SQM RESEARCH

Pengana Global Private Credit Trust

This report has been prepared for financial advisers and wholesale clients only

Favourable

May 2024

INTRODUCTION

Key Principles

SQM Research considers (but is not restricted to) the following key review elements within its assessment:

1. Business profile - product strategies and future direction
2. Marketing strategies and capabilities, market access
3. Executive Management / Oversight of the investment management firm
4. Corporate Governance / fund compliance / risk management
5. Investment team and investment process
6. Fund performance, investment style, market conditions, investment market outlook
7. Recent material portfolio changes
8. Investment liquidity
9. Investment risks
10. Fund/Trust fees and expenses

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Report Date: 8 May 2024

Star Rating*	Description	Definition	
4½ stars and above	Outstanding	**Highly suitable for inclusion on APLs** *SQM Research believes the Fund has considerable potential to outperform over the medium-to-long term. Past returns have typically been quite strong. Product disclosure statement (PDS) compliance processes are of a high-calibre. There are no corporate governance concerns. Management is extremely experienced, highly skilled and has access to significant resources.*	High Investment grade
4¼ stars	Superior	**Suitable for inclusion on most APLs** *SQM Research considers the Fund has substantial potential to outperform over the medium-to-long term. Past returns have tended to be strong. PDS compliance processes are high-quality. There are no material corporate governance concerns. Management is of a very high calibre.*	High Investment grade
4 stars	Superior	**Suitable for inclusion on most APLs** *In SQM Research's view, the Fund has an appreciable potential to outperform over the medium-to-long term. Historical performance has tended to be meaningful. PDS compliance processes are strong. There are very little to no corporate governance concerns. Management is of a high calibre.*	High Investment grade
3¾ stars	Favourable	**Consider for APL inclusion** *SQM Research concludes the Fund has a moderate potential to outperform over the medium-to-long term. Past performance has tended to be reasonable. Management is experienced and displays investment-grade quality. There are no corporate governance concerns, or they are of a minor nature.*	Approved
3½ stars	Acceptable	**Consider for APL inclusion** *In SQM Research's view, the potential for future outperformance in the medium-to-long term is somewhat uncertain. Historical performance has tended to be modest or patchy. Management is generally experienced and capable. SQM Research has identified weaknesses which need addressing in order to improve confidence in the Manager.*	Low Investment grade
3¼ stars	Caution Required	**Not suitable for most APLs** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is very uncertain. Historical returns have tended to be disappointing or materially below expectations. PDS compliance processes are potential substandard. There are possible corporate governance concerns. Management quality is not of investment-grade standard.*	Unapproved
3 stars	Strong Caution Required	**Not suitable for most APLs** *In SQM Research's opinion, the potential for future outperformance in the medium-to-long term is unlikely. Historical performance has tended to be unacceptable. There may be some material corporate governance concerns. SQM Research has a number of concerns regarding management.*	Unapproved
Below 3 stars	Avoid or redeem	**Not suitable for most APL inclusion**	Unapproved

Event-driven Rating	Definition
Hold	*Rating is suspended until SQM Research receives further information. A rating is typically put on hold for a period of two days to four weeks.*
Withdrawn	*Rating no longer applies. Significant issues have arisen since the last report date. Investors should consider avoiding or redeeming units in the fund.*

* The definitions in the table above are not all encompassing and not all individual items mentioned will necessarily be relevant to the rated Fund. Users should read the current rating report for a comprehensive assessment.

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SQM Rating

Favourable. Consider for APL inclusion.

Fund Description	
Fund Name	Pengana Global Private Credit Trust
ASX code	ASX: PCX
Asset Class	Alternatives: Diversified Private Credit
Management and Service Providers	
Investment Manager	Pengana Credit Ltd
Responsible Entity	Pengana Investment Management Limited
Fund Information	
Fund Inception Date	Expected listing in June 2024. Pre-marketing commitments received.
Fund Size	Currently Nil. >$200 million committed to date
Return Objective (per PDS)	To generate strong risk-adjusted returns with a high degree of capital protection along with stable and consistent income
Internal Return Objective	RBA Official Cash Rate + 6% p.a.
Risk Level (per PDS)	Moderate
Internal Risk Objective	Moderate
Performance Fee Benchmark	RBA Official Cash Rate + 6% p.a., with a floor of 7.5% p.a.
Number of stocks/positions	Multi-Manager Structure, around 20 Managers. Underlying loan exposure >2000 loans
Fund Leverage	Leverage predominantly at the underlying Manager level. Limited to 1.5 times NAV (see text)
Portfolio Turnover	N/A
Top 10 Holdings Weight	N/A
Investor Information	
Management Fee	1.25%
TCR (Total Cost Ratio) (est)	3.40%
Buy Spread	N/A
Sell Spread	N/A
Performance Fee Rate	20.00%
Minimum Application	Minimal - subject to broker parcel size
Investor Liquidity	Daily via ASX
Distribution Frequency	Monthly
Investment Horizon	+ 3 years
Currency Hedging Policy	Fully hedged to AUD

Fund Summary

Description

The **Pengana Global Private Credit Trust** (the "Trust") aims to provide Investors with strong risk-adjusted returns with a high degree of capital protection as well as stable and consistent income by investing in a diversified portfolio of global private credit funds, which in turn invest principally in loans to commercial mid-market borrowers. The Trust will invest in around 20 specialist private credit Managers, with exposure to potentially thousands of individual loans. Mercer acts as the Investment Consultant, with a global reach in manager research and selection.

Due to the pull-back from larger banks lending to the mid-market sector post-GFC, globally, the private credit sector has enjoyed very strong growth. Broadly, this has enabled private credit Managers to access attractive terms and conditions from borrowers. Pengana believes a multi-manager approach provides several key advantages to Australian investors, including wide diversification of risk across industries, borrowers, regions, and investment managers, which supports the construction of resilient portfolios. Thus, the strategy may access a very wide range of private credit opportunities while reducing the risk of single-manager underperformance or failure.

The Trust will **target** strong risk adjusted returns from which it will pay a target cash distribution yield of 7% per annum (net of fees, costs and taxes incurred by the Trust), paid monthly.

The Trust is structured as an open-ended, ASX-listed investment Trust. The Trust achieves its exposure to private credit assets via investments in Profit Participating Notes ("PPNs") in the Listed (Hedged) Class ("Feeder Class") issued by the Pengana Private Credit Feeder Fund. A PPN is a debt security that provides economic exposure to the underlying investments of the Feeder Class. The Feeder Fund is an exempted Cayman Islands company incorporated with limited liability. The Feeder Fund (subject of the report) will invest in the Master Fund Class (the "Underlying Fund"), comprised of 4 sub-portfolios. (see text and investment process diagram). SQM has not reviewed the underlying funds and assumes that the underlying fund managers stay within appropriate portfolio guidelines. There are some offshore risks relating to the structure including it may not be tax effective for Australian investors.

Trust Rating

The Trust has achieved the following rating:

Star Rating	Description	Definition	Investment Grading
3.75 stars	Favourable	Consider for APL inclusion	Approved

The rating has been provided based on the Manager's capability to manage the Fund, but the Fund's success also depends on the quality of the underlying manager's management of the underlying funds, which is unknown.

Inaugural Rating

SQM Research's Review & Key Observations

About the Manager

Parent Company, Investment Manager, and Investment Consultant

Pengana Capital Group is a diversified funds management group with differentiated investment strategies aiming to deliver superior long-term risk-adjusted returns to investors, focusing on capital preservation. Pengana investor channels include HNW, family offices, dealer groups, institutions and brokers, with over AUD $3 billion in FUM. **Pengana Credit**, a Corporate Authorised Representative of Pengana Capital Ltd, has been appointed as the Investment Manager of the Trust. Pengana Credit is primarily responsible for overseeing the investment process and managing the ASX-listed Hedged Class Feeder Fund. Pengana Credit implements investment decisions, manages liquidity, and implements FX hedges.

Pengana Credit has appointed Mercer as the Investment Consultant to the Master Fund, with the responsibility of identifying high-quality North American and European private credit funds, performing due diligence, assisting with portfolio construction, and monitoring and reporting on fund performance. Mercer is one of the world's largest asset consultants and outsources asset managers with USD$420 billion global assets under management and over USD$16.2 trillion FUA.

Investment Team

The investment team is headed by Nehemiah Richardson, with Adam Rapeport as Portfolio Manager. Mr Rapeport is the chief person responsible for liquidity and cash management and portfolio hedging. CIO Nick Griffiths is responsible for fund governance and asset/liability monitoring and is a member of the Investment Committee.

Rebecca Jacques and Scott Wilkinson are the key liaison staff from the Mercer side of the strategy. Mr Wilkinson, in particular, plays a key role in deploying Mercer's expertise into the strategy in terms of Manager Selection, Portfolio Construction and Investment Committee membership.

Pengana Capital Group provides support services to Pengana Credit, including operations, governance, marketing and distribution. Mercer has considerable research and wealth management teams that support their role as Investment Consultants.

SQM Research considers key person risk to be reasonably low. While at face value, the key members towards developing and managing the strategy are small in number, both Pengana and Mercer have considerable depth of talent and resources to draw on.

Offer Timetable

Readers should note the Trust is not open for subscriptions until 20 May 2024, and is not expected to trade on the ASX until 20 June 2024

IMPORTANT DATES	
Priority Determination Date	10 April 2024
Lodgement of the PDS with ASIC	19 April 2024
Offer Opening Date (9:00am Sydney time)	20 May 2024
Offer Closing Date (5:00pm Sydney time)	6 June 2024
Expected Settlement Date	13 June 2024
Expected date of the allotment of Units under the Priority Offer, Cornerstone Offer, Broker Firm Offer and General Offer	14 June 2024
Expected date for dispatch of holding statements	17 June 2024
Trading of units on the ASX commences (on a normal settlement basis)	20 June 2024

1. Investment Philosophy and Process

Investable Universe

The portfolio is a **multi-manager structure**, selecting specialist private credit managers across a wide range of sector exposures such as direct lending, structured credit, specialty finance, real asset finance, mezzanine finance, credit opportunities and enhanced cash. The portfolio will be highly diversified via geography, industry, sector and manager risk/reward profile. **North America and Europe** will be the main domiciles to be invested, but others **may** be included.

Philosophy / Process / Style

The Manager believes the best way to participate in private credit is through accessing **a number of specialist investment managers** (around 20 managers will be selected) who lend to mid-market companies. In general, the mid-market represents a very large number of companies in North America and Europe that are large enough to have resilient business models with stable and growing cashflows but have limited or even no access to debt capital due to banking regulatory changes. Due to this feature, lenders are able to access attractive terms and conditions from borrowers.

The main aim is to construct dynamic portfolios that remain resilient across economic cycles. This involves investing in private credit managers with proven track records in real-time investing and portfolio optimisation, allowing them to allocate capital strategically based on relative value within their strategies.

The portfolio construction emphasises an overarching goal of capital preservation and stable income. The strategy prefers exposure to senior secured debt with strong cashflows, security, asset backing, and other protections. Up to 20% of the portfolio will be invested in an "Enhanced Cash" class, allowing a good measure of liquidity in the portfolio.

2. Performance & Risk

Return Objective

The objective stated in the PDS is: "The Investment Objective of the Trust is to generate strong risk-adjusted returns with a high degree of capital protection as well as stable and consistent income via exposure to a diversified portfolio of global private credit investments, liquid credit investments and cash".

For performance fee calculation purposes, **"The Hurdle Return is the RBA Official Cash Rate + 6% p.a., with a floor of 7.5% p.a."**

Length of Track Record

As a new Trust, there is no track record. There is also no pre-existing directly comparable Underlying Fund from which to gain insight into potential performance and risk metrics. SQM Research notes a summary of Mercer private debt Funds has been supplied, which highlights capability in the asset class going back to 2013, managing 13 Funds in Private Debt and Senior Private Debt, in structures including Closed End Funds, Open Ended Funds, and SMAs. FUM ranges from USD$80million to USD$1.2 billion across the various Funds. SQM considers the Investment Manager (Pengana) and Investment Consultant (Mercer) are of high capability, with fair and reasonable confidence on the ability of the Fund to achieve the investment objectives.

Risk Objective

The Trust's PDS states that the risk objective of the Fund is **a "high degree of capital protection".**

SQM Research notes that due to the high level of diversification the Trust will employ, the risk objective is reasonable. However, private credit is inherently a riskier asset class than fixed interest, for example. SQM also notes the use of leverage is largely in the hands of the investee Managers and, thus, the Trust Manager will only allocate to Managers that have demonstrated both effective use and reasonable risk levels around the use of leverage. Investor capital is not and cannot be guaranteed.

Strengths of the Trust

- The Investment Manager (Pengana) and Investment Consultant (Mercer) are of strong capability, quality, experienced personnel, a high level of resourcing and a strong reputation.
- The Investment Consultant (Mercer) bears most of the responsibility for manager selection and portfolio construction. While this is a new strategy, with no pre-existing comparable Underlying Fund as a datum, SQM Research has high confidence in the Manager/Consultant to achieve a quality outcome for investors.
- Due to the global scale and reach of the Mercer business, a vast opportunity set of potential investments may be under consideration for the portfolio.
- The Trust provides retail investors with access to a portfolio of private credit investments with wide diversification across underlying Managers, strategy, geography, sector, and credit quality. SQM Research notes the Trust will be much more diversified than many private credit offerings, while still having the potential to benefit from the returns often typical of the asset class, with potentially lower risk, due to the level of diversification.
- A mechanism is in place to manage any potential discount that the Trust may suffer (see detail below)

Weaknesses of the Trust

- This is a new Trust – there is no track record, nor is there an existing underlying Fund or similar strategy where SQM (or the investor) can glean any significant information regarding performance and risk.
- Investors will rely on the capability of both Pengana and Mercer to execute the strategy and achieve the investment objectives.
- Fees are high relative to the peer group, noting there are few retail investor options in the asset class and an overall small sample size of comparables. SQM does note that the TCR is an early-stage estimation; more precise figures should be available once the Trust is in full operation.
- The structure of the offering is complex with regard to the Feeder/Master structure. This, and being ASX-listed, appears to explain part of the higher-than-peer fees.

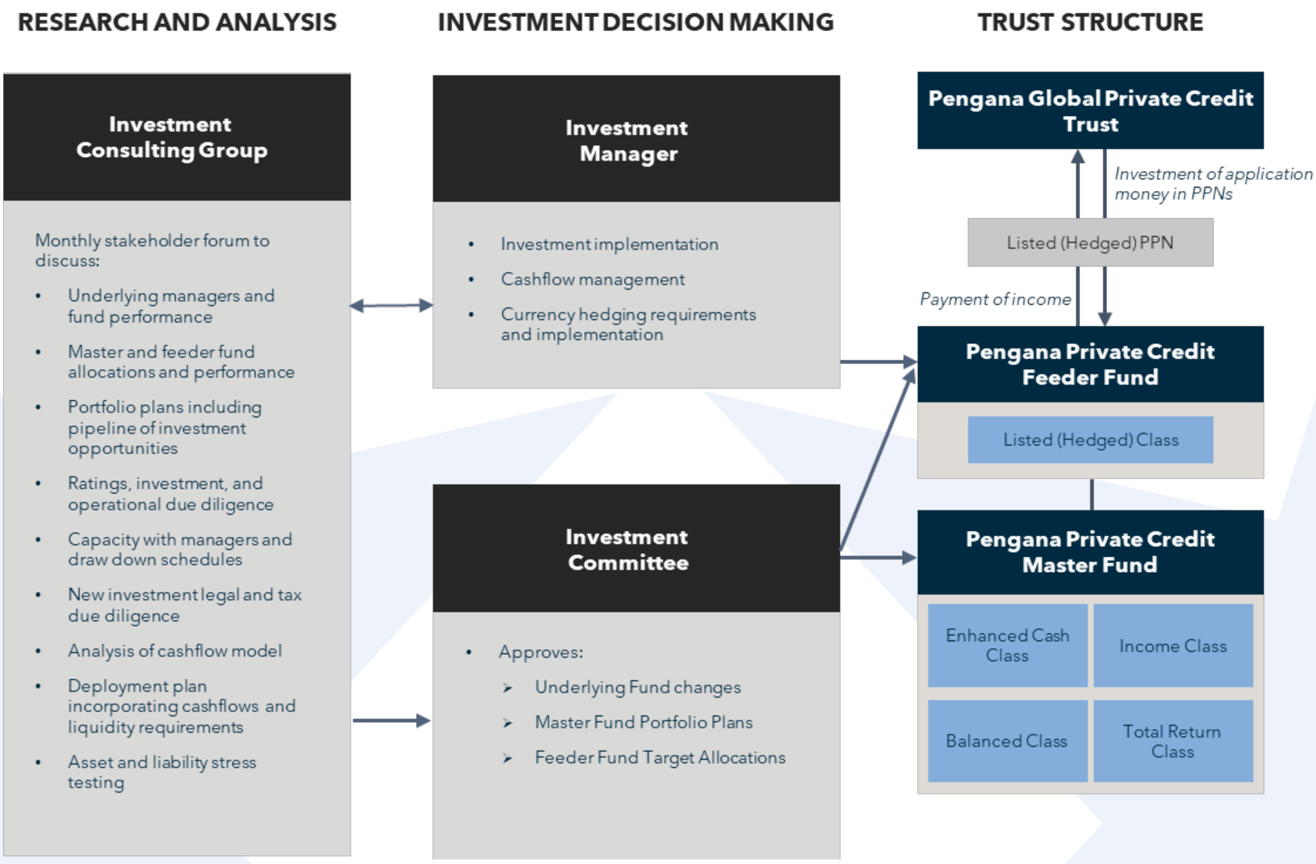
Other Considerations

- As an ASX-listed vehicle, capital management initiatives will be in place in order to reduce the likelihood of the market price of units trading at a discount from the Net Asset Value, as some listed investment vehicles often do. This mechanism includes a quarterly off-market tender offer facility allowing investors to tender units at NAV, which should give investors some confidence in the stability of the Trust's valuation.
- There are two layers of fees i.e. at the Fund level and the underlying fund level.

Key Changes Since the Last Review

- This report is an inaugural review.

Investment Process Diagram



Process Description

Investment Process	
Research and Portfolio Construction Process	**Investment Rationale** The Manager believes the best way to participate in private credit is through accessing **multiple investment managers** who lend to mid-market companies, i.e., those with US$50-$250 million of EBITDA. In general, this market represents the largest number of companies in North America and Europe that are large enough to have resilient business models, stable, growing cashflows, and strong debt serviceability but have limited access to debt capital given the structural retreat of banks from this segment following the Global Financial Crisis. As a result, private credit managers have increasingly become the dominant lenders to this segment. Loans are generally bilateral (directly between lender and borrower), which delivers bespoke solutions for the borrowers and provides the lenders with the ability to structure attractive protection structures. Such loans typically attract an illiquidity premium to public market equivalents. The focus is on investing in private credit managers with strong track records and proven ability to generate attractive returns from mid-market lending.

Investment Process

Research and Portfolio Construction Process

...continued

Pengana believes a multi-manager approach provides several advantages to Australian investors:

- Diversification of risk across industries, borrowers, regions, and investment managers, which supports the construction of resilient portfolios
- Accessing a far wider range of private credit opportunities
- Reducing the risk of single-manager underperformance or failure
- Cashflow diversification making it easier to implement and service currency hedges.

The ability to limit concentration risks and reduce exposure to correlated events helps to reduce volatility and generate stable returns. The look-through to the underlying managers demonstrates strong diversity in the number of individual borrowers, geography, and industry sectors.

Manager Selection

The Investment Consultant Mercer leverages its extensive network of relationships with private credit fund managers as well as its knowledge of the underlying investments through existing fund investing activities. Mercer focuses on opportunities involving managers (and/or management teams) with whom it has already invested or with whom it is otherwise familiar.

Mercer sees a substantial flow of new fund openings through its proprietary research and prior fund investments. Mercer is highly selective in reviewing opportunities, ensuring that investments meet the investment philosophy and Pengana Credit's requirements.

Track record is one of the four key factors Mercer focus, along with Business Management, Strategy and Alignment. Mercer assesses the historical performance, with a particular emphasis on consistency across and within the fund, including loss ratios. This analysis considers relevant and attributable prior investments and track records.

Mercer's manager research includes two forms of quantitative analysis: past performance and portfolio structure analysis, as well as substantial qualitative manager research. Underlying Manager meetings involve interview-style discussions, involving deep due diligence with the key decision-makers involved in the management of the product and other relevant staff.

Key Elements - Manager Selection Criteria

The Master Fund is comprised of three private credit Master Classes and an Enhanced Cash Master Class (see process diagram above) that differ by return expectation, risk, liquidity, and other characteristics. Underlying Manager offerings are assessed by Mercer as potential investments using a proprietary screening system that considers the pace of capital deployment, return profile, structure, and other features.

To be considered, a manager offering must meet the minimum requirements of the screening system for one of the Master Classes. Each class represents a separate portfolio, each with a unique investment objective and strategy, and has different guidelines that limit exposure by debt seniority, strategy and geography.

Investment Process	
Research and Portfolio Construction Process ***...continued***	The Master Classes' minimum requirements, which differ based on their risk and return characteristics, viz; • Total Return — RBA cash rate plus 1000 bps or more • Balanced — RBA cash rate plus 600 bps or more • Income — RBA cash rate plus 600 bps • Enhanced Cash — RBA cash rate When evaluating a fund managed by an Underlying Manager, Mercer focuses on assessment criteria based on four key factors. 1. Business Management. Quality of the team, stability, deal sourcing, value creation, investor relations, and cash flow management. 2. Strategy. Suitability for the current market environment, uniqueness of strategy, execution, "lessons learned." 3. Alignment of Interests. Alignment with investors via the evolution of terms 4. Track Record. Historical performance with emphasis on consistency, including loss ratios. Relevant and attributable prior track record Mercer believes these four factors encompass the qualities that Underlying Managers must possess to deliver strong performance in private markets. Each of the factors is assigned a score on a five-point scale that ranges between zero out of four (very negative) to four out of four (very positive). Overall strategy ratings are then derived, which are then proposed to Mercer's Private Debt Ratings Review Committee for voting. The Master Fund may invest in an Underlying Managers' fund if it is approved, following investment and operational due diligence, and if there are no adverse legal or tax issues that have been identified and which cannot be reasonably resolved. Underlying Manager selection is made with reference to such fund's risk and return characteristics, other attributes such as liquidity and pace of deployment and how well it complements the Master Fund's existing investments. **Manager Monitoring** Mercer's Risk management team uses software powered by FIS Investran to monitor funds and portfolio investments at all levels: at the client level, fund partnership level, single asset level, and the transactions between these levels. This includes the ongoing tracking of cash flows, the ongoing tracking of activity at the manager (i.e. senior professional departures, term extensions, etc.), the quarterly tracking of the underlying investment activity and the reconciliation of information to the manager-provided financial statements and portfolio updates. Mercer are also in the process on implementing iLevel to further enhance their monitoring capabilities.

Investment Process	
Research and Portfolio Construction Process ***...continued***	The Mercer Investment team member responsible for each respective fund manager maintains close contact and monitors the progress of the portfolio. Formal monitoring can include a detailed update call with the manager or an on-site visit, followed by written notes and a team update. Throughout this process, the Investment team member monitors the companies in the portfolio so that any potential ethical issues are identified and mitigated at an early stage. In the quarterly portfolio reporting, Mercer highlights both funds and underlying portfolio companies that are key value drivers and detractors in the portfolio, which illustrates concentration risk in a client's portfolio. **Portfolio Construction and Risk Limits** As mentioned, the Master Fund is comprised of four share classes. Each Master Class represents a sub-portfolio of private credit investments, liquid credit investments, and cash that share common risk, return and other key characteristics. Each Master Class has separate investment guidelines that promote diversification by determining exposure ranges for debt seniority, investment strategy and geography. Target allocations to the Master Classes are designed to achieve the Target Rates while minimising risk and satisfying future liquidity requirements. The target allocations are reviewed periodically and will conform with the investment guidelines described below. Changes to the target allocations are infrequent and driven principally by changes to the expected return and yield profiles of the Master Classes as a result of changes in the economic or lending environment. Target allocations are established based on long-term cash flow modelling. Inputs to the model include Underlying Fund commitments, calls, distributions, capital returns, subscriptions, redemptions, foreign currency rates and fees. Management of the Trust also considers its yield requirements and distribution policy as key components of its objectives and, therefore, modelling. The modelling relies on assumptions for some of the data inputs, which are generally related to the Underlying Funds. These assumptions are constantly updated to take into account information directly sourced from the Underlying Managers regarding the deal pipeline, current portfolios, capital calls and return of capital. The Trust's current Investment Guidelines are: • Master Fund Income Class: 50% - 70% • Master Fund Balanced Class: 10% - 30% • Master Fund Total Return Class: 0% - 20% • Master Fund Enhanced Cash Class, plus cash held in the Feeder Class and the Trust: 0% - 20%

Investment Process

Research and Portfolio Construction Process

...continued

Manager Termination

Within private markets, for closed end funds the termination of a manager decision process revolves around whether or not to re-up with an existing fund manager, as terminating would typically involve a secondary sale or more coordinated efforts across the investor base in the specific fund. For evergreen funds there are typically different options to redeem, such as periodic liquidity up to a % of NAV, or regular liquidity windows that allow investors to go into run-off. There is no specific list of items that are non-negotiables with managers, but there are a number of reasons for termination, including poor performance, lack of alignment with investors, and meaningful turnover on the investment team. Any decision to redeem would ultimately be approved by the Pengana Credit IC.

Due to the illiquid nature of private markets, trading out of private market funds can be a difficult process. Mercer has extensive experience in assisting clients who are considering selling private funds into the secondary market. This includes selling individual positions and selling larger portfolios of funds. Mercer has a 6 person dedicated secondaries team and is very familiar with secondary brokers and the secondary funds that are active in the market and works together with its clients on the portfolio implications as they contemplate a termination.

Risk Management

Pengana Credit and Mercer monitor portfolio exposures to ensure the Trust operates within its investment guidelines. Each of the guidelines is to be applied only at the time that a new investment is made in, or in certain limited circumstances, a voluntary redemption is made from a Master Class. Market movements, distributions and mandatory redemptions will not result in nonconformity with any of the guidelines even if, as a result, the Trust no longer conforms to certain of the foregoing guidelines.

In the event that the Trust no longer conforms to one of the above guidelines in any material respect, then Pengana Credit shall use reasonable best endeavours to bring the Trust back into material conformity with the guidelines within a reasonable period following Pengana Credit becoming aware of such non-conformity. Pengana Credit's ability to do so will be subject to the limited liquidity of the portfolio's investments.

The Pengana Credit Risk and Allocation Committee oversees the investment and allocation process and reports directly to the Responsible Entities of the Australian Feeder Funds. The committee comprises Pengana Capital Group Limited's Chief Financial Officer, Chief Operating Officer and Head of Risk and Performance. The Committee meets monthly and reports directly to the REs quarterly or intra-quarter if required.

The Investment Manager attends the meetings and provides the Committee with:

- Risk and Liquidity Report, including:
    - Master and Feeder Fund allocations relative to Investment Policy mandates
    - Asset Liability Modelling results, including stress test scenarios and results
    - Liquidity metrics and ratios relative to guidelines and triggers
    - FX hedging levels

Investment Process	
Research and Portfolio Construction Process *...continued*	• Allocation Report, including: ◦ Allocations made from Feeder Funds to Master Fund share classes ◦ Intra-month transactions and month-end rebalance ◦ Determinations of Feeder Fund eligibility/ineligibility

Other Portfolio Characteristics

Liquidity

The allocation to the Enhanced Cash Class (Up to 20% of the overall portfolio) aims to preserve capital and achieve a return, principally via income. This class invests in fixed-income securities or funds with **high liquidity.** Target allocations to the Master Classes are designed to achieve the Target Rates while minimising risk and satisfying future liquidity or redemption requirements.

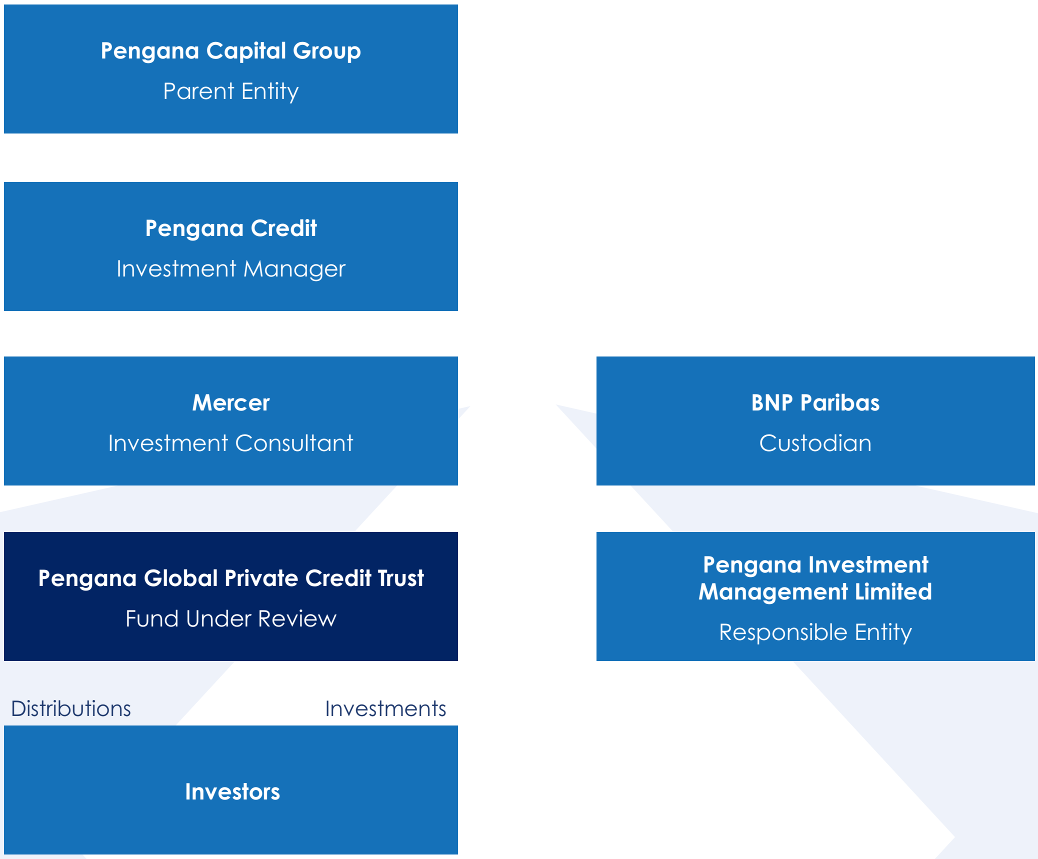
Leverage

Pengana Credit has no intention to utilise derivatives for speculative or gearing purposes for the Trust. The primary source of leverage that the Trust will be exposed to is via the **investee Funds' execution of their investment strategies.** There is no formal Trust policy on the leverage to be used by Underlying Funds. However, the **Investment Manager (Pengana Credit)** and the **Investment Consultant (Mercer)** assess the appropriateness of using leverage in executing the Underlying Managers investment strategy both during due diligence before investing and as part of ongoing monitoring. The Trust does not intend the overall leverage ratio resulting from its exposure to the Underlying Managers' investment strategies to exceed 1.50x the NAV of the Trust.

Foreign Exchange Hedging

The FX hedging implemented may employ leverage in the form of an FX hedging facility, allowing for the deferral of FX settlement payments with counterparties. This facility would be used to reduce short-term liquidity requirements arising from FX hedging rather than for long-term use. The amount of leverage used would vary between 0.00x and 0.25x the NAV of the Trust.

Key Counterparties



Parent Company

Pengana Capital Limited was established in 2003 (AFSL 226 566 granted 7 May 2003) and is a wholly owned subsidiary of Pengana Holdings Pty Ltd, a wholly owned subsidiary of Pengana Capital Group Ltd (PCG). Pengana is a diversified funds management group with differentiated investment strategies that aim to deliver superior long-term risk-adjusted returns to investors, with a focus on capital preservation. The business was founded on the premise that alignment between a fund manager and its investors is crucial.

Pengana investor channels include HNW, family offices, dealer groups and other intermediaries, institutions and brokers, with over AUD $ 3 billion in FUM. Pengana is based in Sydney and has additional offices in Melbourne, Brisbane, and Perth. The directors and staff currently own circa 45% of the business.

Investment Manager / Investment Consultant

Pengana Credit, a Corporate Authorised Representative of Pengana Capital Limited, has been appointed as the Investment Manager of the Trust. Pengana Credit is primarily responsible for overseeing the investment process and managing the Feeder Fund Listed Hedged Class ('Feeder Class'), through which the Trust gains its exposure to the underlying private credit assets. Pengana Credit implements investment decisions, manages liquidity, and implements FX hedges.

Pengana Credit has appointed **Mercer** as the **Investment Consultant** to the Master Fund, with the following responsibilities:

- Identify high-quality North American and European private credit funds
- Assess them for suitability for portfolio solutions
- Perform detailed investment and operational due diligence
- Gain access to those funds
- Develop the portfolio planning and assist with portfolio construction
- Monitor and report on fund performance.

Mercer is one of the world's largest asset consultants and outsources asset managers with USD$420 billion global assets under management and over USD$16.2 trillion FUA. The Trust leverages Mercer's global leadership in private markets, including private credit fund research, with over 220 private market professionals located in 31 offices across 4 continents.

Governance

Responsible Entity

The Board of Directors of the **Responsible Entity** (Pengana Investment Management Ltd) consists of **4** directors, **2** of whom are independent, including the Chairman. SQM Research prefers the inclusion of independent members on the Board of Directors – it is a meaningful way to enhance governance and oversight. Board members have an average of **33.8** years of industry experience.

The Responsible Entity's **Compliance Committee** is composed of **3** members, **2** of whom are independent. The Chair **is** independent. SQM Research views independence in a RE oversight body such as the Compliance Committee as a strong and favourable factor in Fund governance. Compliance Committee members have an average of **37.3** years of industry experience.

Management Risk

Funds management businesses rely on the operational capabilities of key counterparties. A critical element is the ability of the Responsible Entity to monitor operational performance and to meet the regulatory and statutory responsibilities required. For any investment fund, there is a risk that a weak financial position or management performance deterioration of key counterparties could temporarily or permanently compromise their performance and competency. This can adversely affect financial or regulatory outcomes for the Fund or associated entities.

Based on the materials reviewed, SQM Research believes that the Manager and associated key counterparties are well-qualified to carry out their assigned responsibilities. Management risk is rated as low.

Funds under Management (FUM)

FUM for Trust under Review ($mill)

New Trust – no FUM as yet. Commitments of +$200 million have been received in the pre-marketing phase.

The firm-wide FUM for the asset class is $528.6 million.

Distributions

Distributions will be **paid monthly at the discretion of the Responsible Entity** in accordance with the Trust Distribution Policy and may depend on a number of factors, including earnings, capital requirements, financial conditions, future prospects and other factors that the Responsible Entity deems relevant.

The **target cash distribution yield is an objective target only** and may not be achieved. The Responsible Entity, the Manager and the Investment Manager can provide no guarantee as to the extent of future distributions from the Trust.

The Responsible Entity has established a DRP in respect of distributions made by the Trust. Under the DRP, Unitholders may elect to reinvest all or part of their distributions in additional Units.

Investment Team and Key Staff (CIO & investment executives, portfolio managers, analysts, quant researchers)				
Name	**Responsibility / Position**	**Location**	**Years at Firm**	**Years in Industry**
Nehemiah Richardson	CEO - Pengana Credit	Melbourne	1.5	20.0
Nick Griffiths	CIO - Pengana Capital Group	Sydney	20.0	30.0
Adam Rapeport	Portfolio Manager – Pengana Credit	Sydney	0.0	25.0
Rebecca Jacques	Mercer - Principal, Wealth Management Head of Portfolio Solutions	Sydney	5.5	20.0
Scott Wilkinson	Mercer - Head of Private Debt APAC	Sydney	14.5	19.0

Investment Team

The investment team is headed by Nehemiah Richardson, with Adam Rapeport as Portfolio Manager. Mr Rapeport has chief responsibility for liquidity and cash management and portfolio hedging, which plays a key role in implementing the strategy into the listed portfolio product. CIO Nick Griffiths is responsible for fund governance and asset/liability monitoring and is a member of the Investment Committee.

Rebecca Jacques and Scott Wilkinson are the key liaison staff from the Mercer side of the strategy. Mr Wilkinson, in particular, plays a key role in deploying Mercer's expertise into the strategy in terms of Manager Selection, Portfolio Construction and Investment Committee membership.

Pengana Capital provides support services to Pengana Credit, including operations, governance, marketing and distribution. Mercer has research and wealth management teams that support their role as Investment Consultant. The functions performed by Pengana and Mercer parties are shown below.

Meeting Schedule

The table below shows regular meetings that form an essential part of the overall process.

Pengana Global Private Credit Trust	Investment / Risk Meetings - Schedule		SQM Research
Meeting	**Agenda**	**Frequency**	**Participants**
Portfolio Management	Management of fund commitments, deployment, cash flows, liquidity, capacity and FX hedging.	Daily	Pengana Credit
Security research	Investment Consulting Group: underlying manager selection • pipeline management, including fund characteristics, timing and capacity, implications for portfolio composition and diversification; • investment due diligence and rating reviews; • operational, legal and tax due diligence; • Manager monitoring and performance, including current positions, portfolio risk metrics and management of impaired assets;	Monthly	Pengana Credit and Mercer Investment Teams
Portfolio construction	Investment Consulting Group: portfolio plans and target allocations • the lending environment, incorporating macro-economic and specific strategy factors; • cash flow and asset liability modelling; • current and future deployment schedules; and • portfolio guidelines.	Monthly	Pengana Credit and Mercer Investment Teams

Pengana Global Private Credit Trust	Investment / Risk Meetings - Schedule		SQM Research
Meeting	**Agenda**	**Frequency**	**Participants**
Risk and Allocation Committee	Oversees compliance with the Investment Policy and the Allocation Policy. The Investment Policy sets out the investment objective, strategy and guidelines for the Master and Feeder Funds. The Allocation Policy governs how the allocation of investments by Feeder Funds into the Master Fund is managed and how conflicts of interest between such Feeder Funds are addressed.	Monthly	Pengana COO, Pengana CFO & Head of Risk & Performance
Governance	Pengana Credit Investment Committee:	Quarterly	2 senior Mercer representatives, Pengana Capital CIO and Pengana Credit CEO

SQM Research believes the practice of constant communication and the broad-based inclusion of team members in decision-making is a vital ingredient to the success of the process. Interactive peer review and collaboration across a tightly knit group of experienced investors will likely make the best use of their combined intellectual property and shared history.

Staffing Changes

As a new strategy, there have been no relevant changes.

SQM Research observes that the levels of investment experience and resourcing are strong across the Manager and Consultant. In SQM's view, the size and nature of staff turnover are not issues of concern.

Remuneration and Incentives

Base salaries are based on industry comparables and are reviewed annually. Bonuses are completely discretionary and are based on fund performance, business profitability, and meeting regulatory and compliance obligations. The range of possible bonus outcomes is zero to uncapped.

Remuneration is aligned with client objectives to the extent to which the investment team has equity ownership of the firm - equity ownership with a vesting period of 5-7 years. Meaningful investment across Pengana Credit vehicles is highly encouraged.

SQM Research believes remuneration in the form of firm equity and client-focused performance bonuses act as strong incentives for optimising staff engagement, retention, and productivity. The intention (and SQM believes the effect) is to align staff performance with client and shareholder objectives. It focuses on the customers' needs and medium to long-term results.

Fees and Costs	Fund	Peer Avg#
Management Fee (% p.a.)	1.25%	0.93%
Other Indirect Costs (% p.a.)	1.34%	0.12%
Performance Fee (%)	20.00%	14.00%
Total Cost Ratio TCR (% p.a.) (estimated)	3.40%	1.07%
Buy Spread (%)*	N/A	0.08%
Sell Spread (%)*	N/A	0.08%

* This spread is the difference between the Fund's application price and withdrawal price and reflects transaction costs relating to the underlying assets.

\# Peer average is based on data provided by SQM's data provider. SQM is not responsible for any error or omissions. The peer group are funds have data available through Morningstar. This can include various part of these private markets and is not narrowly defined. SQM notes only 2 from 11 of the peer group charge a performance fee.

Management Fee

The management fee Includes GST and is net of any applicable Reduced Input Tax Credits (RITC). The Management Fee includes the Responsible Entity fees as well as the investment manager fees.

Indirect Costs

Indirect Costs (estimated at 1.34%) include fees and operational costs paid at the Underlying Fund level and Feeder Fund and Master Fund expenses. All fees and costs are inclusive of GST and net of RITC.

Performance Fee

There is a performance fee charged as follows:

- 20.00% of the amount by which the Fund's investment returns (**after** base management fees have been deducted) exceed the hurdle (RBA Official Cash Rate plus 6%, floor of 7.5%).
- Including GST and the impact of RITC (Reduced Input Tax Credit).
- The fee is accrued monthly and paid to the Manager semi-annually.
- The fee is adjusted for any prior accumulated negative performance fee. Underperformance in a previous performance period must be made up for before a performance fee is payable. **This creates a permanent high-water mark.**

SQM Research observes that:

- ***The Fund management fee is 1.25% p.a., which is 32 basis points higher than the peer group average of 0.93% p.a.***
- ***The estimated Total Cost Ratio (TCR) is 3.40% p.a., which is 233 basis points higher than the peer group average of 1.07% p.a.***

The table below outlines limits on the Fund's asset allocation and other risk parameters:

Model/Fund Constraints and Risk Limits	Permitted Range or Limit
Investment Strategy	Specialty Finance - Max 54%
Investment Strategy	Structured Credit - Max 52%
Investment Strategy	Credit Opportunities - Max 11%
Investment Strategy	Others - Max 28%
Debt Seniority	Senior (1st Lien including unitranche) 100%; Subordinated (2nd Lien) - Max 31%, Equity & Equity-Linked - Max 16%

Other Constraints	
Maximum weight: single country	Australia - Max 55%
Maximum weight: geographic region	North America - Max 70%, Western Europe/UK - Max 70%, Asia, Latin America and ROW - Max 21%

Drawdown

A drawdown tracks the path of the Fund's accumulated NAV (with dividends reinvested). It is measured over the period of a peak-to-trough decline and the subsequent recovery back to that previous peak level. The total return over that entire period is, of course, zero. The metric of interest, the drawdown itself, is quoted as the percentage change between the peak and the trough over that period. Funds typically have multiple drawdowns of varying size and length over their lifetime. The table above shows how many drawdowns have occurred and their average peak-to-trough size.

Alpha

SQM defines **Alpha** as the excess return compared to the Benchmark and is calculated as

Alpha = Fund Return – Benchmark Return

A General Note on Distributions for Managed Funds

The Responsible Entity of a Managed Fund will provide for a regular schedule of distributions, such as monthly/ quarterly/semi-annual or annual. This is subject to the Fund having a sufficient distributable income. The official total distributable income available to pay to investors is determined for the period of that Fund's financial year. By distributing the net taxable income of the Fund to investors each year, a Fund itself should not be liable for tax on its net earnings.

If a Fund makes distributions more frequently than once over the financial year, those distributions will be based on estimates of the distributable income for that distribution period. The final total amount of distributable income available for passing on to investors can only be calculated after the close of the financial year, based on the Fund's taxable income for that year.

If the total distributions a Fund pays out exceed total taxable income for that particular financial year, the excess amount may be treated as a return of capital rather than income. This will possibly have tax implications for the investor.

Due to the considerations outlined above, there may be periods in which no distributions are made, or a Fund may make additional distributions.

A Fund's ability to distribute income is determined by the performance of the Fund and general market conditions. Accordingly, there is no guarantee that a Fund will make a distribution in any distribution period.

Total Cost Ratio (TCR)

Managed Investment Schemes: The TCR for Managed Investment Schemes, Exchange Traded Products, and Investment Bond funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, and the impact of dollar-based fees.

Superannuation funds: The TCR for Superannuation and Pension funds is an addition of the Investment Management Fees and Costs (including admin fees), Performance Fee Costs, Administration Fees and Costs, the impact of dollar-based fees and a deduction of Super OTC Derivative Costs.

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