

Details of Pengana's plans to launch Australia's first global private equity listed investment trust

- The Pengana Private Equity Trust (ASX: PE1)¹ will, for the first time in Australia, provide investors with exposure to a globally diversified portfolio of private equity through an ASX listed vehicle
- Pengana Capital Group has partnered with Grosvenor Capital Management, L.P, a global alternative asset manager to select investments for the Trust and to construct the portfolio
- The Trust provides a unique incentive structure for investors subscribing under the offer, with investors expected to receive a 5% uplift in net asset value on the allotment date via the issue of shares in Pengana Capital Group at nominal value
- Investors in Pengana's funds as well as shareholders in Pengana International Equities Limited, Pengana Capital Group and Washington H. Soul Pattinson will have access to a priority offer
- The offer minimum raising is \$250 million and the maximum \$1 billion

Thursday, 31 January 2019: Pengana Capital Group Limited (ASX: PCG), has today announced further details on its plans to launch an ASX listed investment trust that will invest in global private equity. With the initial public offering currently expected to open on 26 February 2019, the Pengana Private Equity Trust (ASX: PE1,¹ the 'Trust') will provide investors with exposure to a diversified portfolio of private equity with a select, complementary allocation to private credit and opportunistic investments.

Private equity has in the past been accessed predominantly by institutional investors. These investors have been attracted by the historical outperformance of private equity across multiple time periods, geographies and economic conditions compared with equivalent public (namely listed) markets, as well as the potential to deliver diversification benefits when combined with their existing investments.² For example, at 30 September 2018, the Future Fund, (with \$149 billion under management), increased its exposure to private equity to 14.8%, (\$22 billion), up from 11.8% a year earlier.³ In contrast, most Australian self-managed superannuation investors have very little, if any, exposure to this asset class.⁴ A key reason may be that many investors and advisers feel that there is a lack of suitable investment options, including the absence of suitable vehicles with daily liquidity as well as difficulty in obtaining access to top performing private equity managers. The Pengana Private Equity Trust will trade on the ASX, allowing for the potential of secondary market liquidity.⁵

PCG has partnered with Grosvenor Capital Management, L.P. ('GCM'), who will be responsible for selecting the investments for the Trust and constructing the portfolio. GCM is a global alternative asset manager based in Chicago and, together with its affiliates, has in excess of US\$52 billion in assets under management in private equity, hedge fund strategies, infrastructure and real estate. It has a long track record and vast experience in seeking to invest with high-quality private equity managers worldwide, with commitments in over 800 underlying funds and participation in over 200 co-investment opportunities since 1999.

Russel Pillemer, Chief Executive Officer of PCG said "The Pengana Private Equity Trust is a game changer for retail investors, who will now be able to obtain exposure to global private equity investments. Through our partnership with GCM, Australian investors will for the very first time have easy access to this exciting asset class through a large ASX listed vehicle."

Jon Levin, President of GCM, said "We believe private equity markets offer compelling investment opportunities and such investments should play a role in many investors' portfolios. Private equity investments benefit from the lack of short term public pressure, are less dependent on the market cycle and have historically often generated superior returns to their listed equivalents.**Error! Bookmark not defined.** We are excited to partner with Pengana to bring this opportunity to Australian investors in the form of an ASX listed product."

Unique incentive structure for investors

The Pengana Private Equity Trust will incorporate a unique incentive structure for investors subscribing under the offer. At the subscription price of \$1.25 per unit, on allotment investors will receive units with an expected net asset value per unit of \$1.3125 on the allotment date, representing a 5% uplift. This will be achieved by PCG paying all of the costs associated with the offer, and by PCG issuing the Trust with PCG shares ('Alignment Shares') equal in value to 5% of the total amount raised under the Offer, into the Trust for nominal consideration. Approximately two years after listing, the intention is to distribute the Alignment Shares in specie to the Trust's then investors (as at the record date) in proportion to the size of their unitholding, subject to a determination by the Responsible Entity to distribute.

Russel Pillemer said "The successful launch of the Trust will be highly beneficial for the shareholders of PCG. To show our appreciation to investors who subscribe for units in the Trust under the offer, and to increase their alignment with PCG, we propose to issue the Alignment Shares into the Trust for nominal consideration. This will provide investors who participate in the offer with potential upside and should assist in enabling a large and successful offering."

Priority offer

There will be a Priority Offer for 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). Details on how to apply under the Priority Offer will be contained in the Product Disclosure Statement ('PDS') and will also be outlined in a separate communication that will be sent to eligible investors before the offer period opens.

Offer size

The minimum offer amount will be \$250 million, with a \$1 billion maximum.

Learn more about the offer or register interest at www.pengana.com/PE1

Webinar

PCG will be hosting a webinar at 10:30am AEST on Friday, 1 February 2019. You can register for the webinar at [here](#).

ENDS

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About Pengana Capital Group

Pengana Capital Group is a listed funds management group, focused on equities managing eleven active strategies focused on Global, Asia Pacific and Australian markets.

Pengana Capital Group believes that alignment of interest between a fund manager and its investors is crucial. Our business and our funds are structured and managed within this framework.

Headquartered in Sydney, Pengana Capital Group was founded in 2003 and also has operations in Melbourne and Brisbane. Directors and staff are significant equity owners in the company.

Important Information

Information in respect of the Trust in this document has been prepared and issued by Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462) ("Pengana"). This document does not contain any investment recommendation or investment advice and has been prepared without taking account of any person's objectives, financial situation or needs. Therefore, before acting on the information in this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs.

Pengana will be the issuer of units in the Trust. A Product Disclosure Statement for the Trust ("PDS") is expected to be made available on or about 6 February 2019. Pengana may vary the timing and terms of, or withdraw the offer for units in the Trust, at any time. The PDS will be obtainable by contacting Pengana on (02) 8524 9900 or from Pengana's website at www.pengana.com. A person who is considering investing in a Trust should obtain the relevant PDS and should consider the PDS carefully and consult with their financial adviser to determine whether the Trust is appropriate for them before deciding whether to invest in, or to continue to hold, units in the Trust. This document does not constitute an offer to sell, or the solicitation of any offer to buy, any financial products.

Past performance is not a reliable indicator of past performance. The value of investments can go up and down. Investments in alternatives involve substantial risk, including strategy risks, manager risks, market risks, and structural/operational risks, and may result in the possible loss of your entire investment.

None of Pengana Capital Limited, Pengana Investment Management Limited, Pengana Capital Group Limited, Grosvenor Capital Management L.P. or each of their related entities, affiliates, partners, directors or officers guarantees the performance of, or the repayment of capital or income invested in, the Trust.

¹ Proposed ASX code

² Source: GCM utilising certain information obtained from The Burgiss Group ("Burgiss"). Burgiss is an independent subscription-based data provider. This information is based on published 3Q 2018 industry data as of January 2019. Burgiss sources their data from MSCI, S&P and Bloomberg Barclays and other data providers, as well as private equity funds worldwide. MSCI, S&P and Bloomberg Barclays make no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI, S&P and Bloomberg Barclays data utilised. The MSCI, S&P and Bloomberg Barclays data may not be further redistributed or used to create indices or financial products. This information is not approved or produced by MSCI. Burgiss, MSCI, S&P 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. The value of investments can go up or down.**

³ Sources: Future Fund's quarterly portfolio update at 30 September 2018 and 30 September 2017 (<https://www.futurefund.gov.au/investment/investment-performance/portfolio-updates>). The author of these publications has not provided consent to the inclusion of references to these publications and material drawn from these publications.

⁴ Source: The Association of Superannuation Funds of Australia's September 2018 Superannuation Statistics (<https://www.superannuation.asn.au/resources/superannuation-statistics>). The author of these publications has not provided consent to the inclusion of references to these publications and material drawn from these publications.

⁵ Investors should take into account liquidity risk, where the demand for a financial instrument (such as units in the Trust) at a certain price is low, which may prevent an investor from selling the financial instrument at a certain price.