



PENGANA CAPITAL GROUP

Completion of Pengana Private Equity Trust IPO

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Chief Executive Officer

**12 April
2019**

Pengana Private Equity Trust (ASX: PE1¹)



Overview

- Pengana Private Equity Trust ('Trust', ASX: PE1)¹ offer closed 10 April 2019
- Pengana Capital Group ('Pengana', ASX: PCG) announced today that it has indicatively raised in excess of \$200m for PE1
- PE1 is Australia's first ASX listed investment trust that invests in global private equity ('PE'), providing investors with exposure to a highly diversified investment portfolio
- Over the last 18 years, PE assets have grown by almost 600% and today there is over US\$3.5 trillion invested globally in the asset class
- Consistent with global trends, many Australian financial advisors, investors and research consultants agree that PE has the potential to add significant value to investment portfolios. However currently most of this investment is from large sophisticated, and institutional investors
- Most Australian direct investors (including SMSFs, retail and high-net-worth) have very little, if any, PE in their portfolios. Reasons for this include scarcity of suitable investment vehicles which enable:
 - Meaningful and diversified access
 - Potential for liquidity if it is required

“As a market leader in the PE space, with the first ASX listed vehicle and broad support across key elements of the advisor market, Pengana is particularly well poised to capture a significant share of this market”

Pengana Private Equity Trust (ASX: PE1¹)



Platform for Growth

Positive research coverage from a number of highly regarded research houses

Inclusion in many significant Approved Product Lists and broad access across major IDPS and Super/Pension platforms:

- Asgard
- Austchoice Super
- BT Panorama
- BT Wrap
- FirstWrap
- HUB24
- IOOF Employer Super
- IOOF Portfolio Service
- IOOF Pursuit Select
- Lifetrack
- Macquarie Wrap
- Mason Stevens
- MLC Wrap
- Navigator
- Netwealth
- Powerwrap

“PE1 has demonstrated the market demand for private equity and has provided Pengana with an ideal platform to grow its FUM in the PE space”

Pengana Private Equity Trust (ASX: PE1¹)



Upfront Expenses & Dilution

Pengana is funding costs of the offer, estimated to be ~ \$7m

- Payments to syndicate/brokers and stamping fee ~ \$5m
 - Funded via a floating bank loan facility at currently circa 7% p.a.
- Other costs (including legal, accounting and ASX) ~ \$2m

Issuance of PCG shares to PE1 ('Alignment Shares') equating to 5% of amount raised, i.e. ~ \$10m

- Issued at a nominal cost of \$1
- Non-cash item but will dilute existing shareholders in terms of % holding
- However in future years expected to be highly Earnings Per share ('EPS') and value accretive
- Magnitude of dilution will depend upon VWAP over the 5 trading days prior to the allotment date of the shares (23 April 2019)
- At current share price levels, dilution would be ~ 4%
- Proposed in-specie distribution of Alignment Shares to each unitholder of the Trust in approximately two years subject to a determination by the Responsible Entity
- On distribution, Alignment Shares convert to fully paid ordinary PCG shares
- Expansion of the PCG share registry expected to increase liquidity of the stock

"The interests of PE1 investors and PCG shareholders are closely aligned"

Pengana Private Equity Trust (ASX: PE1¹)



Impact of PE1 on PCG earnings

The Trust has the potential to be a significant contributor to PCG's profitability:

- Profit contribution from base management fees estimated at 85-90 bps per annum
- Potential profit contribution from annual performance fees (not likely to be before year 3), of 20% of excess returns² over 8.0%.

Potential for substantial further growth over the coming years:

- Investors who were unable to subscribe for units in IPO due to timing or other temporary issues
- Increasing demand for PE as awareness improves and usage in portfolio construction becomes more common
- Importantly, additional AUM will only be raised if in the best interests of existing unitholders

NAV ⁴	Annual Base Fee Profit Contribution (at 85bps)	Potential Annual Performance Fee Profit Contribution at Return of ³ :				Potential Annual Total Profit Contribution at Return of ³ :			
		8%	11%	14%	17%	8%	11%	14%	17%
At \$200m	\$1.7m	0	\$1.2m	\$2.4m	\$3.6m	\$1.7m	\$2.9m	\$4.1m	\$5.3m
For each additional \$100m raised	+\$0.9m	0	+\$0.6m	+\$1.2m	+\$1.8m	+\$0.9m	+\$1.5m	+\$2.1m	+\$2.7m

“The net impact of PE1 raising is expected to be highly EPS and value accretive for PCG shareholders”

1. Proposed ASX code

2. Net returns of the Trust before charging Pengana's performance fee. The calculation of potential annual performance fee profit contribution assumes no prior accrued negative performance fee accruals resulting from prior underperformance.

3. These quoted returns are not forecast returns. We have merely listed potential profit contributions in the event the Trust was to derive the listed returns. As such, the listed returns are merely provided for illustrative purposes only.

4. Means Net Asset Value of the Trust.

Pengana Private Equity Trust (ASX: PE1¹⁾)



Impact of PE1 on PCG earnings



GCM is part of GCM Grosvenor, one of the world's largest and most diversified independent alternative asset management firms

US\$52bn

Assets under management²

WHAT DEFINES GCM:

- ✓ Delivering comprehensive alternative investment solutions
- ✓ Global investment experience that spans alternative asset classes:



- ✓ Partnering with institutional clients worldwide
- ✓ A leader in customised solutions
- ✓ A broad range of turn-key investment products
- ✓ Ongoing commitment to the community, to diversity and to responsible investing

1971 First year of investing

512 Employees³

162 Investment professionals

95% Institutional client base

76% of AUM in customised client portfolios

1. Proposed ASX code

2. AUM is split across Grosvenor Capital Management, L.P., GCM Customized Fund Investment Group, L.P. and their respective affiliates. AUM data as of 30 September 2018.

3. Employee data as of 1 January 2019. The Operational Due Diligence team is included in the investment professionals count.

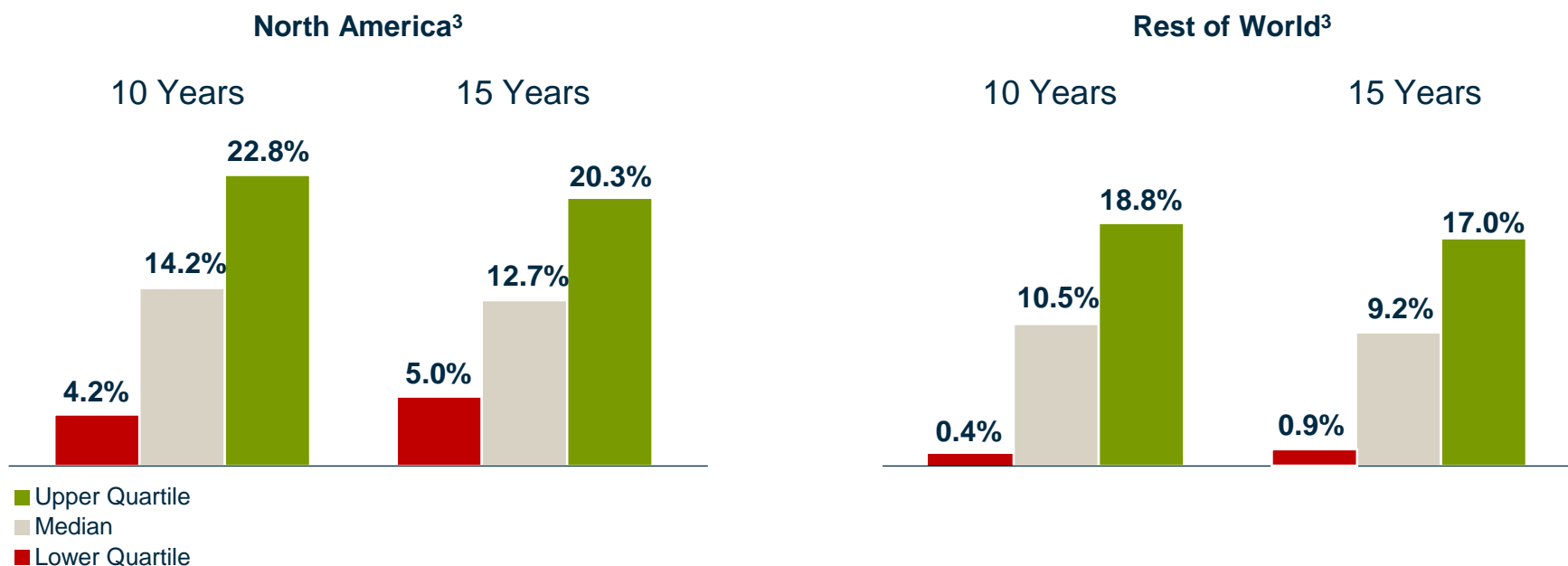
Pengana Private Equity Trust (ASX: PE1¹)



Access to top Quartile performing funds²

Investing in Top Quartile funds is critical for a successful PE program. Two key requirements in this regard:

- Identify future Top Quartile funds and
- Gain access to invest in these funds, which is difficult due to the excess demand for such investments.



¹ Proposed ASX code **Historical IRRs for illustrative purposes only.**

² Source: The above graphs were prepared by GCM utilising certain information is obtained from The Burgiss Group ("Burgiss"). Burgiss is an independent subscription-based data provider, which calculates and publishes quarterly performance information from cash flows and valuations collected from of a sample of private equity firms worldwide (the "Burgiss Manager Universe"). The Burgiss Manager Universe includes data from 8,250 global private funds. The graphs are based on published 3Q 2018 industry data as of January 2019. ³ "North America" represents North American buyout funds in the Burgiss Manager Universe. "Rest of World" represents non-North American buyout funds in the Burgiss Manager Universe. Returns represent pooled IRRs of a broad selection of buyout private equity funds formed since the beginning of each illustrated period and thereafter. Ten-year returns are for funds formed in Vintages 2009 to 3Q 2018 and fifteen-year returns are for funds formed in Vintages 2004 to 3Q 2018. GCM uploads data into its system used to prepare the above graphs 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 available upon request. Burgiss has not provided consent to the inclusion of statements utilising its data. **Past performance – particularly general industry performance spanning materially different market periods – is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

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Pengana Investment Management Limited (ABN 69 063 081 612 AFSL 219462) ("PIML") is the responsible entity and issuer of the Pengana Private Equity Trust (ARSN 630 923 643) ("Trust"). The product disclosure statement for the Trust is available on the Pengana website via www.pengana.com/PE1. Any potential investor should read the relevant product disclosure statement in its entirety and consult their financial adviser before making an investment decision. Past performance is not a reliable indicator of future performance.

THANK YOU



FOR MORE INFORMATION

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