Lonsec

Recommended

Product Review
Pengana Private Equity Trust

ISSUE DATE 30-09-2022

About this Review

ASSET CLASS REVIEWED	ALTERNATIVES
SECTOR REVIEWED	GROWTH ALTERNATIVES (HIGH)
SUB SECTOR REVIEWED	PRIVATE EQUITY
TOTAL COMPANIES RATED	8

About this Trust

ASIC RG240 CLASSIFIED	YES
LIT REVIEWED	PENGANA PRIVATE EQUITY TRUST
TICKER	PE1
PDS OBJECTIVE	TO GENERATE OVER AN INVESTMENT HORIZON OF AT LEAST 10 YEARS ATTRACTIVE RETURNS AND CAPITAL GROWTH THROUGH A SELECTIVE AND DIVERSIFIED APPROACH TO PRIVATE MARKETS
INTERNAL OBJECTIVE	8-14% P.A. (NET) OVER AT LEAST TEN YEARS
DISTRIBUTION POLICY	SEMI-ANNUALLY
MANAGEMENT COSTS	1.25% P.A.
PERFORMANCE FEE	20% (8% P.A. HURDLE RATE NET OF RE/MANAGEMENT FEES)
RESPONSIBLE ENTITY	PENGANA CAPITAL LIMITED

Market data

MARKET CAPITALISATION	$415M
UNITS ON ISSUE	279M
UNIT PRICE (29-9-2022)	$1.49
52 WEEK HIGH/LOW UNIT PRICE	$1.79 / $1.28
NAV (31-8-2022)	$1.62
52 WEEK HIGH/LOW NAV	$1.68 / $1.53
UNIT PRICE PREM/(DISC) TO NAV	-7.76%

About the Fund Manager

FUND MANAGER	GROSVENOR CAPITAL MANAGEMENT, L.P.
OWNERSHIP	GCM GROSVENOR (NASDAQ-LISTED)
ASSETS MANAGED IN THIS SECTOR	US$46BN (MARCH 2022)
YEARS MANAGING THIS ASSET CLASS	23

Investment Team

PORTFOLIO MANAGER	FRED POLLOCK
INVESTMENT TEAM SIZE	170
INVESTMENT TEAM TURNOVER	LOW
STRUCTURE / LOCATION	COMMITTEE/GLOBAL

Investment process

PERMITTED INVESTMENTS	PRIVATE EQUITY, PRIVATE CREDIT, OPPORTUNISTIC INVESTMENTS AND CASH
TYPICAL NUMBER OF UNDERLYING POSITIONS	50 (HEADLINE LEVEL)
CURRENCY APPROACH	UNHEDGED
LEVERAGE	US$50M (TRUST LEVEL) | UNDERLYING FUND LEVEL

Trust rating history

SEPTEMBER 2022	RECOMMENDED
OCTOBER 2021	RECOMMENDED
SEPTEMBER 2020	RECOMMENDED

What this Rating means

The **'Recommended'** rating indicates that Lonsec has strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered an appropriate entry point to this asset class or strategy.

Scope of this rating

- Lonsec has used a holistic approach in forming an opinion on this Listed Investment Vehicle's (LIV) ability to meet its stated investment objectives. The rating model includes an assessment of the underlying investment capability in addition to the vehicle's effectiveness. When assessing the underlying investment capability Lonsec has relied upon its Managed Funds research process. Vehicle effectiveness considers a range of characteristics in combination with empirical observations.
- The rating should not be considered, or in any way interpreted, as Lonsec's forward-looking opinion or otherwise on the 'intrinsic value' of the LIV and whether Lonsec believes this to be 'overvalued' or 'undervalued' relative to the prevailing traded price.

Strengths

- Grosvenor has a strong track record in private markets spanning over 20 years and highly qualified investment team applying a thorough and robust investment process.
- Being listed on the ASX provides investors with daily liquidity for an illiquid asset class.
- The Trust is diversified across various dimensions including portfolio companies, industries and regions.
- Grosvenor has developed strong relationships with GPs over time providing a good foundation for sourcing investment opportunities.

Weaknesses

- The Trust's high level of over-commitment is strongly reliant on forecasted distributions/liquidity modelling which can otherwise be subject to error. Lonsec's conviction in this aspect is still building.
- The largely closed-ended structure of the underlying co-mingled vehicles may reduce the portfolio's maneuverability and lead to a greater J-Curve impact and ongoing cash drag through time relative to peers.
- The portfolio build-out has been slow compared to peers and exacerbated by the preference to invest in internal co-mingled funds. The build-out has however been achieved within stated timeframes.
- The dual layer of management and performance fees is very high in absolute terms, high relative to peers and particularly given the slow-paced build out of the portfolio historically.

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- Related party risk stemming from the material allocation to internally managed vehicles (57%).
- The LIT may be highly correlated to the broader equity market and exhibit high volatility.

Trust Risk Characteristics

	LOW	MODERATE	HIGH
BUSINESS SUSTAINABILITY RISK		●	
CAPITAL VOLATILITY			●
CREDIT RISK			●
FOREIGN CURRENCY EXPOSURE		●	
INTEREST RATE RISK		●	
LEVERAGE RISK			●
REDEMPTION RISK		●	
SECURITY CONCENTRATION RISK		●	
SECURITY LIQUIDITY RISK			●

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

BIOmetrics

Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE							●

A Standard Risk Measure score of 7 equates to a Risk Label of 'Very High' and an estimated number of negative annual returns over any 20 year period of 6 or greater. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

	LOW	MODERATE	HIGH
RISK TO INCOME		●	

Features and benefits

	LOW	MODERATE	HIGH
COMPLEXITY			●
ESG		●	

Fee profile

	LOW	MODERATE	HIGH
FEES VS. UNIVERSE			●
FEES VS. ASSET CLASS			●
FEES VS. SUB-SECTOR			●

Fee BIOmetrics are a function of expected total fee as a percentage of expected total return.

What is this Trust?

- The Pengana Private Equity Trust ('the Trust' or ASX: PE1) is a Listed Investment Trust ('LIT') trading on the ASX following its listing on 30 April 2019. Pengana Capital Group (Pengana) has engaged Grosvenor Capital Management (Grosvenor or 'the Manager') as the investment manager of the Trust. PE1 seeks to provide diversified private markets exposure, including private equity, private credit, and other opportunistic investments. Investments are predominantly made through Grosvenor's co-mingled funds, although exposure can be through vehicles managed by third-party investment managers. PE1 targets an absolute return of 8-14% p.a. (net) over an investment horizon of at least ten years.
- The Trust also targets a cash distribution yield equal to 4% p.a., pro-rated on a non-compounded basis of the Trust's NAV paid semi-annually. The Trust's distributions are not franked. Pengana has also established a distribution reinvestment plan.
- The Trust's fees are 1.25% p.a. comprising of a 0.05% p.a. fee paid to the Responsible Entity and a 1.20% p.a. management fee alongside a 20% performance fee over a hurdle rate of 8% p.a. (net of Responsible Entity/management fees). Further, the Trust has more than one layer of management and performance fees. The Trust's investments including underlying Grosvenor funds are subject to both management and performance fees, and those underlying investments may also be subject to management and performance fees by the General Partner ('GP'). The most recent PDS available for the Trust is dated as at 11 February 2020, and per this offer document, the fee disclosure for the Trust is as follows: management costs of 2.64% p.a. comprised of a management fee and Responsible Entity fee of 1.25% p.a. of NAV (in aggregate), estimated performance fees of 0.00% p.a., estimated secondaries management and carried interest fees of 0.17% p.a. and estimated indirect costs of 1.24% p.a. The Manager has provided an updated estimated management cost as at 30 June 2021 totalling 2.87% p.a.
- Further, as per the PDS date, the Responsible Entity has also estimated the transactional and operational costs of the Trust for the financial year ending 30 June 2020 (adjusted to reflect a 12-month period) totaling 0.63% p.a. These costs are incurred in managing the Trust's assets including explicit and implicit costs of buying and selling assets, borrow costs and the cost of hedging/protection strategies. These costs are reflected in the NAV of the Trust and are borne by investors, but they are not paid to the Responsible Entity or the Manager. Please refer to the PDS for further details on fees and costs.
- PE1's NAV is struck monthly in arrears. It should be noted that many of the underlying investments are valued quarterly. Third-party pricing information may not be available regarding a significant portion of investments in certain asset classes, and in some circumstances may rely on valuation models that Grosvenor has created in order to value the assets and calculate the account value. In these instances Grosvenor's valuations will be reviewed by a third-party firm being Duff & Phelps or Valuation Research Company once a year on a rotational basis.
- The underlying funds will employ leverage from time-to-time in a variety of ways and the 'look-through' level of gearing is expected to be moderate. The Trust's mandate permits the ability to employ leverage up to 25% of the Trust's NAV, with the Manager requiring approval from Pengana to apply leverage above 15%. The Trust has established a credit facility for up to US$50m currently.

Using this Trust

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

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- As a predominately private markets strategy, equity and debt assets, Lonsec considers the Trust should likely be funded from within either the global equity or alternative growth components of a diversified portfolio. The Trust is suitable for higher risk profile investors with investment time horizons of over five years.
- The Trust is subject to equity market risk and movements, positive and negative, in the prices of the underlying investments in the portfolio. As such, the Trust is likely to exhibit high volatility and moderate-to-high correlation to global equities. Investors should be aware that the Trust may experience periods of negative returns and that there is a risk of capital loss being incurred on their investment. Lonsec also notes that there is risk of the Trust trading at a discount to NAV given the complexity of the strategy and expected volatility.
- Lonsec notes that investing in private markets is not without additional risks, and investors' tolerance for alternative asset specific risks such as those associated with the use of leverage, underlying illiquidity and estimated asset pricing should also be considered.
- The Trust will also have investments in private credit. Private credit tends to have an intermediate or long-term liquidity profile. It offers potential for excess returns relative to traditional credit. The reduced correlation between private credit and traditional credit, along with the protection of covenants in the loan documents, may help to mitigate downside risk in a well-diversified portfolio.
- The Trust invests in assets that are largely denominated in non-A$ currencies. The Trust will generally be unhedged for foreign currency movements and therefore currency fluctuations may significantly impact the value of the Trust.
- PE1 may pay unfranked distributions from capital, particularly in the early years, which could lead to the unit price reducing equal to the portion of capital distributed. The distribution policy may exacerbate reductions in the capital base at times of negative capital returns, especially during market downturns and periods of heightened market volatility. Investors should also seek professional tax advice to further evaluate any implications from the distribution policy to their personal circumstances.

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
				●	●

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Changes Since Previous Lonsec Review

- The Trust's distribution objective was changed during FY22 from targeting a cash distribution yield based on the IPO price to now based on NAV.
- A credit facility was established in September 2022. The facility size is US$50m with a maximum LTV of 25%.
- Lonsec was advised that a dedicated credit team was established in 2020 given increased deal flow and credit mandates at the firm.
- Jonathan Hirschtritt, Managing Director, now oversees the firm's Sustainability team which comprises a further three professionals. Hirschtritt has subsequently stepped down as Chairperson of the Valuation Committee which is now led by Pamela Bentley, Chief Financial Officer.
- The voting rights for Jason Metakis and Bradley Meyers, both Managing Directors, on the Valuation Committee were removed as Grosvenor considers this best practice.
- The Trust raised $57.7m of a possible $74m as part of a 1-for-5 rights issue announced on 9 March 2022 to existing unitholders and a shortfall placement to sophisticated investors. These units were allotted by 8 April 2022 and commenced trading on ASX on 11 April 2022.
- Approximately 50% of the capital raised from the rights issue will be deployed to near-term opportunities, namely four-to-six private equity co-investments and secondaries. The residual will be used to fund other new transactions and existing portfolio investments.
- Main portfolio development since the previous review include:
  - GCM Grosvenor Co-investment Opportunities Fund II has been fully invested and is now in value creation mode with 20 underlying investments. PE1's investment is majority called;
  - GCM Grosvenor Co-investment Opportunities Fund III was launched and PE1 has made $14.1m commitment. This will follow a similar strategy to the second variant above;
  - GCM Grosvenor Secondary Opportunities Fund III had its final closing in May 2022 and is now actively investing PE1's $45.7m ticket size in a blend of traditional LP secondary and GP-led secondary deals. The vehicle currently has nine investments. This is alongside directly-held and majority LP secondary deals which PE1 has a commitment of $51.5m, of which A$29.7m has been funded;
  - Grosvenor launched a second iteration of its Strategic Credit Fund (SCF2) and PE1 has invested in a sidecar of this vehicle. This targets credit transactions across direct and co-investments with a focus on distressed and event-driven deals; and
  - The GCM Grosvenor Multi-Asset Class Fund II is now in harvest mode across its 62 underlying investments. The third iteration, Multi-Asset Class Fund III was launched in 2021 and PE1 has committed $96.7m to this vehicle, the majority of which remains uncalled.
- Lonsec has not been advised of any further firm, team or process developments since its prior review.

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Lonsec Opinion of this Trust

People and resources

- Established in 1971, Grosvenor has been investing in private markets since 1999 and currently has over US$71bn (March 2022) in assets under management (AUM) across absolute return strategies, private equity, real estate, infrastructure and credit. Grosvenor is headquartered in Chicago and has a further seven offices globally. The investment team totals 170 professionals with the private equity investment platform comprising 54 investors loosely structured according to Primaries, Co-investments, Secondaries, and Opportunistic. Lonsec considers the investment team to be adequately resourced.
- Effective 18 November 2020, Grosvenor listed as a public company (NASDAQ: GCMG) after a merger with CF Finance Acquisition Corp. (NASDAQ: CFFA). Post the merger, the Grosvenor investment team continue to own c. 70% of the equity interests of the combined company, although longstanding minority investor Hellman & Friedman has since exited. Importantly, Lonsec highlights that the leadership team remains unchanged post listing, barring the creation of the Chief Technology Officer and Chief Risk Officer positions. Lonsec believes this transition has been handled appropriately to date but will continue to monitor this in future reviews.
- The Trust's Investment Committee is responsible for all investment decisions. It includes Grosvenor's President Jonathan Levin (Chair), alongside Managing Directors Jason Metakis, Bradley Meyers, Brian Sullivan and Fred Pollock, Chief Investment Officer and PE1's assigned Portfolio Manager. Lonsec notes that the Investment Committee is well-experienced with a firm tenure and industry experience averages of 11 and 22 years, respectively.
- In addition to being the Trust's Portfolio Manager and firm's CIO, Pollock also leads the Strategic Investments Group and is a member of the separate Private Markets and Absolute Return Strategies Investment Committees. Lonsec believes that these other roles help provide a broad perspective on global markets and are complimentary to his role as Portfolio Manager. Pollock has over 18 years' investment experience, seven of which gained at Grosvenor, and Lonsec considers him to be a capable investor.
- While investment decisions are undertaken by the Trust's Investment Committee, all new investments also require the approval of Grosvenor's Operations Committee. Lonsec believes that this dual-approval structure to be best practice, although noting that it is reasonably common for private equity managers. The use of an Investment Committee also helps to reduce key person risk. The Operations Committee is also well-experienced, with an average firm tenure of 18 years and average investment experience of 26 years.
- Overall, Grosvenor's investment team is considered to be highly qualified, to have strong experience in investing in private markets and be sufficiently resourced. The Private Equity Team comprises 54 professionals and executes private equity investments across primary funds, secondaries, and co-investments. In addition, Grosvenor has 58 investment professionals within absolute return strategies that focus on liquid, intermediate, and illiquid special situations credit strategies and a 12-member Strategic Investments Group, which sources, underwrites and structures opportunistic investments, primarily by executing direct investments and co-investments.
- Grosvenor also has a well-resourced 15-person Operational Due Diligence Team, who are members of the Finance and Legal Departments and are separate to the investment team. The Operational Due Diligence Team is responsible for separately reviewing investments and managers from a structuring and operations perspective firm-wide and includes members with legal, audit, tax, technology and securities experience.
- Grosvenor has in excess of 465 underlying investment manager relationships with commitments in over 1,000 underlying private equity investments and over 250 active co-investment opportunities. Lonsec considers Grosvenor's significant position in the private equity landscape provides several key advantages versus smaller peers. One such advantage is the ability to get continued access and preferred allocations into oversubscribed funds due to its existing relationships with GPs. Grosvenor also has an active presence as an adviser to underlying managers, with Advisory Board seats on over 40% of its mid-market buy-out fund investments. Lonsec also notes that Grosvenor tends to be much more willing than competitors to invest in GPs based in second or third tier cities. Lonsec believes this is a potential advantage and also indicates the breadth of coverage of the Manager.
- Lonsec notes that the Manager and investment team are highly aligned to the performance of the programme in a variety of ways, having invested US $608.4m of capital alongside that of clients, incentive fees being linked to performance outcomes, annual bonuses being based on both individual performance and the success of the firm and numerous key members of Grosvenor's management team, including investment professionals, participating in a profit share of the firm. Eligible employees also now receive shares/restricted stock units in the firm with vesting periods of over three years. Overall, Lonsec believes the strength of the alignment to be a key positive for the Trust although largely in line with peers.

Research and portfolio construction

- The Trust seeks to invest in a range of private markets investments with the target allocation range for each being; primaries (15-30%), co-investments (15-30%), secondaries (15-30%), private credit (5-15%), opportunistic (10-25%) and cash/short duration public credit (2-10%). The portfolio has been built out being achieved within three years with exposure to over 400 underlying companies. This is likely to increase to circa 500 once remaining commitments are called. Lonsec notes that the portfolio comprises 14 primary funds managed by 13 underlying managers, comprising over 100 private equity co-investments and direct investments, alongside 11 secondary transactions.
- Lonsec believes Grosvenor's due diligence process for new investment opportunities is highly detailed

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and robust across asset classes and verticals being primaries, secondaries and co-investments. The due diligence process leverages heavily the collective senior expertise of the investment team and is supported via well-resourced investment committees. Pleasingly, Lonsec highlights that the Manager is highly selective in terms of its investments which is highlighted by the low rate of primary and co-investment opportunities which have been invested into historically (circa 6%). Secondary investments are also made fairly opportunistically involving a blend of GP-led and traditional limited partner secondaries.

- Lonsec notes that primary investments are the backbone of the Manager's business with Grosvenor deploying about US$1bn a year across approximately 30 fund commitments. This is considered to benefit the Manager's deal flow across other verticals, namely secondaries and co-investments. That said, Grosvenor's recent expansion into private credit is viewed favourably given its differentiated approach to peers. Lonsec notes that the general approach is to target distressed and event-related deals which it considers beneficial to the growth potential of the portfolio albeit attracting generally higher risk than traditional private credit transactions. Lonsec however derives some comfort in the rigour and robustness of the Manager's due diligence process, despite its relatively short track record as a standalone capability in this asset class, but will continue to focus on this area in future reviews.
- Lonsec notes that the Manager has a strong North America focus, with over 70% of primary deals and co-investments being made within the US and 20% within Europe. Further, there is a broad approach to strategy type (e.g. growth equity) albeit leveraged buyout funds are of particular focus and expected to strongly feature. Grosvenor seeks investment exposure to middle market companies based on the beliefs they represent a larger set of opportunities, lower entry valuations, and have more conservative capital structures.
- The Manager will typically look to increase the portfolio weight towards growth sectors earlier in the economic cycle such as IT, Industrials, Consumer Discretionary and Financials and then transition towards defensive sectors or opportunistic investments late in the cycle or in recession such as Healthcare, Special Situations and distressed companies. That said, post the COVID-19 market dislocation and more recent economic volatility, the Manager's current outlook is rather cautious. They have a bias towards GPs who have performed well through the cycle and for secondaries the Manager has a focus on niche opportunities with difficult to access managers where they have a relationship advantage. This also extends to GP-led secondaries. For co-investments, the preference is for companies with established revenue models, preferably in defensive sectors. There is also a general approach for seeking underlying assets which provide some inflation protection. Lonsec considers this to be a sensible strategy given the current market environment.
- An aspect detracting from Lonsec's conviction has been the slow-paced build out of the portfolio compared to peers since the Trust's IPO (March 2019). The modest level of capital received compared to peers at the Trust's listing ($205m) is considered to also weigh on Lonsec's conviction relative to peers who have executed more timely portfolio build outs. Lonsec however notes that the Trust has been able to exceed its build out target timeframes. That said, the previously high investment level achieved (90%, Jan. 2022) has since been diluted given a recent rights issue (cash weight: 23%, July 2022). Lonsec highlights the timeline of deploying the majority of this capital remains somewhat uncertain given this is likely market and opportunity dependent. Lonsec will continue to monitor the development of the portfolio in future reviews.
- Lonsec views the significant use of co-mingled funds as a less than optimal approach towards portfolio construction and a key detracting feature of the offering. Lonsec notes that the Trust's exposure to equity co-investments and directs is wholly concentrated in the use of internal Grosvenor funds, namely the GCM Grosvenor Co-Investment Opportunities Feeder Fund II, GCM Grosvenor Multi-Asset Class Fund II and GCM Grosvenor Multi-Asset Class Fund III which comprise 56% of the Trust's NAV (June 2022). Further, Lonsec highlights that the Trust's secondaries exposure is also heavily concentrated in internal Grosvenor funds comprising 53% whilst the Trust's top three investments are all internal strategies which account for a sizeable 55% of its NAV (Aug. 2022).
- That said, the Manager has advised that investing through co-mingled strategies offers benefits of diversification, flexibility in size allocation and access to semi-seasoned portfolios alongside helping to reduce overall operational costs relative to direct investments. Lonsec however believes their use increases uncertainty in the timing of capital deployment and elevates the portfolio's J-Curve thereby creating a lumpier NAV return profile. It may also exacerbate cash drag in the portfolio as underlying co-mingled funds can take time to raise and build out their portfolio, elongating the capital duration of investment and capital returns to the Trust. Further, once invested, the use of the co-mingled structure means increased difficulty in manoeuvring and repositioning the Trust. The approach to managing the vehicle therefore appears to more closely resemble a closed-ended private equity vehicle compared to researched peers.
- Nonetheless, the Manager has recently established a sidecar feeder-fund into a newly-launched credit strategy in somewhat recognition of the drawbacks of co-mingled vehicles. In addition, Lonsec notes that direct opportunities are currently being sought as part of the Trust's pipeline of investments. Lonsec views these developments positively and will monitor this aspect in future reviews.
- Lonsec is mindful of potential related party risks stemming from the use of internal co-mingled funds, particularly given its material allocation: 57% (Aug. 2022). Lonsec's preference is for the use of external managers from a best practice, arm's length perspective, albeit this is an aspect where conviction can be improved through time from the appropriate management of such relationships.

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- Lonsec highlights that during the build-out phase of the portfolio, the Trust has held material cash levels alongside an allocation to short duration credit. This has been designed to provide sufficient liquidity to meet capital calls on underlying funds. Lonsec however highlights that this, alongside the Manager's currency management approach to remain unhedged, has, at times, impacted performance. This has however been exacerbated by prior portfolio decisions namely, the Manager liquidating its short duration credit exposure during Q1 2020 in favour of holding US$ cash, thereby being unable to benefit from subsequent spread compression after this period. Whilst Lonsec acknowledges this was largely dependent on the circumstances and uncertainty at the time, it notes holding considerable levels of cash may impact the value of the Trust.
- Lonsec notes that historically the sell-down of short duration public credit had reduced the dividend coverage ratio of PE1 in the near term. This has however been rebuilt and from the Manager's modelling the dividend coverage is now around 2.5x the current dividend and increasing to circa 6x by 2023 given the increase in forecasted and expected distributions and realisations in secondaries. This will however remain a watchpoint given the potential for unit price erosion from the use of capital to meet dividends.
- Lonsec considers the need for a robust valuation process to be particularly important for hard-to-value assets. Lonsec considers Grosvenor to have a robust valuation process highlighting that the Manager has firm valuation policies and a range of approaches in place to ensure that assets are valued in a timely manner. Lonsec highlights positively that the Manager's valuation process involves an internal and separate valuation team responsible for managing the overall valuation process that is separately accountable to a firm-wide valuation committee. This valuation committee is majority comprised of non-investment personnel and positively, investment personnel on this committee (two) have no voting rights. Lonsec however notes that internally-generated valuations are relied upon for certain private market assets. That said, Lonsec is pleased by the processes in place to test and vet these valuations including the annual review by separate third-party valuation firms on a rotational basis.
- Further, Lonsec views positively the recent enhancements made to the valuation process namely, practical expedient implementation (use of capital account statements as a proxy for fair value). Nonetheless, Lonsec considers the Manager's valuation process to be less tailored to an evergreen fund structure relative to researched peers. Given this is a daily liquid vehicle, and although the NAV is struck monthly relative to the standard quarterly process of private markets, the Trust is still largely reliant on the underlying investments quarterly struck valuations. Lonsec notes that under the current approach, the NAV may experience greater volatility during end of quarter valuation periods, which will likely be exacerbated during volatile investment markets.
- Related to the above and given the broader public market volatility experienced from late 2021, Lonsec is particularly mindful of the lag in private market valuations/revaluations compared to its more frequently priced public market equivalents. This pricing delay has the potential for any adverse impacts, from economic events, to portfolio companies. The impact of this has been evident in the Trust's NAV albeit Lonsec notes further repricing could continue to occur. Lonsec notes that such repricing may particularly impact the Trust's sizeable growth and structured equity holdings (30% collectively), notwithstanding downside protection measures in place with the latter. Lonsec highlights however that public market comparables are an input to the valuation process. Separately, Lonsec is mindful of the Trust's growth equity exposure and the impact to realisations from the subdued activity within the IPO market which has been historically an exit strategy for Grosvenor. This will be discussed in future reviews.
- Lonsec believes there could be greater consideration placed on the importance of valuation in private markets assets in the overall management of the offering. As mentioned above, given the broader public market volatility experienced from late 2021, Lonsec has been particularly mindful of the lag in private market valuations/revaluations compared to its more frequently priced public market equivalents. The impact of this on the Trust's NAV alongside researched peers is evolving. That said, Lonsec notes that Pengana elected to undertake a rights issue in March 2022 albeit this was followed by the repricing of notable holdings in the Trust, for example Instacart whose underlying business performance had been impacted across December 2021 and March 2022. This was subsequently reflected in the Trust's NAV in April 2022 and shortly after. Whilst the overall NAV impact has been modest, Lonsec believes a more conservative approach to such capital management decisions would be prudent during periods of market and economic volatility to ensure raisings are done at a more current Trust NAV valuation. That said, Lonsec acknowledges that peers have continued to accept product inflows in their unlisted variants throughout this period.

ESG integration

- Lonsec's ESG integration assessment considers how rigorous, robust and structured the ESG process for the Trust is as well as how well it integrates into the overall investment process and the Manager's overall policy and reporting framework. The assessment is not intended to assess the underlying holdings of the Trust or the Manager's adherence to any form of impact, green/sustainable or ethical standards.
- At the overall corporate level, Lonsec views the Manager's overall ESG framework as behind peers. The Manager has articulated a commitment to integration of ESG within their investment process with clear evidence of public positioning and policy framework. The ESG policy is freely available on the firm's website and provides high level guidance on engagement practices. The proxy voting policy is not publicly available, but the Manager has provided a copy to Lonsec for review. The level of disclosure with respect to proxy voting policy and reporting is lagging peers with no reporting on voting outcomes publicly available. The engagement policy lacks

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depth compared to peers and the Manager does not publicly report on engagement outcomes.

- The Manager has indicated that their Responsible Investment style is 'ESG Integration' and as such that they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. Note that such an approach does not automatically ensure that the resulting portfolio will adhere to any particular structure or provide any particular level of ethicalness, greenness or sustainability.

Risk management

- As previously noted, all of the Trust's investment decisions require approval from both the Operations Committee and the Investment Committee. Lonsec believes this structure may help identify fraud and/or avoid other legal issues ahead of time.
- Risk is managed through deep analysis at the entry stage, both in terms of the investment capability and ensuring legal rights are preserved, given the Manager invests as a minority Limited Partner (LP) investor. As mentioned, the Manager will also look to gain Advisory Board seats where possible. That said, Lonsec highlights that the risks of private market investments are difficult to manage after the initial investment given their illiquidity.
- Further, given the Manager predominantly invests as a LP in transactions, this may serve to increase the potential opportunity set for the Trust given the firm is not in direct competition for deals with GPs. Nonetheless, Lonsec notes that given the Manager will generally have limited discretion in the control and direction of the underlying assets, the performance of the Trust may be largely reliant on the skill of third-party managers and sponsors.
- Lonsec highlights that maintaining portfolio liquidity is a key consideration in the management of the offering and particularly during the Trust's early years given the need to meet capital calls on underlying investments. Liquidity management is also considered to be particularly important given the Trust's cash distribution yield target. An internally derived quantitative model is used alongside stress testing of dividend and capital call assumptions. Lonsec considers the Manager's approach to cash flow modelling to be pragmatic and views favourably the vetting of liquidity assumptions by the firm's risk management and treasury teams.
- Whilst appreciating the Manager's intention to provide a high investment level, Lonsec has some concerns around the material level to which the Trust is over-committed. Lonsec notes that the Trust's capital commitments currently total $220.4m (June 2022) whilst its cash balance approximates a more modest $119.8m (July 2022). This quantum of over-commitment is considered to be a concern given meeting these commitments is highly reliant on forecasted distributions which Lonsec notes involves a high degree of discretion in assumptions which can otherwise leave minimal margin for error should there be a misstep in the forecasting process or variation in realised outcomes. This is considered to be compounded by the closed-end vehicle structure which inherently limits inflows and exacerbated by the Trust's high exposure to co-mingled funds which thereby limits portfolio manoeuvrability as detailed earlier.
- That said, Lonsec notes the recent establishment of a credit facility should aid the management of this aspect. Lonsec also derives some comfort from the rigour of the Manager's cash flow/liquidity forecasting alongside the multiple approvals required from both the CIO, portfolio management and treasury teams to ensure modelled cash flows are sufficient to meet new investment commitments prior to transaction execution. Lonsec notes however that the Manager's track record in the management of this aspect for this vehicle remains relatively short and will continue to monitor this in future reviews.
- Lonsec notes PE1's net cash position has improved compared to previous indicative timelines whereby this had been extended to March 2025. The Trust is expected to be net cash positive, that is distributions exceed capital drawdowns thereby effectively making the portfolio 'self-funding', by late 2023. This however remains subject to liquidity assumptions as mentioned earlier.
- Lonsec notes that the Manager is conscious of debt and the type of relationships managers have with lenders. Lonsec highlights that the use of leverage at the underlying asset level varies between buyouts and special situations and the level of debt is considered on a bottom-up basis rather than there being any overarching philosophy on the overall level of leverage.

Fees

- The fees are 1.25% p.a. for the Responsible Entity/ management fee and a 20% performance fee over a hurdle rate of 8% p.a. (net of Responsible Entity/ management fees). At the underlying fund level the fees are estimated by the Manager as initially being:
  a) Secondaries – a Management Fee of 1.00% p.a. plus an Incentive Fee of 10% over a Preferred Return of 8% p.a.
  b) Co-investments – a Management Fee of 0.95% p.a. plus an Incentive Fee of 10% over a Preferred Return of 8% p.a.
  c) Opportunistic – a Management Fee of 1.00% p.a. plus an Incentive Fee of 15% over a Preferred Return of 8% p.a.
  d) Primaries – a Management Fee of 1.80% p.a. plus an Incentive Fee of 20% over a Preferred Return of 8% p.a.
  e) Private Credit – a Management Fee of 0.85% p.a. plus an Incentive Fee of 17.5% over a Preferred Return of 7% p.a.
  f) Short Duration Credit – a Management Fee of 0.45% p.a.
- Further, the Trust is subject to GP fees on underlying funds and investments. These fees may vary and have the potential to be significant. These costs are reflected in the NAV of the Trust and are borne by investors, but they are not paid to the Manager.
- Lonsec considers the overall fee load, which includes more than one layer of management and performance fees (applicable at the Trust, Manager and underlying fund levels) to be high compared to peers and very high in absolute terms. This is considered to be a major detracting feature of the Trust. By way of

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example, Lonsec notes that performance fees at the Trust level have accrued to $14.5m over FY22 whilst the portfolio only reached steady-state in early 2022. Nevertheless, Lonsec notes that the economics of the venture are effectively that Pengana will be only marginally above break-even over a ten-year period on management costs alone. Pengana's investment is therefore heavily leveraged towards PE1 being able to generate high performance fees over this period.

Performance

- The Trust was listed on the ASX on 30 April 2019 and therefore has yet to attain performance history over the assessed time to which it is judged. PE1 aims to achieve returns in the range of 8-14% p.a. (net) over an investment horizon of at least ten years. All figures below are to August 2022 (net) unless otherwise stated.
- Over the one-and-three years to June 2022, the NAV return of the portfolio has been strong, 26.7% and 12.4% p.a., respectively. This was delivered with a volatility, as measured by Standard Deviation, of 11.9% and 13.4% p.a., respectively. Opportunistic strategies and co-investments, both equity, were the principal drivers of returns over the three-year period. At the underlying manager level, GCM Grosvenor Multi Asset Class Fund II and GCM Grosvenor Co Investment Opportunities Feeder Fund II overwhelmingly drove returns whilst strategies managed by Alpine Investors (III and IV) detracted modestly. As mentioned, Lonsec is however mindful of the delay in valuations and potential subsequent impact to returns.
- Lonsec highlights that the Trust's performance has been considerably volatile to date. Since listing, the Trust's discount/premium to NAV has varied from close to -20% to +30%. The Trust's one, two and three year share price volatility was 23.5%, 18.9% p.a. and 22.7% p.a., respectively. Lonsec views these large swings in share price volatility negatively. Lonsec believes this to be a function of many factors alongside the broader market volatility, including but not limited to the market capitalisation of the LIT, shareholder base, management fee, portfolio performance and dividend history.
- Whilst the Trust has largely traded at a premium since listing it has recently traded at a modest discount (-5.6%) noting that Pengana's stated intention to make on-market purchases of units in PE1 may ameliorate such imbalances should they occur. Pleasingly, PE1's distribution has increased in lockstep with its rising NAV and has achieved the 4% yield target (based on the IPO price) which should help with the trading performance. Lonsec will continue to assess the Trust's trading performance, including its portfolio construction and the investment deployment approach in future reviews.
- Grosvenor has a track record investing in private markets lasting over 20 years. The Manager's long-run performance has been strong in primaries, secondaries and co-Investments, achieving strong double digit internal rate of returns in all three strategies.

Overall

- Lonsec has maintained the Trust's '**Recommended**' rating. Lonsec considers the Grosvenor investment team to be experienced and to apply a thorough and robust investment process. The firm has a good private market track record spanning over 20 years. The listed product structure can also provide daily liquidity for an illiquid asset class.
- That said, Lonsec has some concerns around the Trust's high level of over-commitment which is strongly reliant on forecasted distributions which can otherwise be subject to error and lead to liquidity challenges. Lonsec's conviction in Grosvenor's approach to managing this aspect is still building. Further, Lonsec believes the Trust's material use of internal co-mingled funds to be less effective from a portfolio construction standpoint which is likely to inhibit asset allocation manoeuvrability and result in high and ongoing cash drag compared to peers. That said, Lonsec acknowledges some positive developments in this respect, namely, investing in direct deals and a sidecar. Lastly, Lonsec considers the overall fee load, which includes multiple management and performance fee layers, to be high compared to peers and very high in absolute terms.

People and Resources

Corporate overview

Pengana Capital Group ('Pengana') is a diversified funds management group with distinct investment strategies that aim to deliver superior long-term risk-adjusted returns to investors, with a focus on capital preservation. Pengana was founded in 2003 and is headquartered in Sydney, with smaller offices in Melbourne, Brisbane and Perth. As at June 2022, Pengana had $3.4bn in assets under management (AUM).

Grosvenor is an investment manager with US$71bn in AUM (March 2022). This is split US$25bn in Absolute Return strategies and U$46bn in private markets, specifically US$27.5bn in private equity. Of the Private Equity assets managed, 85% are in customised portfolios and 15% in commingled vehicles.

Size and experience

NAME	POSITION	EXPERIENCE INDUSTRY / FIRM
JONATHAN LEVIN	PRESIDENT	19 / 11
JASON METAKIS	MANAGING DIRECTOR	23 / 12
BRADLEY MEYERS	MANAGING DIRECTOR	25 / 19
FREDERICK POLLOCK	CIO, MANAGING DIRECTOR & PM	18 / 7
BRIAN SULLIVAN	MANAGING DIRECTOR	26 / 8

Grosvenor's investment team across private equity, real estate, infrastructure and public equities totals approximately 170 with the private markets team loosely structured according to Primaries, Co-Investments, Secondaries, and Opportunistic (which includes special situations and aims to provide some flexibility for tactical allocation shifts). There is also a dedicated private credit investment team.

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Jonathan Levin is President and is responsible for the day-to-day management of the firm. Levin is Chair of Grosvenor's Global Investment Council and a member of the Investment Committees for Grosvenor's Private Markets, Absolute Return Strategies Seeding and the Strategic Investments Group.

Jason Metakis is a member of the Grosvenor's Private Markets Investment Committee and serves on Grosvenor's Global Investment Council. He focuses on private equity co-investments and direct investments and is responsible for deal sourcing, due diligence, and managing client relationships.

Bradley Meyers is Head of Grosvenor's Portfolio Management, a member of the Grosvenor's Absolute Return Strategies Investment Committee, and serves on Grosvenor's Global Investment Council. Meyers is also a member of Grosvenor's Seeding and Special Opportunities Investment Committees. Meyers is responsible for overseeing certain portfolio management processes.

Frederick Pollock is the Chief Investment Officer of Grosvenor, Head of the Strategic Investments Group (SIG), a member of Grosvenor's Private Markets and Absolute Return Strategies Investment Committees, Co-Head of Grosvenor's Research and serves on Grosvenor's Global Investment Council.

Brian Sullivan leads the secondaries practice and is focused on deal sourcing and executing secondary fund investments. He is also a member of the Grosvenor's Private Markets Investment Committee and serves on Grosvenor's Global Investment Council.

Remuneration/Alignment of interests

The Manager and investment team are incentivised through a variety of means, including:

1. Employees investing over US$450m of capital into Grosvenor's funds;
2. Performance Fees;
3. Bonuses, which are based on individual employee performance and overall success of the firm;
4. Numerous key members of the management team (including investment professionals) participate in the profits of the firm; and
5. Eligible employees offered shares/restricted units in the firm with vesting period of over three years.

Research Approach

Overview

Grosvenor seeks to assess each GPs potential for value creation at different stages of the investment process (i.e., sourcing, due diligence, structuring, execution, monitoring, and exit) to gain an in-depth understanding of the opportunities and risks associated with each investment.

The due diligence process for underlying funds utilises a bottom-up approach involving multiple teams seeking to maximise efficiencies and ensure appropriate checks and balances in order to select and approve investments. All potential investments undergo an initial screening process to determine whether the transaction warrants additional analysis. If initial approval is granted, the deal team then undertakes due diligence and conducts detailed analysis of the key risks, merits and suitability of the proposed investment.

Grosvenor is an active investor across the spectrum of both market and fund manager size. Grosvenor maintains an extensive network of relationships and is able to gain access to a range of private equity managers.

Grosvenor seeks investment exposure to middle market companies based on the beliefs they represent a larger set of opportunities, lower entry valuations, and have more conservative capital structures. In addition, middle market investments can offer fund managers more opportunity for organic value creation and increased exit opportunities, resulting in the potential for higher returns.

Primaries

Key assessment criteria for primary investments:

1. Top quartile performers with repeatable strategies.
2. The skill and composition of the GP's team. (This process includes off-list reference checks).
3. The value creating initiatives that the team have previously made.
4. The Manager generally prefers mid-market managers, as they allow LPs more time (typically several weeks) to do their due diligence than larger GPs.
5. In terms of analysis of prior performance, there is a focus on consistency.
6. The Manager is conscious of leverage and what type of lender relationships managers have. The target leverage varies between buyouts and special situations and debt is considered on a bottom-up basis. There is no overarching philosophy on the level of leverage.
7. The Manager will typically look to use it scale and relationships to get access to allocations in oversubscribed funds.
8. The Manager will also look to get better fee terms of transactions (i.e. better than the typical 2% p.a. & 20% performance fee).

Secondaries

Key assessment criteria for secondary investments:

1. Does the Manager have an informational advantage because there are not too many competing buyers?
2. The level of discount to NAV.
3. A focus on middle market and special situations funds.
4. Niche sector opportunities.
5. The focus is on deal sizes of around $50m.
6. The Manager is most proactive in buying into Secondaries when the NAV is understated for purchases.
7. Grosvenor will tend to take control of an Advisory Board seat if the seller has one.
8. The underlying GP is a consideration, albeit, the quality of the investment team is then factored into the price/discount to NAV.

Co-investments

Co-investments are considered by the Manager on a case-by-case basis. Grosvenor has committed to 6% of co-investments opportunities to date. The Manager generally enters a transaction as a minority investor but working with management team to drive value creation.

Generally, the Manager will hold co-investments for an average of four-to-five years. The Manager has the ability to exit on the same terms and at the same time

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as the sponsor, usually exiting through the sale of a company either through trade sale or an IPO (which is rare).

The Manager will also keep track of the deals they have let pass and this helps shape the future due diligence and possibly correct where they were too selective (i.e. where the deal was rejected but subsequently did well).

Private credit

Private credit investments include a wide variety of fixed income instruments that seek to capitalise on dislocations in credit markets and mispriced/misunderstood credits. Primary strategies include: structured credit, distressed credit, mezzanine debt and direct lending as well as other niche strategies such as litigation finance.

Direct and opportunistic investments

The opportunistic investment strategies implemented in the Trust have the flexibility to invest across illiquid asset classes, strategies, sectors, regions and capital structure. The objective of these strategies is to invest in compelling risk-adjusted return opportunities across Grosvenor's global alternatives platform. Grosvenor generally seeks to deploy capital into the following scenarios:

1. Dislocations: opportunities in which macro and/or industry-level events combine with shifting market conditions to create what Grosvenor considers to be irrational securities pricing. Dislocations often represent opportunities to purchase high-quality cash flows at a discount to fundamental value.
2. Fundamental Thematic: including political transitions in an economy or major changes in an industry or sector.
3. Orphaned Assets: securities that are "in transition" for which there is no current investor demand but can be valued through fundamental analysis. The lack of competition to purchase these assets can provide attractive entry points.
4. Complex Situations: opportunities where many investors are unwilling or unable to conduct in-depth analysis or develop sufficient expertise.
5. Partnerships: partnerships with third-party managers and specialists to access attractive, difficult-to-replicate exposure and expertise. Grosvenor also invests in partnerships with external managers where additional scale and industry operating relationships enhance the value proposition.
6. Structured Transactions: opportunities to partner directly with companies as providers of financing, focusing on compelling risk/return profiles.

Portfolio Construction

Overview

The Trust invests in private markets through a combination of primaries, co-investments, secondaries, private credit and opportunistic investments. Grosvenor relies on a dual-track approval process for underlying fund investments that requires approval from both the Investment Committee and Operations Committee which both have the ability to veto an investment.

The Trust utilises strategies employed across Grosvenor's investment platform and seeks to provide diversification across underlying investment managers, vintages, geographies, sectors, and strategies. Grosvenor generally seeks to invest with underlying investment managers who have historically managed investment vehicles which have generated upper quartile returns, and whom Grosvenor believes have the potential to continue to do so due to strong deal sourcing capabilities, superior structuring and execution skills, and the ability to add value at an operating level. Grosvenor will generally focus on opportunities involving underlying managers and/or management teams with whom it has already invested or with whom it is otherwise familiar.

The portfolio construction process incorporates both top-down and bottom-up elements. Grosvenor conducts analysis of target industries, sectors and regions, including an analysis of the economic conditions, investment environment, and the state of the private equity markets. The helps guide the team's sourcing, due diligence and portfolio construction decisions. This approach considers various factors such as deal flow, team expertise, market conditions, long-term value creation opportunities, and risk mitigation.

The Trust may invest either directly or indirectly through investments in one or more of Grosvenor's funds or other underlying funds. The target allocation range for each strategy are primaries (15-30%), co-investments (15-30%), secondaries (15-30%), private credit (5-15%), opportunistic (10-25%) and cash/short duration public credit (2-10%). Ultimately, the Manager intends for the portfolio to be highly diversified with exposure to in excess of 500 underlying companies.

Risk Management

Risk limits

SEPARATE RISK MONITORING	YES
MAXIMUM COMMITMENT TO ANY SINGLE UNDERLYING FUND	20%

As previously stated, all new investments in the Trust requires the approval of Grosvenor's Operations Committee. The Operations Committee includes: Paul Meister (Vice Chairman and Operations Committee Chair), Francis Idehen (Chief Operating Officer), Ivaldo Basso (Head of Operational Due Diligence), Lilly Faranakian (Global Chief Compliance Officer) and Burke Montgomery (General Counsel).

From an investment perspective, Grosvenor seeks to identify, evaluate and mitigate material risks of underlying funds prior to making a commitment by, among other things:

- Conducting due diligence and confirming facts about the manager – team, strategy, track record, benchmarking, fundraising status and legal terms.
- Understanding the manager's value add and differentiation relative to the market.
- Understanding the manager's competitive advantage and ability to generate returns over various market cycles.
- Assessing the manager's operational risks.
- Assessing the manager's organisational stability.
- Assessing strategy relative to market opportunity.
- Assessing competitive dynamics.
- Determining portfolio fit relative to strategy.

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Risk monitoring

The risk monitoring process is undertaken by the Manager with oversight by Pengana.

Currency management

The Trust will generally be unhedged for currency movements. In certain limited circumstances, the Trust may engage in foreign exchange hedging transactions intended to reduce foreign exchange exposure, primarily to hedge capital calls or known commitments.

Risks

Equity market risk

Investments in equity markets are subject to numerous factors which may have an impact on the performance of an investment both positive and negative. Unexpected changes in economic, technological, structural, regulatory or political conditions can have an impact on the returns of all investments within a particular market.

Although liquidity is generally expected to exist in this secondary market on the ASX, there are no guarantees that an active trading market with sufficient liquidity will develop, or should it develop after listing, that such a secondary market will sustain a price representative of the NAV per Unit.

Risks Associated with Portfolio Companies

The companies in which the Trust or the underlying funds invest in may involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. In addition, these companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

Moreover, during periods of difficult market conditions or slowdowns in a particular investment category, industry, or region, companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing, and increased costs.

Lack of Portfolio Liquidity

The underlying funds are not expected to provide any voluntary liquidity to their investors and may, at any given time, hold significant amounts of securities and other assets issued by Portfolio Companies that are very thinly-traded, for which no market exists, or which are restricted as to their transferability.

Debt and Leverage Risk

The underlying funds will employ leverage from time to time in a variety of ways. The Trust may borrow directly or through an intermediate entity to fund investments, pay fees and expenses or to address the timing issues associated with the acquisition of investments and re-investment of proceeds. The use of leverage will magnify the potential gains and losses.

Currency Risk

Investments will predominantly be made in U.S. dollars, as well as multiple other foreign currencies, and if these currencies change in value relative to the Australian dollar being the functional currency of the Trust the value of these investments can change and accordingly can negatively affect the value of the Portfolio.

Portfolio Valuation

Valuations of the underlying investments are expected to involve uncertainties and discretionary determinations. Third-party pricing information may not be available regarding a significant portion of investments in certain asset classes, and in some circumstances may rely on valuation models that Grosvenor has created in order to value the assets and calculate the account value.

Credit risk

Credit risk refers to the risk that a party to a credit transaction fails to meet its obligations, such as defaulting on a mortgage, a mortgage-backed security, a hybrid security, a fixed interest security or a derivative contract. This creates an exposure to underlying borrowers and the financial condition of issuers of these securities.

Pengana Private Equity Trust

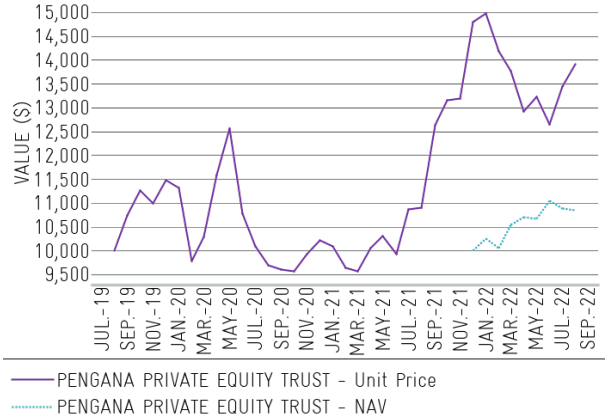
Quantitative Performance Analysis - annualised after-fee % returns (at 31-8-2022)

Performance metrics

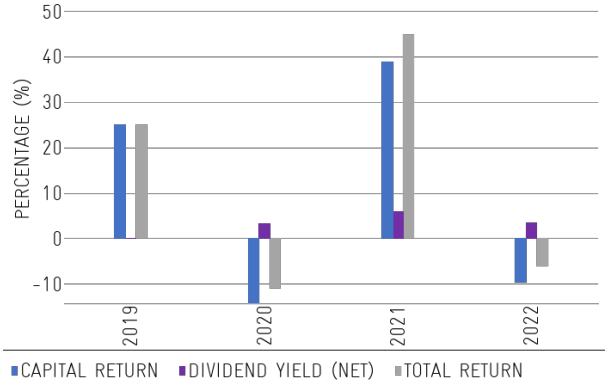
	1 YR	2 YR	3 YR	5 YR
TOTAL RETURN (% PA)	27.53	19.78	11.63	-
STANDARD DEVIATION (% PA)	23.54	18.86	22.74	-
EXCESS RETURN (% PA)	27.16	19.57	11.27	-
WORST DRAWDOWN (%)	-15.58	-15.58	-23.93	-
TIME TO RECOVERY (MTHS)	NR	NR	6	-
TRACKING ERROR (% PA)	23.52	18.85	22.72	-

PRODUCT: PENGANA PRIVATE EQUITY TRUST
PRODUCT BENCHMARK: BLOOMBERG AUSBOND BANK BILL INDEX AUD
TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

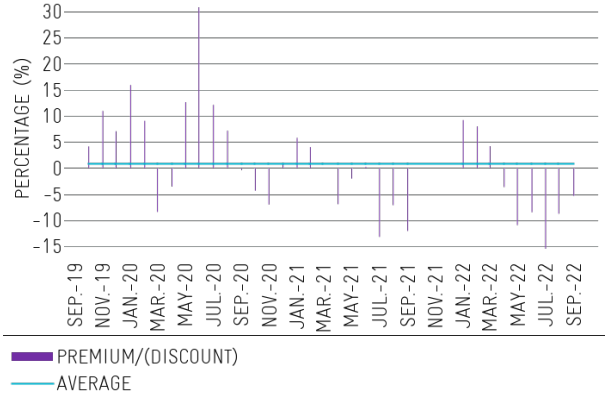
Growth of $10,000 over three years



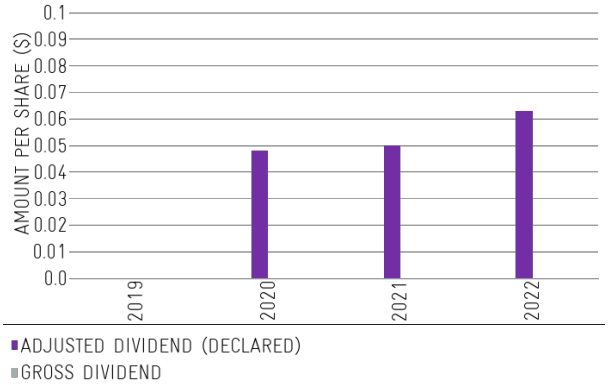
Calendar Year Returns over four years



Unit Price Premium/Discount to NAV over three years



Dividend Record over four years



Pengana Private Equity Trust

Glossary

Click here for the glossary of terms.

About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.