

# Pengana Private Equity Trust

ARSN 630 923 643

## Appendix 4D - Half Year Report

for the half-year ended 31 December 2020

### Results announcement to the market

	31 December 2020 \$'000	31 December 2019 \$'000	Change from the corresponding period %
Total investment income	(19,594)	5,893	(432.5)
Total comprehensive income for the period	(21,509)	3,785	(668.3)
Basic Earnings per unit (cents per unit)	(9.20)	2.31	(498.3)

### Distribution Information

2020 Interim Distribution

### Cents per share

2.5 cents

### Interim Distribution Dates

Ex-distribution Date	4 January 2021
Record Date	5 January 2021
Last date for DRP	6 January 2021
Payment Date	14 January 2021

### Distribution Reinvestment Plan

The Distribution Reinvestment Plan (DRP) is active and available to unitholders for the interim dividend of 2.5 cents per unit. Participating unitholders will be entitled to be allotted the number of shares which the cash distribution would purchase at the relevant price. The relevant price will be the NAV price excluding distribution as at 31 December 2020.

### Net Asset Value (NAV) Per Unit

	31 December 2020	31 December 2019
Net Asset Value Per Unit	1.1703	1.3115

This report is based on the Half Year Financial Report which has been subject to Independent review by Ernst & Young. All the documents comprise the information required by Listing Rule 4.2A. The Interim Report of Pengana Private Equity Trust for the half year ended 31 December 2020 is attached. This information should be read in conjunction with the 30 June 2020 Annual Report.

# **Pengana Private Equity Trust**

ARSN 630 923 643

## **Interim financial report for the half-year ended 31 December 2020**

# Pengana Private Equity Trust

ARSN 630 923 643

## Interim financial report for the half-year ended 31 December 2020

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This half-year financial report covers Pengana Private Equity Trust (ARSN 630 923 643) as an individual entity and does not include all the notes of the type normally included in an annual financial report. Accordingly, the report is to be read in conjunction with the annual report for the year 30 June 2020 and any public announcements made by Pengana Private Equity Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporation Act 2001*.

The Responsible Entity of Pengana Private Equity Trust is Pengana Investment Management Limited (ABN 69 063 081 612). The Responsible Entity's registered office is: Level 1, 2 and 3, 60 Martin Place, Sydney, NSW 2000 Australia.

## DIRECTORS' REPORT

The Directors of Pengana Investment Management Limited ('PIML') the responsible entity for Pengana Private Equity Trust (the 'Trust' or 'PE1') present their report of the Trust, for the half-year ended 31 December 2020.

### Directors

The names of Directors in office at any time during or since the end of the half-year are:

Ellis Varejes	Non-Executive Director and Chairman
Ilan Zimmerman	Non-Executive Director
Russel Pillemer	Chief Executive Officer and Managing Director
Katrina Glendinning	Executive Director

Directors have been in office since the start of the half-year to the date of this report, unless stated otherwise.

### Trust Overview and Principal Activities

Pengana Private Equity Trust is a registered managed investment scheme structured as a closed-end unit trust that is listed on the Australian Securities Exchange ('ASX') and was established on 18 January 2019 to invest in a diversified portfolio of global private equity investments.

The Trust's investment objective is to generate over an investment horizon of at least 10 years, attractive returns and capital growth through a selective and diversified approach to private equity investments.

Pengana Capital Limited ('Manager') is the manager of PE1. The Manager has engaged Grosvenor Capital Management, L.P. ('GCM' or 'Investment Manager') as the investment manager of PE1.

The Trust did not have any employees during the half-year.

The various service providers for the Trust are detailed below:

Service	Provider
Responsible Entity	Pengana Investment Management Limited
Manager	Pengana Capital Limited
Investment Manager	Grosvenor Capital Management, L.P.
Custodian and Administrator	BNP Paribas Securities Services
Statutory Auditor	Ernst & Young

### Background Information of The Trust

The Trust raised \$205 million from an initial public offering ("Offer") by the issue of 164 million units on 4 March 2019 at an issue price of \$1.25 per unit. The Offer comprised a broker firm/general public offer and a priority offer. The priority offer was available to investors in all of PCG's funds as well as shareholders in the listed investment company Pengana International Equities Limited (ASX: PIA), Pengana Capital Group (ASX: PCG) and Washington H. Soul Pattinson (ASX: SOL). The costs of the offer were paid by PCG.

On 24 April 2019, units in the Trust were allotted, and on 30 April 2019, the Trust commenced trading on the ASX.

On 11 June 2020 the Responsible Entity announced a 1-for-3 pro-rata non-renounceable Rights Issue at an offer price of \$1.25 unit per unit available to all Unit holders ('Eligible Unit Holders') who held units as at 16 June 2020 (all together the 'Entitlement Offer').

Eligible Unit Holders were also invited to subscribe for additional new units in PE1 under a shortfall facility, available if the Entitlement Offer was not to be fully subscribed ('Shortfall Facility'). Any balance of units not taken up through the Entitlement Offer or the Shortfall Facility was placed through an issue of new units to sophisticated investors ('Shortfall Placement').

Due to excess demand, the Responsible Entity utilised the Trust's 15% placement capacity pursuant to ASX Listing Rule 7.1 to raise additional capital from sophisticated investors. ('Additional Placement')

Upon completion of the above offers PE1 raised in total \$ 93,466,648 through the issue of 74,772,778 Units.

### Significant Changes in the State of Affairs

There were no significant changes in the state of affairs during the half-year.

## DIRECTORS' REPORT

### Operating Results

#### Review and results of operations

The performance of the Trust, as represented by the results of its operations was as follows:

	For the half-year ended 31 December 2020	For the half-year ended 31 December 2019
Results	\$'000	\$'000
Total investment (loss)/gain	(19,594)	5,893
Total expenses	<u>(1,915)</u>	<u>(2,108)</u>
Net operating (loss)/profit	<u>(21,509)</u>	<u>3,785</u>
<b>Unit Price (NAV Per Unit) (\$)</b>	1.1703	1.3115
<b>ASX Reported (NAV Per Unit) (\$)</b>	1.1701	1.3115
<b>Distribution Information</b>		
Distributions	5,982	4,101
Distributions (cents per unit)	2.5	2.5

On 29 December 2020, the Trust announced an interim distribution of 2.5 cents per unit, which was paid on 14 January 2021. This distribution is recognised as a liability as at 31 December 2020.

#### Coronavirus impact (COVID-19)

COVID-19, a worldwide pandemic, continues to impact global economies and equity and financial markets. Neither the operating results for the half year ended 31 December 2020 nor the financial position as at 31 December 2020 of the Trust have been adversely affected as a result of COVID-19.

It is not practicable to estimate the potential impact, positive or negative, subsequent to reporting date. It is however possible but unquantifiable that underlying investments held were positively or negatively affected by the pandemic. The Directors of the Responsible entity of the Trust continue to closely monitor the situation as it evolves and take relevant measures as required in ensuring the Trust is able to navigate through this challenging period.

#### Strategy and Future Outlook

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Therefore, investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

As markets are subject to fluctuations, it is imprudent to provide a detailed outlook statement of expected results of operations. The Trust provides monthly fund updates, quarterly portfolio disclosure and annual investor reports, which can be found in the ASX website. The Trust updates and investor reports include detailed discussions in relation to some investee funds from time to time along with general outlook commentary.

#### Likely Developments and Expected Results of Operations

The Trust will continue to invest in accordance with the investment strategy as set out in the Product Disclosure Statement. The method of operating the Trust is not expected to change in the foreseeable future, however the results of the Trust's operations may be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and past returns should not be used to predict future returns.

#### Events Subsequent to Balance Sheet Date

In the latest release to the ASX on 12 February 2021 the Trust reported a NAV per unit as at 31 January 2020 of \$1.1770.

Other than the above, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Trust's operations, the results of those operations or the Trust's state of affairs in future years.

#### Rounding of Amounts

The Trust is an entity of the kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

## **DIRECTORS' REPORT**

### **Auditor's Independence Declaration**

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is set out on the following page and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in blue ink, consisting of a large, stylized 'E' followed by a vertical line and a horizontal stroke.

Ellis Varejes  
Chairman  
Sydney  
24 February 2021



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of the responsible entity of Pengana Private Equity Trust**

As lead auditor for the review of the half-year financial report of Pengana Private Equity Trust for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b. No contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink, appearing to be "Graeme McKenzie".

Graeme McKenzie  
Partner  
24 February 2021

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 31 December 2020	Notes	31 December 2020 \$'000	31 December 2019 \$'000
<b>Investment Income</b>			
Interest income		1	5
Dividends and distributions received		318	-
Net (losses)/gains on financial instruments at fair value through profit or loss		(3,063)	5,607
Net foreign exchange losses		(16,851)	(5)
Other operating income		1	286
<b>Total investment (loss)/income</b>		<b>(19,594)</b>	<b>5,893</b>
<b>Expenses</b>			
Responsible Entity fees and Management fees	3	(1,780)	(1,376)
Secondaries Management Fee and Carried Interest Fee	3	(60)	-
Transaction costs		(75)	(732)
<b>Total operating expenses</b>		<b>(1,915)</b>	<b>(2,108)</b>
<b>(Loss)/profit for the half-year</b>		<b>(21,509)</b>	<b>3,785</b>
Other comprehensive income for the half-year		-	-
<b>Total comprehensive (loss)/income for the half-year</b>		<b>(21,509)</b>	<b>3,785</b>
Basic and diluted earnings per unit (cents per unit)		<b>(9.20)</b>	2.31

*The statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*



## STATEMENT OF FINANCIAL POSITION

As at	Notes	31 December 2020 \$'000	30 June 2020 \$'000
<b>Assets</b>			
Cash and cash equivalents		158,503	108,431
Receivables		95	50
Financial assets at fair value through profit or loss		<u>127,758</u>	<u>105,743</u>
<b>Total assets</b>		<b><u>286,356</u></b>	<b><u>214,224</u></b>
<b>Liabilities</b>			
Distributions payable		5,982	-
Payables		<u>370</u>	<u>196</u>
<b>Total liabilities</b>		<b><u>6,352</u></b>	<b><u>196</u></b>
<b>Total unitholders' equity</b>		<b><u>280,004</u></b>	<b><u>214,028</u></b>
<b>Unitholders' equity</b>			
Issued units		299,153	205,686
Other equity reserve		10,251	10,251
Retained earnings		<u>(29,400)</u>	<u>(1,909)</u>
<b>Total unitholders' equity</b>		<b><u>280,004</u></b>	<b><u>214,028</u></b>

*The statement of financial position should be read in conjunction with the accompanying notes.*

## STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2020	Notes	31 December 2020 \$'000	31 December 2019 \$'000
<b>Total unitholders' equity at the beginning of the half- year</b>		214,028	215,432
Transactions with unitholders for the half- year:			
- Units issued		93,467	-
Distributions payable		<u>(5,982)</u>	<u>(4,101)</u>
Total transactions with unitholders for the half- year		<u><b>301,513</b></u>	<u><b>211,331</b></u>
Comprehensive income for the half- year:			
Profit for the half- year		(21,509)	3,785
Other comprehensive income for the half- year		<u>-</u>	<u>-</u>
Total comprehensive income for the half- year		<u><b>(21,509)</b></u>	<u><b>3,785</b></u>
<b>Total unitholders' equity at the end of the half- year</b>		<u><b>280,004</b></u>	<u><b>215,116</b></u>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## STATEMENT OF CASH FLOWS

For the half year ended 31 December 2020	Notes	31 December 2020 \$'000	31 December 2019 \$'000
<b>Cash flows from operating activities</b>			
Proceeds from sale of investments		-	39,042
Payments for purchase of investments		(25,078)	(37,965)
Transaction costs paid		(75)	(732)
Dividends and distributions received		318	-
Interest received		1	12
GST received/(paid)		(45)	(32)
Other income received		1	287
Management fees paid		(1,659)	(1,365)
Secondaries Management Fee and Carried Interest Fee		(6)	-
Payment to suppliers		(1)	-
<b>Net cash outflow from operating activities</b>		<b>(26,544)</b>	<b>(753)</b>
<b>Cash flows from financing activities</b>			
Issue of units		93,467	-
<b>Net cash inflow from financing activities</b>		<b>93,467</b>	<b>-</b>
Net increase in cash and cash equivalents		66,923	(753)
Cash and cash equivalents at the beginning of the half-year		108,431	1,220
Translation of foreign cash held		(16,851)	(5)
<b>Cash and cash equivalents at the end of the half-year</b>		<b>158,503</b>	<b>462</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: General Information

These financial statements cover Pengana Private Equity Trust ("the Trust") as an individual entity.

Pengana Private Equity Trust is a registered managed investment scheme, structured as a closed-end unit trust, incorporated and domiciled in Australia.

The Responsible Entity of the Trust is Pengana Investment Management Limited (ABN 69 063 081 612) (the "Responsible Entity"). The Responsible Entity's registered office is: Level 1, 2 and 3, 60 Martin Place, Sydney, NSW 2000 Australia.

The financial statements are presented in Australian currency.

The financial statements were authorised for issue by the directors on 24 February 2021. The directors of the Responsible Entity have the power to amend and reissue the financial report.

This interim financial report is for Pengana Private Equity Trust (the "Trust") for the half year ended 31 December 2020. The Trust is a for profit entity limited by units, incorporated and domiciled in Australia, whose units are publicly traded.

This half-year financial report does not include all the information and disclosures normally included in the annual financial report. Accordingly, this report should be read in conjunction with the 30 June 2020 Annual report, any public announcements made in respect of the Trust during the half-year ended 31 December 2020 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

On 11 June 2020 the Responsible Entity announced a 1-for-3 pro-rata non-renounceable Rights Issue at an offer price of \$1.25 unit per unit available to all Unit holders ('Eligible Unit Holders') who held units as at 16 June 2020 (all together the 'Entitlement Offer').

Eligible Unit Holders were also invited to subscribe for additional new units in PE1 under a shortfall facility, available if the Entitlement Offer was not to be fully subscribed ('Shortfall Facility'). Any balance of units not taken up through the Entitlement Offer or the Shortfall Facility was placed through an issue of new units to sophisticated investors ('Shortfall Placement').

Due to excess demand, the Responsible Entity utilised the Trust's 15% placement capacity pursuant to ASX Listing Rule 7.1 to raise additional capital from sophisticated investors. ('Additional Placement')

Upon completion of the above offers PE1 raised in total \$ 93,466,648 through the issue of 74,772,778 Units.

Further information on the nature of the operations and principal activities of the Trust is provided in the Directors' report.

### NOTE 2: FAIR VALUE MEASUREMENT

The Trust measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy;

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

*Fair value in an active market (level 1)*

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

#### d. Fair value measurement (continued)

##### *Fair value in an inactive or unquoted market (level 2 and level 3)*

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

The Alignment Shares are recognised as a financial asset on the statement of financial position and are included in financial assets at fair value through profit or loss line item of the statement of financial position.

Due to the nature of these Alignment Shares they are valued at parity with the Pengana Capital Group (PCG) ordinary shares on the ASX. The different characteristics of the Alignment Shares compared to ordinary shares have been considered as valuation factors and any impact deemed immaterial.

The Trust invests in private equity funds that are not quoted in an active market. Transactions in such investments do not occur on a regular basis. Private equity investments are valued at fair value. The method that the Investment Manager uses to determine the fair value of private equity investments is based on the latest information available to the Investment Manager as of the corresponding valuation date and at the time the report for such date is issued.

Investments in unlisted managed investment funds are recorded at the net asset value per unit as reported by the investment managers of such funds. The Trust may make adjustments to the value based on considerations such as: liquidity of the Investee fund or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

The information from which the Investment Manager of unlisted managed funds and private equity funds derive fair value typically includes but is not limited to:

- independent third party valuations;
- audited (annually) and unaudited (quarterly) financial statements, which include net earnings, earnings before interest, taxes, depreciation and amortisation ("EBITDA"), balance sheets and other financial disclosures;
- recent public or private transactions (especially for venture capital underlying companies);
- valuations for comparable companies;
- historical data; and/or
- other measures, including discounted cash flows, estimated collectability of escrows, sponsor valuation (for comparison purposes only), and consideration of any other pertinent information including the types of securities held and restrictions on disposition.

Where appropriate, the methods used to estimate fair value may utilise the following:

- market approach (whereby fair value is derived by reference to observable valuation measures for comparable companies or assets including any recent transactions in the subject Co-investment);
- income approach (such as the discounted projected cash flow method); or
- cost approach, as the best initial approximation of fair value upon acquisition of an investment.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

#### d. Fair value measurement (continued)

The following table provides an analysis of financial instruments as at reporting date that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable.

<b>31 December 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Private equity investments	-	-	116,836	116,836
Unlisted managed investment funds	-	2,969	-	2,969
Unlisted equities	-	7,953	-	7,953
<b>Total</b>	<b>-</b>	<b>10,922</b>	<b>116,836</b>	<b>127,758</b>

  

<b>30 June 2020</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Private equity investments	-	-	97,300	97,300
Unlisted managed investment funds	-	3,166	-	3,166
Unlisted equities	-	5,277	-	5,277
<b>Total</b>	<b>-</b>	<b>8,443</b>	<b>97,300</b>	<b>105,743</b>

As of 31 December 2020, where available, all investments in private equity investments and unlisted managed investment funds were valued using the NAV reported by the underlying investment manager. The fair value measurements are discussed and assessed during the periodic review by the Investment Manager.

The carrying amount of cash, trade and other receivables and other payables approximate their fair values.

The following table shows a reconciliation of the movement in the fair value of financial instruments categorised within level 3 between the beginning and the end of the reporting period:

<b>31 December 2020</b>	<b>Opening balance</b>	<b>Purchases</b>	<b>Sales</b>	<b>Net transfers in/ (out)</b>	<b>Net changes in the fair value of financial instruments measured at fair value through profit or loss</b>	<b>Closing balance</b>	<b>Total gain/(loss) for the year included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at financial year end</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Private equity investments	97,300	25,078	-	-	(5,542)	116,836	(5,542)
<b>Total</b>	<b>97,300</b>	<b>25,078</b>	<b>-</b>	<b>-</b>	<b>(5,542)</b>	<b>116,836</b>	<b>(5,542)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 2: FINANCIAL RISK MANAGEMENT (continued)

#### d. Fair value measurement (continued)

30 June 2020

	Opening balance	Purchases	Sales	Net transfers in/ (out)	Net changes in the fair value of financial instruments measured at fair value through profit or loss	Closing balance	Total gain/(loss) for the period included in net changes in the fair value of financial instruments attributable to Level 3 instruments held at financial period end
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Private equity investments	25,514	65,975	-	-	5,811	97,300	5,811
<b>Total</b>	<b>25,514</b>	<b>65,975</b>	<b>-</b>	<b>-</b>	<b>5,811</b>	<b>97,300</b>	<b>5,811</b>

For total gains and losses recognised during the period in the statement of profit or loss and other comprehensive income, the amount that is attributable to the change in unrealised (losses)/gains relating to assets classified within level 3 at the end of the period is \$(5,541,950) (30 June 2020: \$5,810,531).

At reporting date, if the unobservable inputs had been 10% higher and 15% lower (30 June 2020: 10% higher and 15% lower) profit or loss of the Trust would have increased/decreased by \$(554,195) and (831,293) (30 June 2020: increased/decreased by \$581,053 and \$871,580).

### NOTE 3 RELATED PARTY TRANSACTIONS

#### Responsible Entity

The Responsible Entity of Pengana Private Equity Trust is Pengana Investment Management Limited (ABN 69 063 081 612). Accordingly, transactions with entities related to Pengana Investment Management Limited are disclosed below.

#### Key management personnel

Directors

Key management personnel includes persons who were directors of Pengana Investment Management Limited at any time during the financial period or since the end of the year end and up to the date of this report:

Ellis Varejes	Non-Executive Director and Chairman
Ilan Zimmerman	Non-Executive Director
Russel Pillemer	Chief Executive Officer and Managing Director
Katrina Glendinning	Executive Director

#### Key management personnel unitholdings

At 31 December 2020, Katrina Glendinning held 53,950 units in the Trust (30 June 2020: 40,617 units).

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3: RELATED PARTY TRANSACTIONS (continued)

#### Responsible Entity's fees and other transactions:

Under the terms of the Trust's Constitution and the current Product Disclosure Statement for the Trust, the Responsible Entity is entitled to receive fees monthly.

Pengana Investment Management Limited is the responsible entity of the Trust. The Responsible Entity has appointed Pengana Capital Limited, also a member of the Pengana Capital Group (PCG) of Companies, as the Manager of the Trust. The Manager has appointed Grosvenor Capital Management, L.P. ('GCM' or 'Investment Manager') as the investment manager of the Portfolio of the Trust.

The Responsible Entity Fee and Management Fee are payable to Pengana Investment Management Limited for the management and operational oversight of the Trust. Pengana Investment Management Limited will pay a portion of the Management Fee to GCM pursuant to the Investment Management Agreement.

The total value and investment return of the Alignment Shares is not included when calculating the Responsible Entity Fee and Management Fee payable by the Trust. Management fee of 1.25% p.a. is calculated monthly in arrears using the gross value of the investment portfolio. The fees are paid directly from the Trust and reflected in the NAV per Unit.

The costs of the offer ('IPO'), the issue of Alignment shares, and the Secondary Offer were paid by PCG and PCG has no intention of claiming reimbursement of such costs.

The performance fee is payable to Pengana Investment Management Limited ('PIML'). The performance fee potentially payable by the Trust is equal to 20% of the Trust Outperformance, namely of the Trust's Total Return in excess of the Hurdle Return (being 8% p.a.) and subject to the NAV being greater than the Trust's High Water Mark ("HWM"). The HWM is equal to the NAV less the value of the Alignment Shares at the end of the latest Performance Fee Payment Period in which the Trust paid a Performance Fee ("Last Payment Period"). The initial HWM is equal to the initial NAV less the initial value of the Alignment Shares. The HWM will be adjusted for capital flows into and out of the Trust (including from distributions) following the Last Payment Period. The Performance Fee is calculated and accrued monthly and payable to Pengana from the Trust each half-year period ending 30 June or 31 December. The total value and investment return of the Alignment Shares are not included when calculating the Performance Fee payable.

Transactions with related parties have taken place at arm's length and in the ordinary course of business. The transactions during the half-year and amounts at period end between the Trust and the Responsible Entity were as follows:

	<b>31 December 2020</b>	31 December 2019
	\$	\$
Responsible Entity fee and Management fee	<b>1,780,152</b>	1,375,527
Aggregate amount payable for Responsible Entity fee and Management fee	<b>316,292</b>	241,234

#### Investment Manager fees:

Two types of fees are payable from the Trust to the Investment Manager (GCM) in respect of the Investment Manager's investment management of the Secondaries Sub-Portfolio, namely the Secondaries Management Fee and the Secondaries Carried Interest Fee. Refer to sections 12.3.4.1 and 12.3.4.2 in the Product Disclosure Statement 22 February 2019 for further details on the Secondaries Management fee and the Carried interest Fee

The transactions during the year and amount at period end between the Trust and the Investment Manager were as follows:

	<b>31 December 2020</b>	31 December 2019
	\$	\$
Secondaries Management Fee and Carried Interest Fee	<b>60,089</b>	-
Aggregate amount payable for Secondaries Management Fee and Carried Interest Fee	<b>53,869</b>	-

#### Investments

GCM as the Investment Manager invests the Trust's capital primarily by allocating capital through GCM funds and underlying funds managed by third-party managers who invest in a wide range of different Portfolio Companies.

GCM also makes investments directly on behalf of the Trust.

GCM and other members of the GCM Group also serve as the manager of a number of the underlying funds in which the Trust will invest ("GCM funds"). The GCM Group receives management fees and/or incentive compensation from these GCM funds. The Trust will also invest in other underlying funds (other than the GCM funds) and the managers of these other underlying funds will also receive management fees and/or incentive compensation.



## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 3: RELATED PARTY TRANSACTIONS (continued)

#### Investments (continued)

The capital commitments the Trust has with GCM funds as at 31 December 2020 are disclosed in Note 6.

The Trust did not hold any investments in Pengana Investment Management Limited and Pengana Capital Limited during the half-year. The Trust held investments in the following related parties at 31 December 2020.

	Fair value of investment		Interest held		Commitments / In kind contributions		Dividends/ Distributions received during the half-year	
	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020	31 December 2020	30 June 2020
Pengana Capital Group Limited Convertible Preference shares*	7,952,949	5,277,420	4.55	4.55	4,909,228	4,909,228	196,369	196,369
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	29,892,970	22,361,676	6.86	11.35	51,458,888	53,740,015	102,397	-
GCM Grosvenor Multi-Asset Class Fund II, L.P.	75,293,923	67,583,562	5.80	5.80	83,797,588	82,788,671	-	-

\*The investment made in relation Pengana Capital Group Limited Convertible Preference shares is for the Alignment shares issued by PCG to the Trust amounting to 5% of the total amount raised from the IPO.

PCG has issued the shares to the Trust at a nominal cost, being an aggregate price of \$1.00 for all Alignment Shares issued.

The Alignment Shares are recognised as a financial asset on the statement on financial position and are subsequently measured at fair value through profit or loss at the end of each reporting period. Due to the nature of these Alignment Shares they are valued at parity with the PCG ordinary shares on the ASX. The different characteristics of the Alignment Shares compared to ordinary shares have been considered as valuation factors and any impact deemed immaterial.

Approximately two years after the commencement of trading of the Units on the ASX, the Responsible Entity intends to distribute the Alignment Shares to Unitholders in proportion to the size of their Unitholding, subject to a determination by the Responsible Entity to distribute. Alignment Shares will convert into ordinary shares in PCG on such distribution.

For further details on the alignment shares please refer Section 9 of the replacement Product Disclosure statement issue date 22 February 2019.

#### NOTE 4: STATEMENT OF OPERATIONS BY SEGMENT

The Trust has identified its operating segments based on the internal reports that are reviewed and used by the Chief Investment Officer of the Investment Manager in assessing and determining the allocation of resources.

The Trust operates in one business segment, being investment in securities.

#### NOTE 5: DISTRIBUTION TO UNITHOLDERS

	31 December 2020	31 December 2019
Distributions	5,982	4,101
Distributions (cents per unit)	2.5	2.5

On 29 December 2020, the Trust announced an interim distribution of 2.5 cents per unit, which was paid on 14 January 2021.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 6: CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities at 31 December 2020 that required disclosure (30 June 2020: nil).

At 31 December 2020, the Trust has the following capital commitments:

<b>31 December 2020</b>	<b>Total capital commitment</b>	<b>Called up capital</b>	<b>Unfunded capital commitment</b>
<b>Investee</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	51,458,888	29,406,660	22,052,228
GCM Grosvenor Multi-Asset Class Fund II, L.P.	83,797,588	72,972,946	10,824,642
Carlyle Credit Opportunities Fund Parallel LP	7,101,418	4,869,870	2,231,548
Vista Equity Endeavour Fund II A LP	5,249,733	602,556	4,647,177
HIG Middle Market Lbo Fund III LP	3,778,584	220,771	3,557,813
The Veritas Capital Fund Vii L.P.	9,203,854	1,925,449	7,278,405
Alpine Investors III L.P.	1,468,801	1,383,027	85,774
Alpine Investors IV L.P.	381,109	324,098	57,011
Alpine Investors VI L.P.	361,344	251,630	109,714
Alpine Investors VII L.P.	681,942	228,282	453,660
H.I.G. Europe Middle Market Lbo Feeder Fund L.P.	5,798,630	151,795	5,646,835
Riverside Micro-Cap Fund V L.P.	5,491,186	2,042,903	3,448,283
Cornell Capital Partners li Parallel LP	5,183,605	-	5,183,605
Peak Rock Capital Fund III LP	5,183,605	-	5,183,605
WPEF VIII Feeder LP	6,746,728	-	6,746,728
Wynnchurch Capital Partners V L.P.	6,525,782	869,647	5,656,135
	<b>198,412,797</b>	<b>115,249,634</b>	<b>83,163,163</b>
<b>30 June 2020</b>	<b>Total capital commitment</b>	<b>Called up capital</b>	<b>Unfunded capital commitment</b>
<b>Investee</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
GCM Grosvenor Co-Investment Opportunities Feeder Fund II, L.P.	53,740,015	19,969,065	33,770,950
GCM Grosvenor Multi-Asset Class Fund II, L.P.	82,788,671	60,546,257	22,242,414
Carlyle Credit Opportunities Fund Parallel LP	7,262,164	2,658,147	4,604,017
Vista Equity Endeavour Fund II A LP	5,809,731	524,276	5,285,455
HIG Middle Market Lbo Fund III LP	4,197,531	209,971	3,987,560
The Veritas Capital Fund Vii L.P.	10,167,030	79,434	10,087,596
Alpine Investors III L.P.	1,428,225	1,332,090	96,135
Alpine Investors IV L.P.	363,108	299,211	63,897
Alpine Investors VI L.P.	363,108	240,142	122,966
Alpine Investors VI L.P.	726,216	188,947	537,269
H.I.G. Europe Middle Market Lbo Feeder Fund L.P.	5,305,214	132,630	5,172,584
Riverside Micro-Cap Fund V L.P.	5,847,495	1,460,515	4,386,980
Cornell Capital Partners li Parallel LP	5,809,731	-	5,809,731
Wynnchurch Capital Partners V L.P.	7,262,164	189,667	7,072,497
	<b>191,070,403</b>	<b>87,830,352</b>	<b>103,240,051</b>

The total value of capital commitments in local currency amounts to USD 140 million as at 31 December 2020 (30 June 2020: USD131 million).

### NOTE 7: SUBSEQUENT EVENTS

In the latest release to the ASX on 12 February 2021 the Trust reported a NAV per unit as at 31 January 2021 of \$1.1770.

Other than the above, the Directors are not aware of any matter or circumstance not otherwise dealt with in this financial report that has significantly or may significantly affect the Trust's operations, the results of those operations or the Trust's state of affairs in future years.

## DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Pengana Private Equity Trust, I state that:

- a) the financial statements of the Trust as set out on pages 6 to 16 are in accordance with the *Corporations Act 2001*, including:
- i) giving a true and fair view of the financial position of the Trust as at 31 December 2020 and of its performance as represented by the results of its operations and cash flows for the period ended on that date; and
  - ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001*, International Financial Reporting Standards as disclosed in Note 2 and other mandatory professional reporting requirements; and
- b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 31 December 2020.

This declaration is made in accordance with a resolution of the Directors of the Responsible Entity.

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'Ellis Varejes', with a stylized flourish extending to the right.

Ellis Varejes  
Chairman  
Sydney  
24 February 2021



**Building a better  
working world**

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## **Independent auditor's review report to the unitholders of Pengana Private Equity Trust**

### **Report on the half-year financial report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Pengana Private Equity Trust (the "Trust"), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Trust is not in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Trust's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' responsibility for the half-year financial report**

The directors of the Responsible Entity of the Trust are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Trust's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

A handwritten signature in black ink that reads "Ernst &amp; Young".

Ernst & Young

A handwritten signature in black ink, appearing to be "G. McKenzie".

Graeme McKenzie  
Partner  
Sydney  
24 February 2021

## CORPORATE DIRECTORY

### PRINCIPAL AND REGISTERED OFFICE

#### **Pengana Private Equity Trust**

Level 1, 2 and 3, 60 Martin Place,

Sydney, NSW 2000 Australia

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Facsimile (61 2) 8524 9901

Website [www.pengana.com](http://www.pengana.com)

Email [clientservice@pengana.com](mailto:clientservice@pengana.com)

### DIRECTORS

#### **Ellis Varejes**

*Non-Executive Director and Chairman*

#### **Ilan Zimerman**

*Non-Executive Director*

#### **Russel Pillemer**

*Chief Executive Officer and Managing Director*

#### **Katrina Glendinning**

*Executive Director*

### COMPANY SECRETARY

**Paula Ferrao**

### AUDITOR

#### **Ernst & Young**

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### UNIT REGISTRY

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