



NAVIGATING THE WORLD OF PRIVATE EQUITY

The asset class reshaping
modern portfolio construction

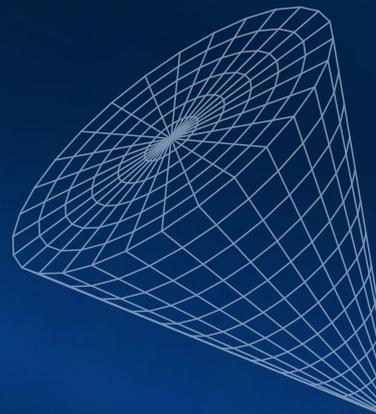


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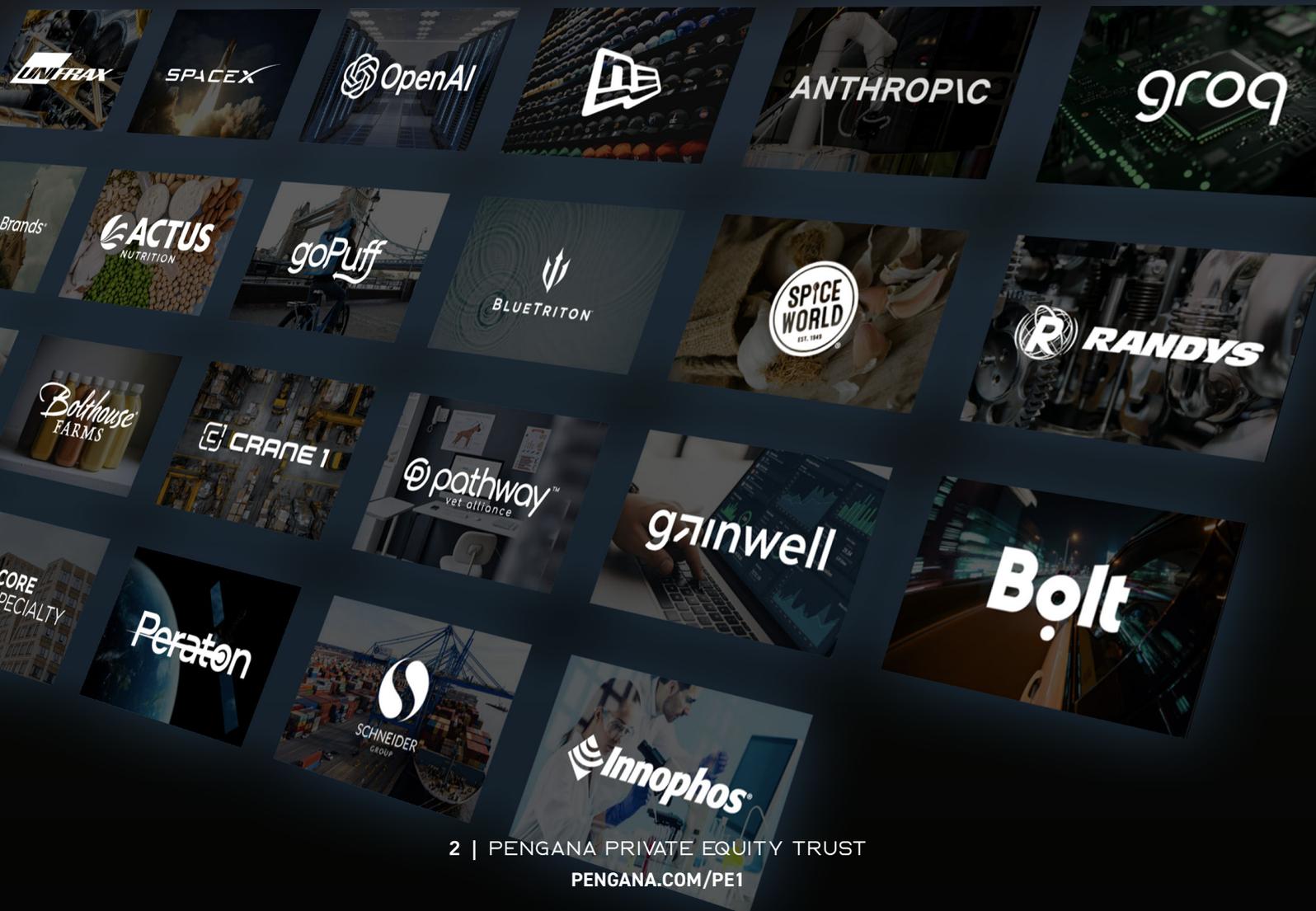
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INTRODUCTION

Are investors missing more of the growth story than ever before? Over the past two decades, many of the world's most innovative and disruptive companies have stayed private for far longer, meaning public market investors increasingly miss the most dynamic phase of corporate growth.

This paper provides a detailed introduction to private equity investing - the asset class, the opportunity it presents, and the role it can play in an investment portfolio. It highlights why private equity has grown in importance as more economic activity remains in private markets, along with the long-term performance and diversification benefits it has historically delivered.

The Pengana Private Equity Trust (ASX: PE1) provides retail investors, SMSFs, and financial advisers access to a diversified global private equity portfolio - all through a single ASX-listed investment.

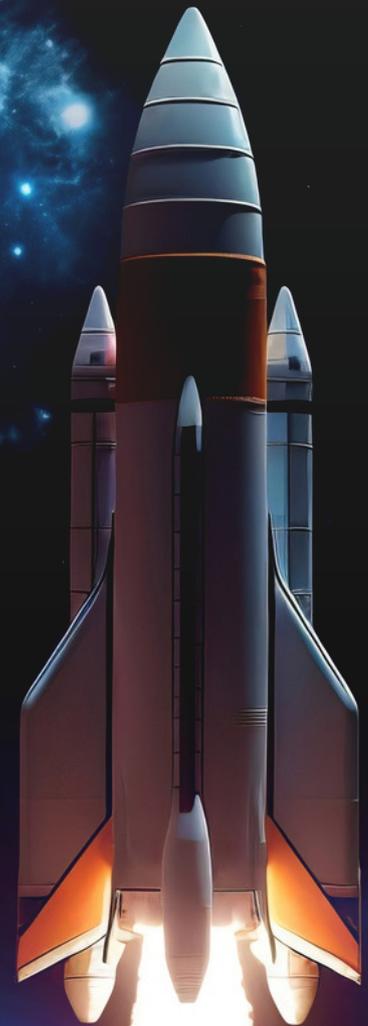


PRIVATE EQUITY EXPLAINED

Private equity refers to capital invested in companies that are not listed on public exchanges, regardless of the maturity or stage of a company's life cycle. Its characteristics, risks, and returns can vary by stage, though most investments occur once businesses are more mature and validated.

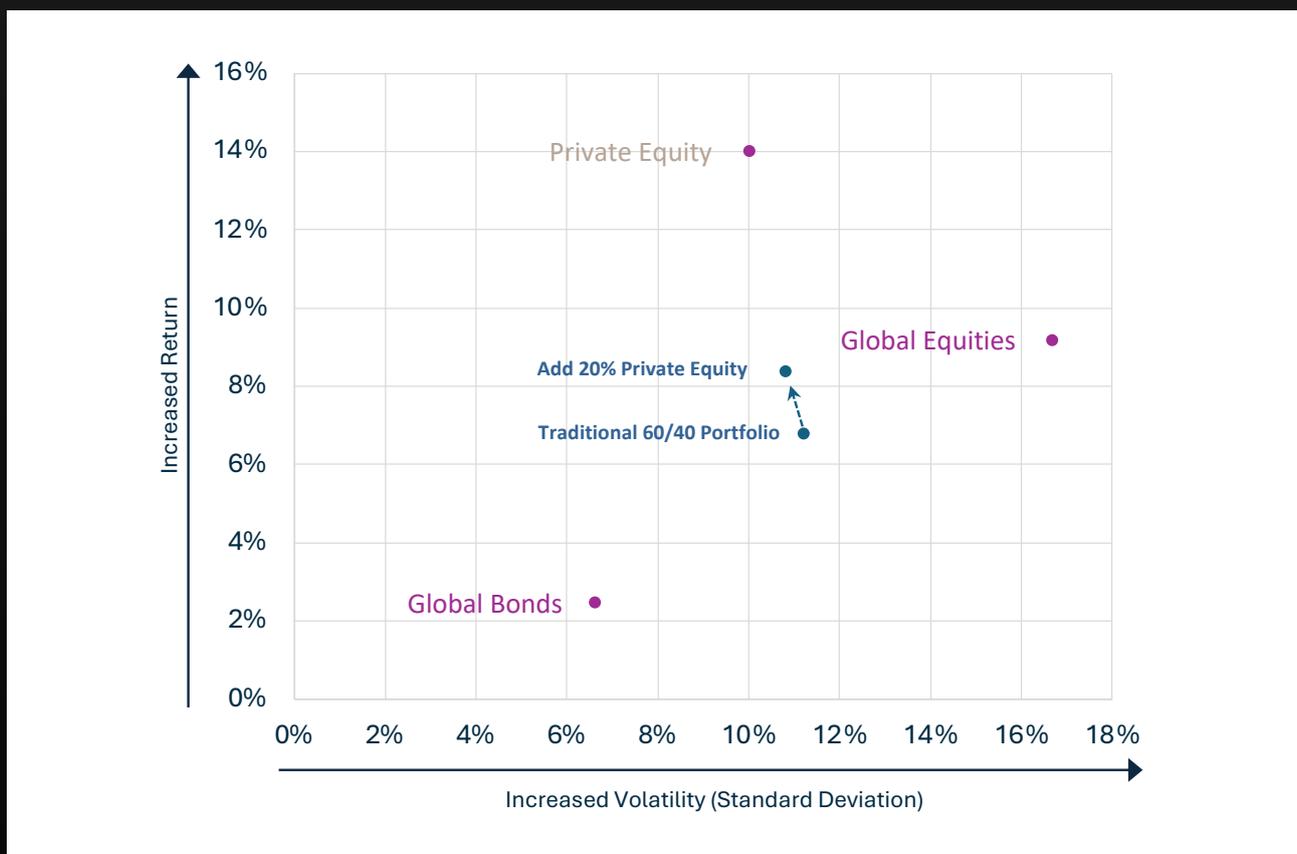
Its popularity has grown thanks to strong historical performance across cycles, the ability to create value over long horizons, reduced short-term volatility compared with listed equities, and the additional "illiquidity premium" tied to private company ownership - particularly as many of today's most innovative companies, such as SpaceX, remain private for far longer.

Among the world's 150 largest private equity investors, private equity accounts for around 16% of institutions' total portfolio assets on average.¹ Australia's Future Fund, for example, allocates 13.3% of its portfolio to the asset class.²



PRIVATE EQUITY IN PORTFOLIO CONSTRUCTION

Based on historical quarterly returns and correlations between public and private markets, private equity has delivered diversification benefits when combined with traditional investments. For example, as shown in the chart below, moving from a traditional 60/40 equities/bond portfolio to one with a 20% allocation to global private equity has resulted in the portfolio generating higher returns with lower risk as measured by volatility (with volatility measured by the annualised standard deviation of returns).



Analysis period includes the 20 years ending 30 September 2024. Portfolio calculation assumes quarterly rebalancing of stock and bond allocations. Index returns assume reinvestment of coupons. "Global Equity Allocation" represented by MSCI World Index, "Global Bond Allocation" represented by Bloomberg Barclays Global Aggregate Bond Index, "Private Equity Allocation" represented by Burgiss private equity pooled time-weighted returns.

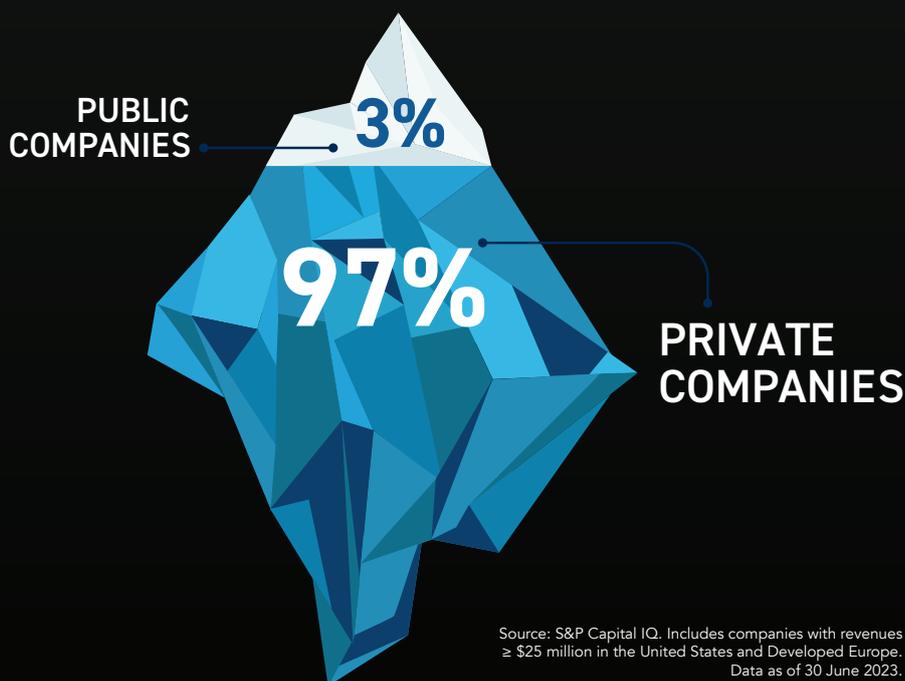
Source: The above graph was prepared by GCM utilising certain information obtained from Burgiss. The graph is based on published 3Q 2024 benchmark data as of 10 March 2025.

Burgiss sources their data from MSCI, Bloomberg Barclays and private equity funds worldwide (the "Burgiss Manager Universe"). The Burgiss Manager Universe includes data from 8,250 global private funds. GCM uploads data into its system used to prepare the above graph one-time each quarter; however, the data service may continue to update its information thereafter. Therefore, information in GCM's system may not always agree with the most current information available from the data service. Additional information is available upon request. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This graph is not approved or produced by MSCI. Burgiss, MSCI, and Bloomberg Barclays have not provided consent to the inclusion of statements utilising their data. Past performance is not necessarily a guide to future performance. No assurance can be given that any investment will achieve its objective or avoid losses.

BROADENING INVESTMENT HORIZONS THROUGH PRIVATE EQUITY

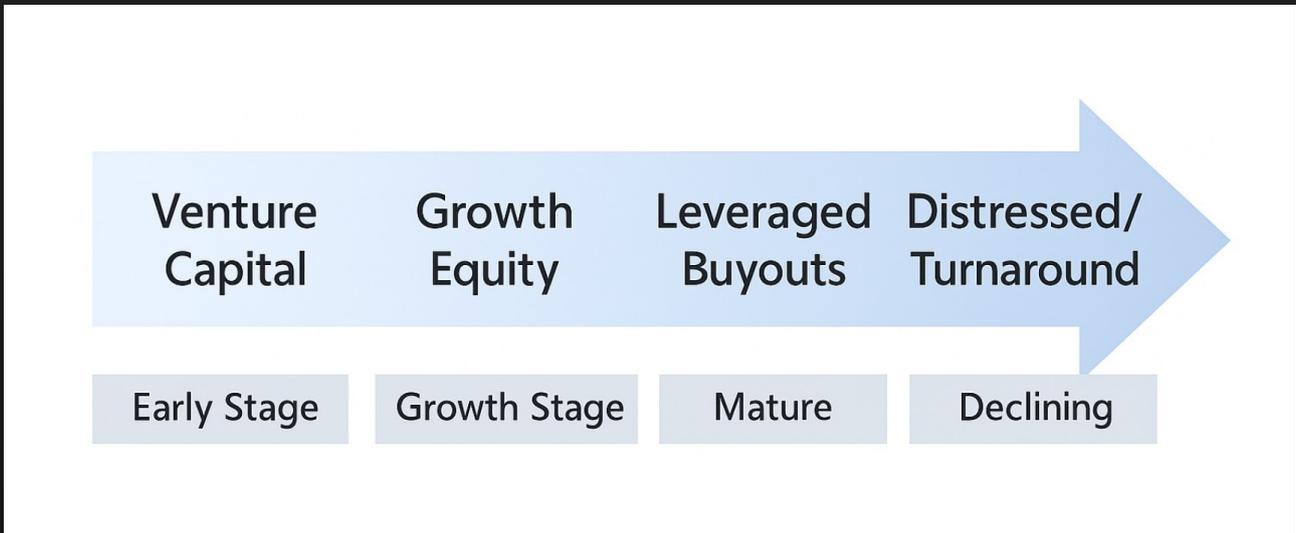
In the 1990s, the average US company went public after around four years. Today, that number exceeds twelve.³ This reflects more abundant private capital, deeper institutional investor appetite, and the rise of specialist private equity and venture platforms that can support large-scale expansion without the scrutiny of quarterly reporting. The result is that many of the world's leading businesses are now maturing in private markets before ever reaching public investors.

Investors focused solely on public markets are effectively limiting themselves to around 3% of global companies.

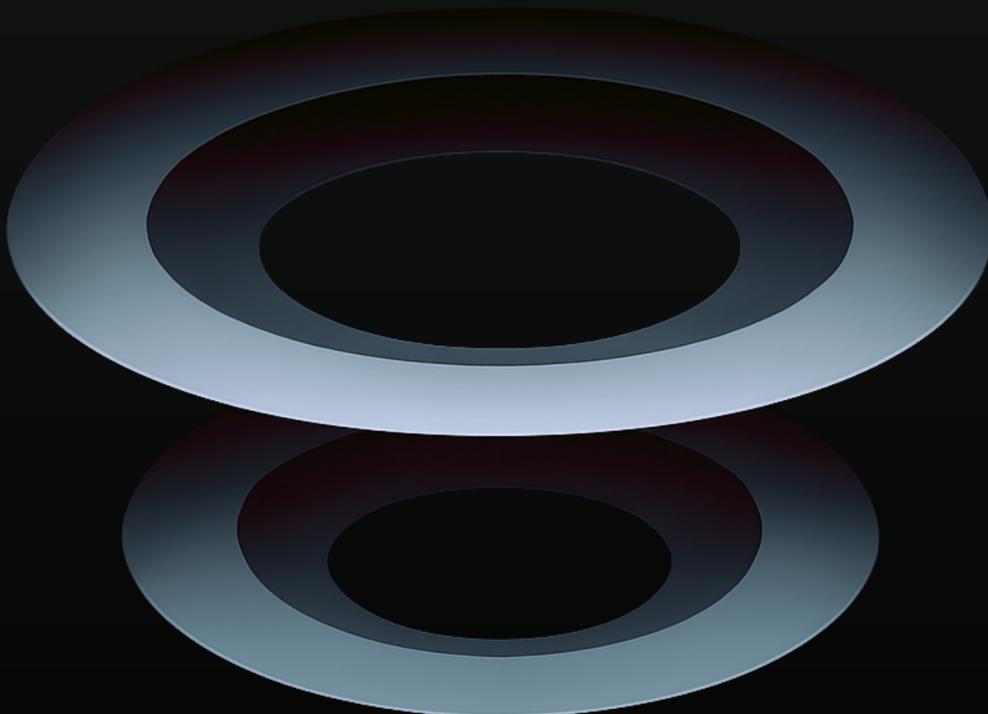


Source: S&P Capital IQ. Includes companies with revenues \geq \$25 million in the United States and Developed Europe. Data as of 30 June 2023.

Many people associate private equity with early stage venture capital investing - that's only one small slice of a much wider spectrum, stretching from angel investing at the earliest stages to distressed funding at the other end.

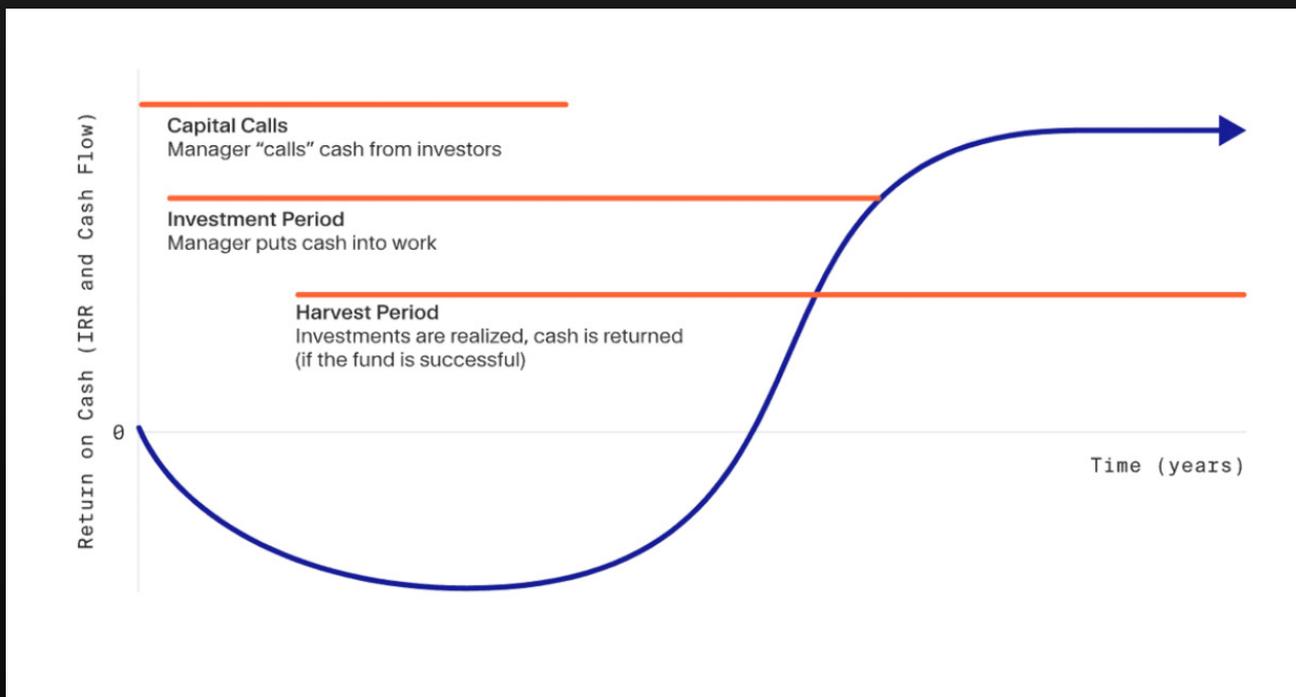


Most private equity funds have an investment term of 10-12⁴ years with only a small portion of the committed capital generally required upfront. The investments are typically made during the first five years with the realisations occurring later in the life of the fund.



UNDERSTANDING THE J-CURVE

Investing in private equity gives rise to a return pattern known as the J curve. In the early years of a private equity fund, returns are typically negative. Capital is drawn gradually to fund new investments, pay management fees and build portfolios well before underlying companies have had time to grow or generate meaningful value. This early phase is not sign of underperformance. It is simply the economic reality of paying costs upfront and deploying capital on when appropriate opportunities emerge.

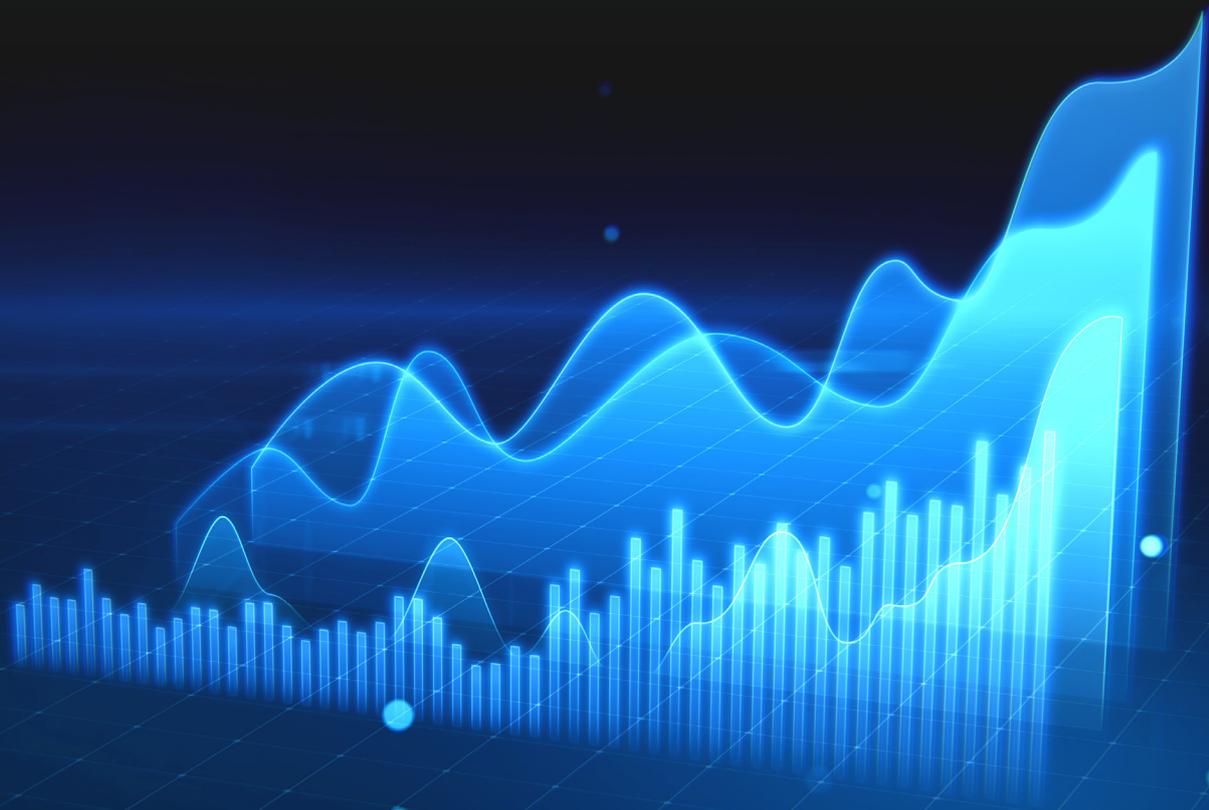


Source: Moonfare, "What is J-Curve in Private Equity and Venture Capital?" May 2025

As the fund matures, the dynamic shifts. Portfolio companies begin to scale, improve operations and reach meaningful milestones. Valuations often rise as business models strengthen and risks fall. Over time, the fund begins to return capital to investors as assets are sold through trade sales, secondary transactions, or public listings. These realisation events typically drive the sharp upward slope of the J curve as cumulative returns turn positive and begin to compound.

Not all private equity strategies experience the J curve equally. Funds acquiring interests in already launched private equity funds (i.e., secondary funds) or more mature companies tend to show a flatter early profile, as they are buying into assets that already partway through their development. By contrast, early-stage or venture strategies generally show deeper initial dips as companies take longer to prove out their growth potential.

Understanding the J Curve is essential for setting expectations. Private equity returns are not linear, and early results rarely reflect the long-term potential of the asset class. The trajectory simply mirrors the work required to build, strengthen, and eventually exit business. For investors, patience and long-term perspective are key to capturing the full value-creation cycle that private equity offers.

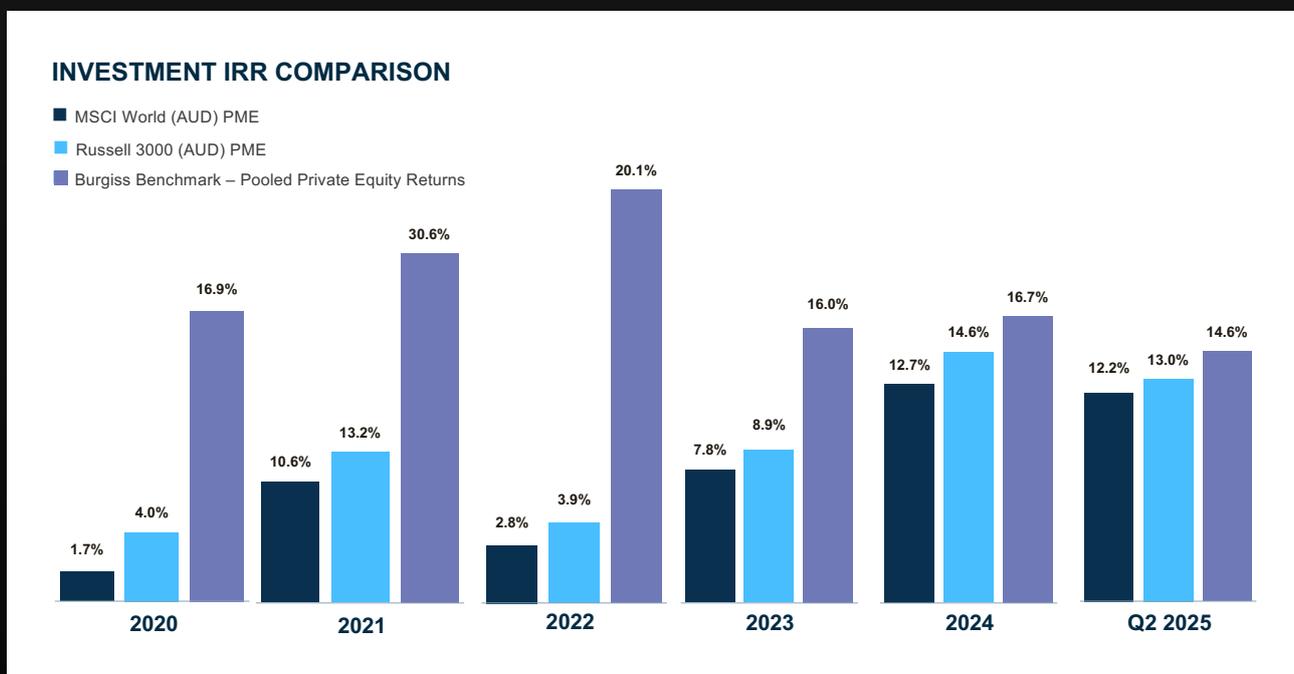


PROVEN PERFORMANCE

There’s an old saying that markets climb a wall of worry. Periods of uncertainty are not unusual, and today’s environment is no different. Major institutions including the IMF, World Bank and OECD are projecting weak, sub-trend global growth through 2026 with risks tilted to the downside. Against this backdrop, investors are increasingly asking where long-term value can still be found without sacrificing growth potential.

One compelling answer is **private equity**.

Over the long term, private equity has consistently outperformed listed markets, supported by a combination of access, active ownership and favourable entry valuations. Historically, private equity deals have occurred at entry multiples 20–30% lower than comparable public companies. These valuation dynamics tend to persist across different market cycles, helping private equity capture meaningful upside while still offering a margin of safety at the point of investment.



The Public Market Equivalent (“PME”) concept allows investors to compare the performance of private equity and other private markets investments (Private Equity) to other types of investments, such as public market indices (Public Equity). The methodology assumes buying and selling a given index according to the timing and size of the cash flows between the investor and the private investment. Performing this comparison requires the construction of a hypothetical investment fund that mimics private equity cash flows. This hypothetical fund purchases and sells shares of the index at the same time the private equity vehicle calls and distributes cash. Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses. Benchmarks are used solely for purposes of comparison and the comparison does not mean that there will necessarily be a correlation between the returns described herein and the benchmarks.

Private equity has delivered compelling historical returns, outperforming listed equities across multiple time horizons and regions, including during periods of economic stress such as the GFC in 2008. Over the past 20 years, it has generated higher returns with lower volatility⁵, offering meaningful diversification benefits for those able to overcome traditional barriers to entry. Even small allocations can lift returns and reduce overall portfolio volatility.

The chart below shows this consistent outperformance across regions and time periods.

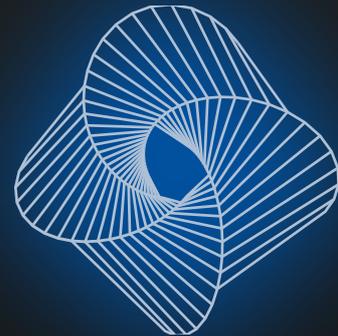


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Sources: MSCI, S&P and BURGISS (BURGISS data as of September 30, 2024, downloaded March 10, 2025). United States returns are stated in USD. Europe returns include investments with a focus on the developed world and are stated in EUR. Asia returns include private equity expansion capital investments and are stated in USD. All “Public Market Equivalent” returns were calculated using the Long-Nickels methodology and were obtained from Burgiss. All data shown as net to Limited Partners, unless otherwise noted. Pooled Return (LP): The pooled IRR calculation uses pooled cash flows over the specific horizon period, meaning the data for the funds are aggregated and the return is calculated on the single stream of aggregate cash flows. No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of any future results.

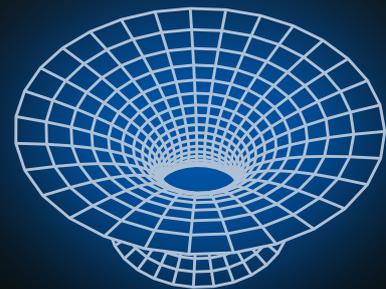
WHAT'S IN IT FOR INVESTORS?

The surge of innovation across artificial intelligence, fintech, and advanced manufacturing has widened the gap between private and public markets. Many leading companies, such as OpenAI and SpaceX, have reached valuations in the hundreds of billions while remaining private, supported by mission-critical technology, long investment horizons, and deep and patient capital.



Listed markets, by contrast, are dominated by mature incumbents and capital-light digital platforms. These remain important allocations, but they do not capture the full breadth of the global growth engine. An increasing share of the real economy - where businesses are built, scaled, and monetised - now sits largely outside public benchmarks.

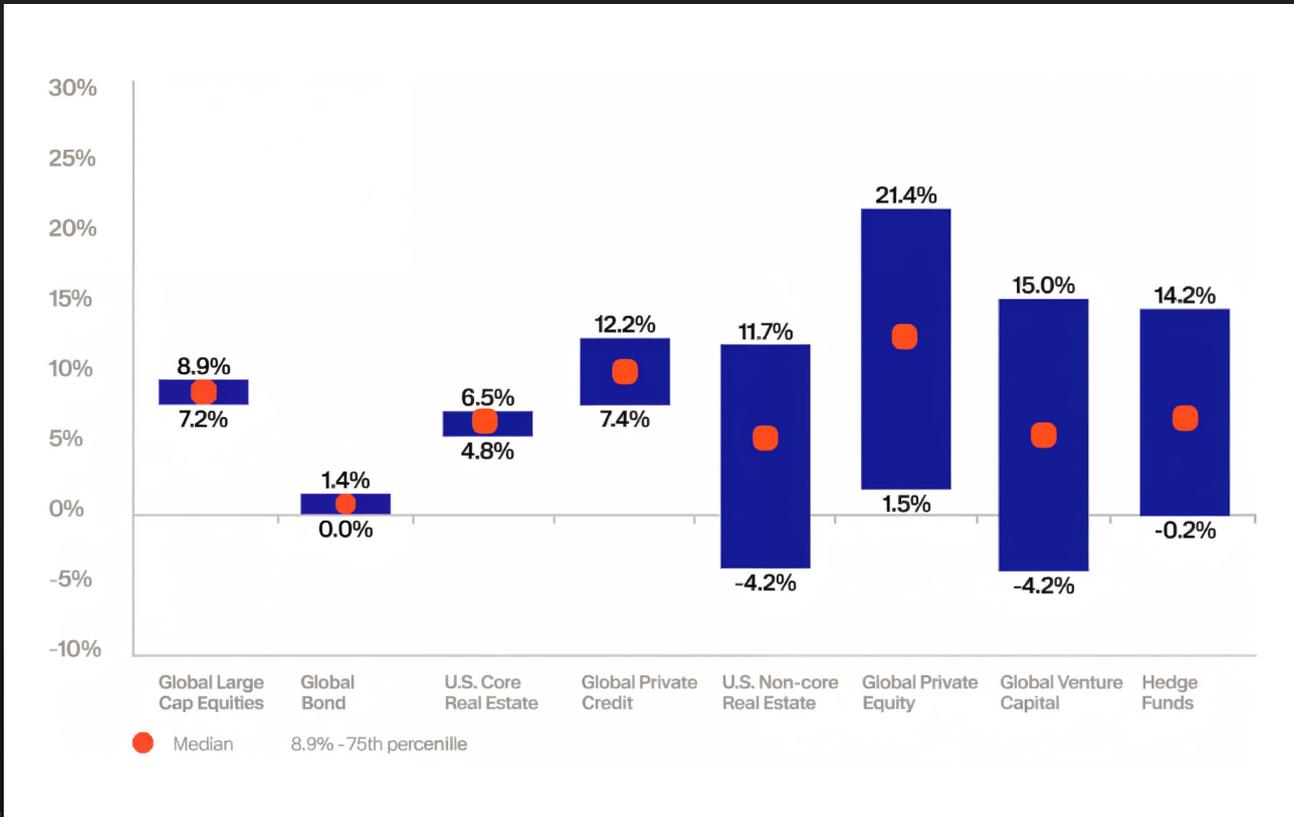
Investors are attracted to private equity for its access to these exciting private companies. However, the real strength of the asset class lies in its ability to deliver strong risk-adjusted returns through different economic environments by owning and improving solid, resilient, and cash-generative businesses. Skilled management, disciplined ownership, and thoughtful portfolio construction underpin this consistency. And because private equity has a lower correlation with listed equities, it has historically provided meaningful diversification.



Unlike public markets, where fund managers' returns cluster closely around the median, private markets display a much wider range of outcomes. This gives high-quality managers the scope to drive performance that is both durable and differentiated.

The performance gap between PE managers is wide and persistent

Global Private equity IRR dispersion by vintage year, 2000-2020



Morningstar, Burgiss, NCREIF, PitchBook, LCD, PivotalPath, J.P. Morgan Asset Management, as cited in Moonfare, "Is Private Equity Still Outperforming Public Markets?", August 2025.

As shown above, the broader spread between the highest- and lowest-performing managers highlights the influence of skill and access, reinforcing the importance of diversification across strategies, vintages, and managers to avoid the risk of underperformance.

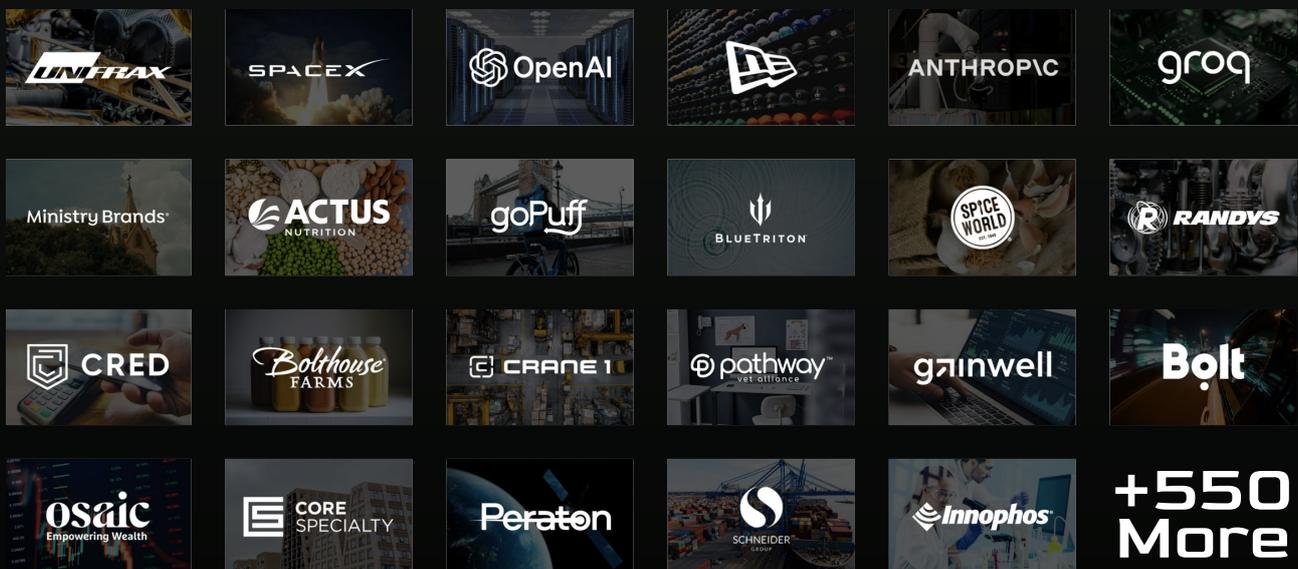
REMOVING THE BARRIERS TO PRIVATE EQUITY

The benefits of private equity have traditionally been limited to institutional, wholesale, and ultra-high-net-worth investors who could navigate the asset class's complexity.

This changed in 2019, when Pengana Capital Group partnered with US-based GCM Grosvenor - a US\$87 billion alternative investment powerhouse - to launch the ASX-listed Pengana Private Equity Trust (PE1). Designed specifically for mainstream and SMSF investors, PE1 removes the traditional barriers to accessing global private equity.

Through this partnership and the listed investment trust structure, investors can now access a diversified global private equity portfolio with no minimum investment amounts and daily liquidity via the ASX⁶

The portfolio includes exposure to leading private companies such as SpaceX and OpenAI, alongside hundreds of other resilient businesses across multiple time frames ("vintages"), sectors, and geographies.



The listed trust structure enables illiquid underlying investments to be unitised into tradable parcels, solving several long-standing challenges:

HIGH BARRIERS TO ENTRY

Top performing private equity managers are highly exclusive, with excess demand for allocations. PE1 leverages GCM Grosvenor's long-standing relationships to secure access to these otherwise hard-to-reach opportunities.

ILLIQUIDITY

Private equity typically involves a lock-up of at least 10-years. PE1 investors instead enjoy daily liquidity via the ASX⁵

LACK OF REGULAR DISTRIBUTIONS

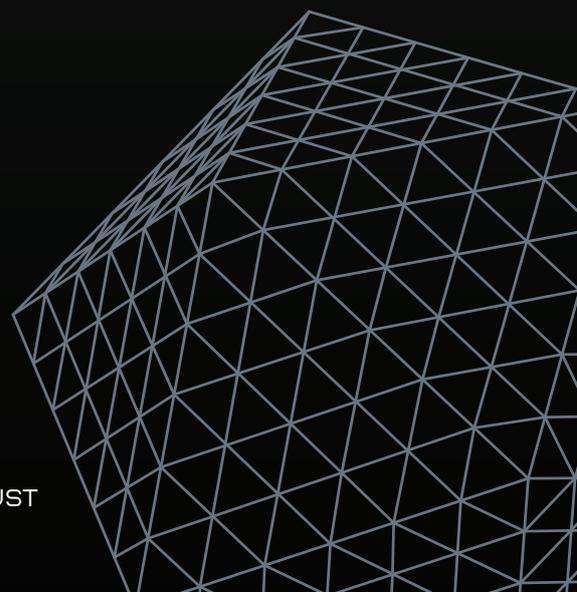
Unlisted private equity rarely provides steady income, whereas PE1 targets a 4% p.a. distribution paid semi-annually.

CAPITAL CONSTRAINTS AND HIGH MINIMUMS

Top performing managers often require USD\$5-10 million per investment. PE1 provides broad diversification across managers, conditions, vintages, geographies, sectors, and strategies, with exposure to over 550 underlying companies.

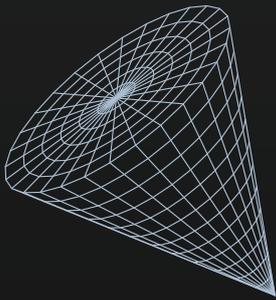
COMPLEX CASH-FLOW MANAGEMENT

Traditional PE investing requires complex cash flow management, with negative returns early on as capital is drawn down and costs are incurred before investments begin to generate value - this is known as the J-curve PE1 manages cashflows internally by coordinating drawdowns, reinvesting distributions, and keeping the portfolio continuously invested. This allows investors to access a mature, fully deployed portfolio that generates returns from day one.



ASX: PE1

The **Pengana Private Equity Trust (ASX: PE1)** is Australia's only globally diversified private equity fund listed on the ASX. It offers access to a high-quality, institutional-grade portfolio that would typically be unavailable to individual investors.

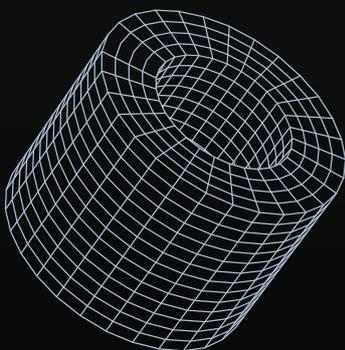
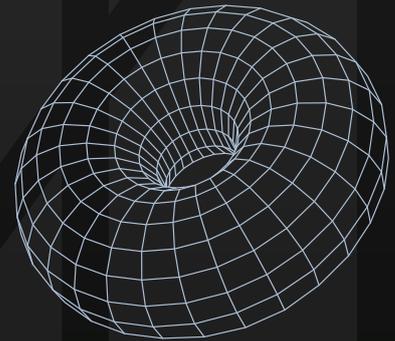


INSTITUTIONAL-QUALITY MANAGER

The portfolio is managed by GCM Grosvenor a US-based private markets firm with over 50 years of experience managing institutional portfolios.

DIVERSIFIED, HIGH-QUALITY PORTFOLIO

With over 550 private companies diversified across sectors, geographies, and strategies, and vintages dating back to 2003. The investments have delivered strong growth (with the underlying PE portfolio generating a top quartile IRR since inception), underpinned by companies with solid cashflows, pricing power, and resilience to macroeconomic volatility.

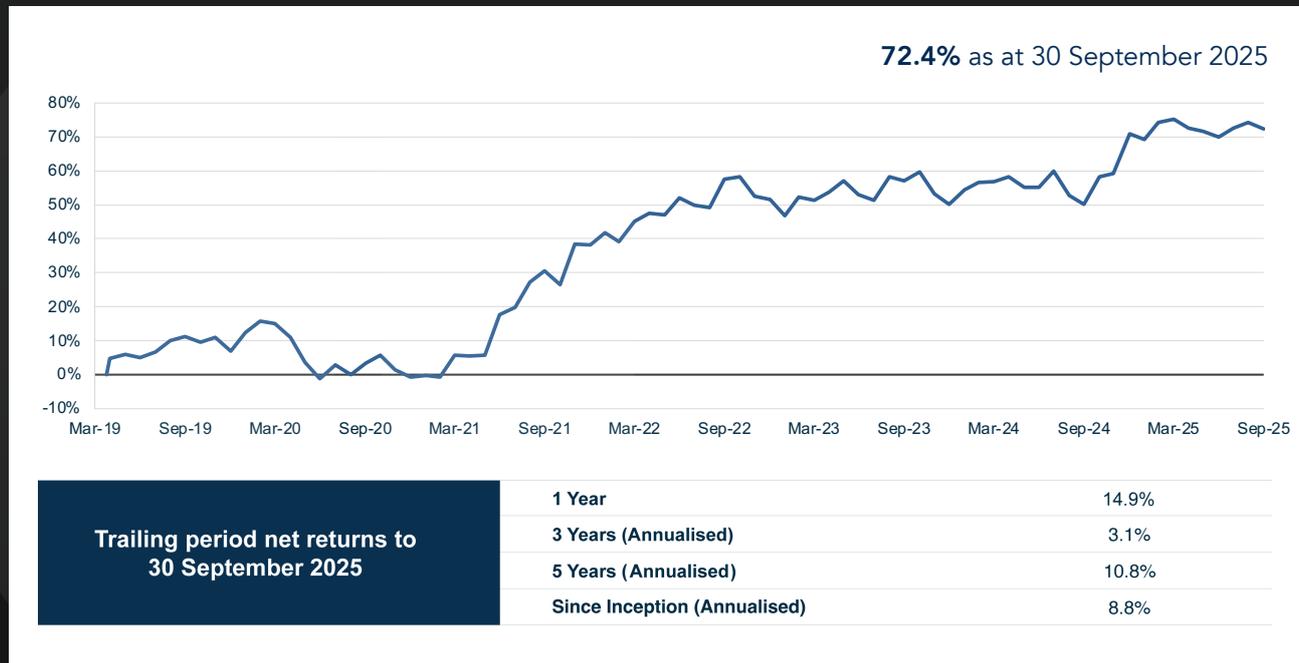


PROVEN PERFORMANCE

PE1 went through a period of generating subdued returns during much of 2023 and 2024 as global private equity markets reset to new valuation and interest rate conditions. During that phase, PE1 deployed a significant portion of the portfolio at attractive entry levels. Those investments are now delivering, with the Trust returning 14.9% over the 12 months to 30 September 2025 on a NAV basis. Since IPO in April 2019, NAV has compounded at 8.8 percent per annum.

Cumulative NAV per unit return since inception

(as at 30 September 2025)



Past performance is not a reliable indicator of future performance, the value of investments can go up and down. No assurance can be given that any investment will achieve its objectives or avoid losses.

The 'NAV per Unit Return' has been determined with reference to the increase in the Net Asset Value per Unit, as well as of the reinvestment of a Unit's distribution back into the Trust pursuant to the Trust's distribution reinvestment plan ("DRP"). Pengana has established a DRP in respect of distributions made by the Trust. Under the DRP, Unitholders may elect to have all or part of their distribution reinvested in additional Units. The NAV is unaudited. The NAV per unit at inception is based on the subscription price per unit which is equal to \$1.25.

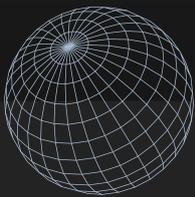
- ➔ The trust **targets a 4% p.a. distribution based on NAV**: the current yield at the discounted market prices is above the targeted 4% p.a. As the NAV rises, so does the income. Investors are being paid to wait for the discount to close.
- ➔ **Pengana's active discount management**: When PE1 units trade at more than a 10% discount to NAV, up to 75% of available cashflow is directed to onmarket buybacks to enhance investor value.

WHY NOW?

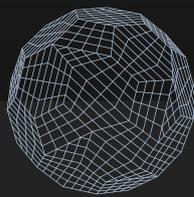
As investors rethink diversification, the traditional boundary between public and private markets is becoming less useful. What matters is exposure to differentiated assets that can provide underlying resilience through the cycle, complemented by selective access to companies shaping the next decade of innovation. This reality requires portfolio construction to evolve.

Allocating to private markets is no longer an emerging trend. It is becoming a defining feature of modern portfolio design.

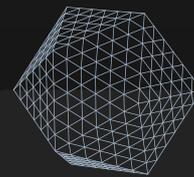
PE1 offers a rare combination in today's market:



A fully deployed, mature global private equity portfolio with meaningful diversification



A compelling entry point, supported by a permanent on market buyback funded by realised gains



Multiple near-term liquidity and valuation events emerging across key underlying holdings

In a world where listed equities are pricing in perfection, PE1 provides something different – access to high quality underlying businesses, supported by a capital management program while PE1 units trade at a discount to the value of the underlying holdings.

PE1



References

1. Source: Private Equity International, *The Worlds Largest PE Investors*. 1 July 2024
2. Future fund Portfolio Update, 9 September 2025 <https://www.futurefund.gov.au/-/media/5E3A6B25A8D54C9482FB41zzt1C7158CD6.ashx>
3. Annual Report 2023, JPMorganChase & Co., www.jpmorganchase.com/content/dam/jpmc/jpmorganchase-and-co/investor-relations/documents/annualreport-2023.pdf.
4. Jay R. Ritter, "Initial Public Offerings: Updated Statistics," Warrington College of Business, University of Florida, April 7, 2025, Table 4, <https://site.warrington.ufl.edu/ritter/files/IPO-Statistics.pdf>.
5. Analysis period includes the 20 years ending 30 September 2024. Portfolio calculation assumes quarterly rebalancing of stock and bond allocations. Index returns assume reinvestment of coupons. "Global Equity Allocation" represented by MSCI World Index, "Global Bond Allocation" represented by Bloomberg Barclays Global Aggregate Bond Index, "Private Equity Allocation" represented by Burgiss private equity pooled time-weighted returns.

Source: Prepared by GCM utilising certain information obtained from Burgiss based on published 3Q 2024 benchmark data as of 10 March 2025.

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6. Units are listed on the ASX. Although liquidity is generally expected to exist in this secondary market, there are no guarantees that an active trading market will sustain a price representative of the NAV per Unit. As a listed investment trust, there is no redemption facility for Units. In circumstances where units are suspended from the ASX, unitholders may not be able to sell their units via the ASX until trading recommenced.

None of Pengana Private Equity Trust ("PE1"), Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462) ("Responsible Entity"), Grosvenor Capital Management, L.P., nor any of their related entities guarantees the repayment of capital or any particular rate of return from PE1. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. This document has been prepared by the Responsible Entity and does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered investment advice and should not be relied on as an investment recommendation.

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