will support performance through market and economic uncertainty.

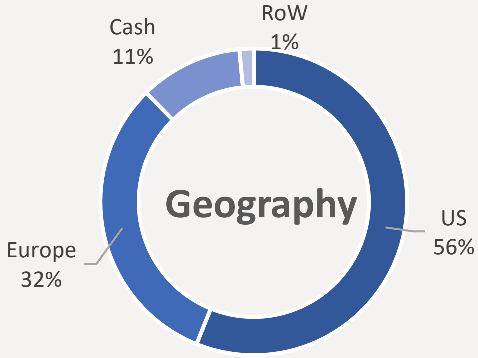
PORTFOLIO UPDATE

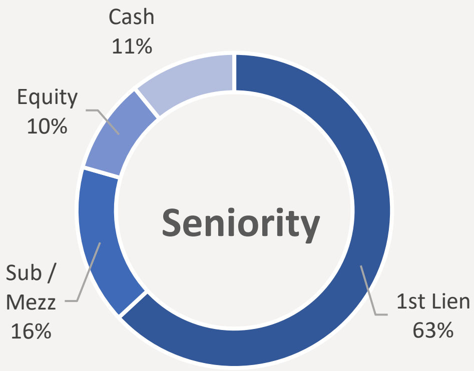
The performance of the Fund at an underlying fund level remains at or above target.

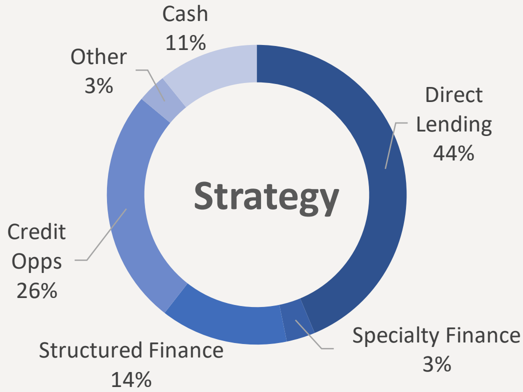
1. The Direct Lending markets in the US and Europe remain attractive for our managers given their experience and scale. They continue to achieve strong volume growth and attractive spreads and credit terms. The differentiated origination capabilities and scale of our managers enables them to continue to originate high quality loans in the core mid-market at attractive margins with strong risk protections;
2. Asset quality remains strong. Leading indicators of credit stress remain benign, with borrower revenue and EBITDA across the portfolio continuing to improve and recent base rate reductions in the US and Europe further improve underlying credit quality;
3. Our structured credit managers continue to originate attractive opportunities as regulatory capital requirements constrain bank activities; and
4. The opportunity for our Credit Opportunities managers remains attractive as a result of an increasing number of companies with distressed balance sheets requiring capital solutions, increasing bank capital requirements causing banks to seek liquidity and capital solutions, and ongoing market volatility.

Portfolio Composition









The portfolio is well diversified across geography, seniority and asset class and sits within target allocations.

New Investments

The Fund is now invested in the 20 underlying funds identified in the initial target pipeline. Going forward, we continue to evaluate new funds to determine whether their inclusion in the portfolio will provide additional diversification benefits and enhance portfolio returns. Commitments to new funds will also ensure the Fund remains fully invested as existing closed-end funds move into their harvest periods. Being able to achieve this capital efficiency on a diversified basis in closed-end funds is a key differentiator of the Fund.

Portfolio Returns

The June quarter valuations for our underlying funds continue the recent trend of predominantly meeting or exceeding target returns at an underlying level. However, these returns will take time to fully reflect in the Fund's performance because of ongoing capital calls, the time it takes for the funds to invest that capital and realise returns on investments, and the time it takes for the funds to report on their returns.

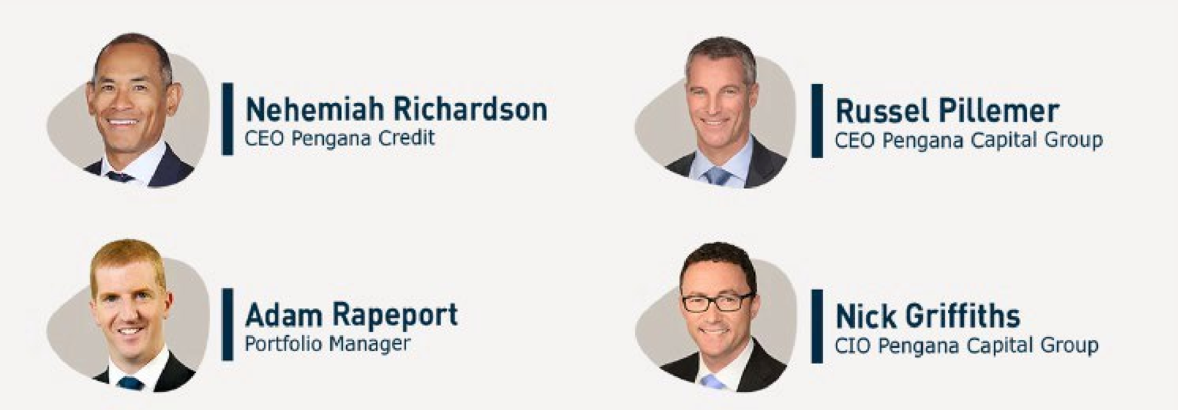
In the past few weeks, we have received many of the September quarter statements for Total Return and Balanced funds. These funds are the key drivers of the lags discussed earlier. The valuations from these statements have been very strong and, in most cases, well above target. The strength of these results will be reflected in the November Fund unit price. In addition, by year end, Total Return funds will be approximately 70% deployed and Balanced funds will be more than 80% deployed. This will reduce any lag impact on future returns and, combined with the positive November result, we should see the inception to date Fund returns increase over the coming months.

Net Returns After Fees (%)[1]

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD[1]
2024	0.83	0.82	0.94	0.38	1.56	0.11	0.37	0.55	1.09	0.59			7.75
2023											0.86	1.11	1.97

Thank you again for providing us with the opportunity to be a custodian of your capital.

Yours sincerely,



1. Due to the lag in underlying fund valuation reporting, and in order to more closely reflect the current NAV for new investors, the Trustee adjusts the NAV by the RBA Overnight Cash Rate + 6% p.a. since the date of the last valuation provided by underlying managers.
2. Fund return reflects compounded movements in the NAV.

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