



PENGANA PRIVATE EQUITY TRUST (ASX: PE1)

JULY 2019
PERFORMANCE
UPDATE

A diversified portfolio of global private market investments, managed by one of the largest and most diversified independent asset managers in the world - Grosvenor Capital Management.

JULY 2019 – 59% COMMITTED IN JUST 3 MONTHS

NAV PER UNIT ¹	1 MONTH PERFORMANCE ²	SINCE INCEPTION PERFORMANCE ^{2, 3}	TARGET DIVIDEND YIELD ⁴
\$1.3351	1.7%	6.8%	4%

¹ The NAV per unit is unaudited.

² Performance is calculated on a NAV per unit basis. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

³ The NAV per unit at inception is based on the subscription price per unit which is equal to \$1.25.

⁴ It is Pengana's intention to pay \$0.025 per unit for each six month period from listing through to June 2021 with the first distribution payable for the period ending 31 December 2019. Thereafter, Pengana intends to target a cash distribution yield equal to 4% p.a. of the NAV (excluding the total value of the Alignment Shares). The targeted distribution is only a target and may not be achieved. Investors should read the Risks summary set out in Section 11 of the PDS.

COMMENTARY

PE1's NAV increased by +1.7% over July, predominantly driven by returns in the short duration credit portfolio as well as a reduction in the AUD/USD exchange rate.

We have continued to rapidly deploy capital with commitments equating to 59% of the portfolio, and 22% of that having already been invested.

Notable PE1 investment activities for the month included:

- Closing on its third private equity primary fund investment with a commitment to H.I.G. Middle Market LBO Fund III, L.P.
- GCM Grosvenor Multi-Asset Class Fund II executing 2 new opportunistic investments, bringing the portfolio to 16 diversified investments.
- GCM Co-Investment Opportunities Fund II funding its 9th co-investment.

FOR FURTHER
INFORMATION
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OUR WEBSITE:
PENGANA.COM/PE1

INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS⁵

PRIMARY FUND INVESTMENTS

PE1 closed on its third private equity primary fund investment during July, a US\$2.9 million commitment to **H.I.G. Middle Market LBO Fund III, L.P.** ("Fund III").



Founded in 1993 and headquartered in Miami, FL, H.I.G. Capital, LLC is a global private equity investment firm with over US\$30.0 billion of capital under management across a number of credit, private equity, growth equity and real estate strategies.

Fund III will focus on undermanaged and stressed companies and opportunities characterised by complex business models, operations and/or transaction dynamics (which is the same strategy employed by Fund III's predecessor funds, H.I.G. Middle Market LBO Fund II and H.I.G. Middle Market Fund I).

Fund III will make the following types of investments:

1. Acquisitions of privately-held and publicly-traded companies and non-core subsidiaries of larger companies;
2. Investments in companies requiring recapitalisation or growth capital; and
3. Restructurings and special situations.

Investments will typically be controlling equity investments in companies with EBITDA of US\$35 million to US\$150 million across a variety of industries including business services, consumer/retail, healthcare, industrials, natural resources and energy, and TMT/Financials.

OPPORTUNISTIC INVESTMENTS

During July, GCM Grosvenor Multi-Asset Class Fund II (MAC II) executed 2 new investments, bringing the portfolio to 16 investments diversified across asset classes and industry sectors. One of the investments in the MAC II portfolio is **Instacart**.



Founded in 2012, Instacart is an online grocery delivery service, operating as the asset light solution for existing grocers. Customers use Instacart's app or website to shop for groceries with the order fulfilled by a shopper who delivers the product to the customer. The company generates revenue from a take rate on all orders, delivery and subscription fees, and advertising revenue from packaged food companies. There are currently over 989,000 monthly active users, and Instacart has 190 retail partners.

MAC II invested in Instacart alongside D1 Capital Partners, a leading investor in public and private technology companies. GCM believes that Instacart's asset light business model will win in the online grocery delivery industry, and that Instacart will ultimately become the dominant player in the space.

CO-INVESTMENTS

In mid-July, GCM Co-Investment Opportunities Fund II (GCF II) funded its 9th co-investment in **Advisor Group, Inc.**



Formed in 1999 through AIG's acquisition of Sun America, Advisor Group, Inc. ("AG") is the second largest independent broker dealer platform in the US, administering more than 7,000 financial advisors with \$260 billion of client assets under advisement as of March 2019. AG provides financial advisors with technology support, wealth management solutions, securities processing, custody and clearing, regulatory and compliance, statements and reporting and insurance. AG charges fixed annual fees to its affiliated financial advisors to utilise AG's platform and for AG to administer mandatory regulatory and compliance oversight.

⁵ In reviewing the case studies / trade examples ("Examples") provided in this presentation, you should consider the following:

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