PENGANA CAPITAL

ASX: PE1

PENGANA PRIVATE EQUITY TRUST

A listed portfolio of diversified global private market investments.

PRIVATE EQUITY IN A MARKET CRASH

March 2020

NAV PER UNIT[1]	NET RETURN: 1 MONTH[2]	NET RETURN: SINCE ASX LISTING[2,3]	TARGET DIVIDEND YIELD[4]
$1.3989	**-0.5%**	**15.1%**	**4%**

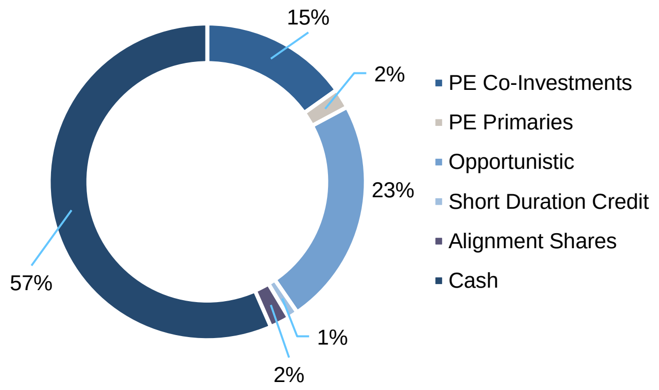
COMMENTARY

The Trust returned -0.5% for the month of March, with short duration credit detracting and the deterioration of the AUD vs the contributing (with the two largely offsetting each other). With a deterioration in credit conditions, we made a decision to limit the risk of loss and redeemed the majority of our daily liquid short duration credit investments. The proceeds are now held in USD denominated cash.

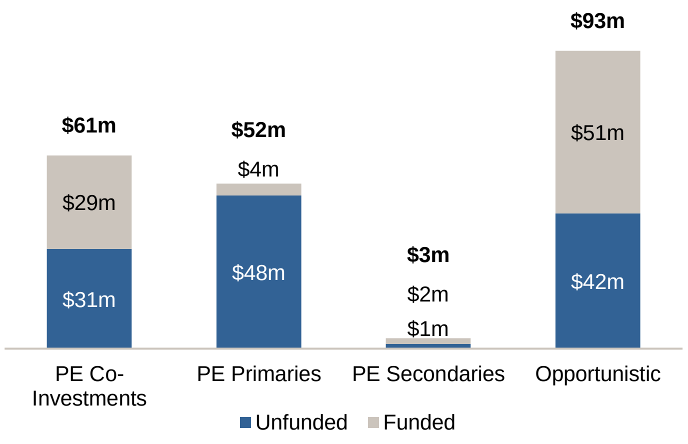
Over March, the Trust committed to its 7th private equity primary fund investment in H.I.G. Europe Middle Market LBO Feeder Fund, L.P., which will primarily target middle market companies in Western Europe. PE1 also committed to its 24th opportunistic investment and 15th dedicated co-investment and additional capital was called in both sleeves.

Finally, PE1 paid its second distribution of 1.25 cents per unit on 31 March 2020 for the period from 1 January 2020 to 20 March 2020, having traded ex-distribution on 23 March 2020.

PE1 Allocations by Investment Type



Breakdown of PE Commitments (A$)



Values may not sum to 100% and/or subtotals may nor aggregate precisely due to rounding.

INVESTMENT MANAGER’S COVID-19 UPDATE

With only circa 40% of its capital invested to date, we believe PE1 is well positioned to take advantage of high-quality opportunities that present themselves as market conditions continue to evolve. Since the current crisis began, we have been rigorously assessing our existing investments with our managers across our private equity platform.

Our coverage teams are actively communicating with managers across our platform to help enable us to monitor the relative level of risk in our portfolios and their sensitivity to exposures to high-risk areas (e.g., travel and leisure, consumer and retail, oil & gas), or areas having suffered from a high level of COVID-19. Beyond this, however, we have been focusing on understanding immediate policies and near-term actions that managers are putting in place both at underlying portfolio companies and also with regards to the management of their firms. We are encouraged by the proactive, purposeful responses that we have received to-date. It is worth noting that we committed to many of these managers through the last downturn, and that has given us more evidence of their ability to focus on the right things in times of crisis.

While we did complete a number of new investments in the early part of March, several of which are detailed below, in the coming weeks we expect to see a slowdown in our deployment into fund investments as well as a decrease in new co-investment activity. After a stabilisation period, we expect to resume a more consistent investment pacing as we look offensively for areas of opportunity, and we strongly believe this environment will present a variety of highly compelling investment opportunities.

Private equity experienced some of the strongest returns following the last recession as more opportunities for buying undervalued or mispriced assets, and as motivated sellers of quality assets, surfaced.

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INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS[5]

PRIMARY FUND INVESTMENTS

On 2 March, PE1 closed on its seventh private equity primary fund investment, a €3.65 million commitment to **H.I.G. Europe Middle Market LBO Feeder Fund, L.P.** (“H.I.G. Europe”).

Founded in 1993 and headquartered in Miami, FL, H.I.G. Capital, LLC (“H.I.G.”) is a global alternative asset manager in the lower middle market and middle market segments of the private markets in the U.S., Europe and Latin America with over US$34 billion of capital under management.

H.I.G. Europe will make buyout and equity-related investments in middle market companies located primarily in Western Europe, seeking to capitalise on H.I.G.’s deep European and global experience, presence, network and expertise in managing businesses to create value through growth initiatives, performance and efficiency improvements and synergistic add-on acquisitions.

H.I.G. Europe will primarily invest in under-managed and stressed companies (i.e., businesses that are underperforming relative to their potential) and opportunities characterised by complex business models, operations and/or transaction dynamics. These investments will typically be made through controlling equity investments in companies with EBITDA of €35 million to €150 million across multiple industries.

OPPORTUNISTIC INVESTMENTS

During the month of March, GCM Grosvenor Multi-Asset Class Fund II ("MAC II") executed one new private equity investment (as well as a follow-on investment in an existing MAC II co-investment), bringing the portfolio to 24 investments diversified across asset classes and industry sectors. The newest private equity investment in the MAC II portfolio, a co-investment in **Pathway Vet Alliance** ("Pathway"), is detailed below.

Based in Austin, Texas, Pathway is a leading consolidator of general practice, specialty and affordable care veterinary clinics, as well as a provider of veterinary management services in the U.S. The company can generally be segmented into three business lines:

(i) Pathway, which consists of general practice and specialised / emergency room pet hospitals across 35 U.S. states,
(ii) Thrive, which consists of store-in-store and standalone affordable pet care clinics, and
(iii) Veterinary Growth Partners, a membership for veterinary practices that offers management services, support, and buying discounts.

MAC II co-invested in Pathway alongside TSG Consumer Partners, a San Francisco, California-based private equity investment firm focused on acquiring and building middle market consumer companies. GCM's decision to invest in Pathway was based in part on:

(i) strong growth trends in the large vet services markets (~US$32 billion) that has been growing at a ~5% CAGR over the last five years,
(ii) Pathway's unique business model, which enables the company to serve multiple price points and service offering formats, and
(iii) GCM's belief that the highly fragmented vet services market remains ripe for consolidation, which should benefit a consolidator like Pathway that has a proven track record of success.

CO-INVESTMENTS

In March, GCM Grosvenor Co-Investment Opportunities Fund II ("GCF II") committed to two new co-investments (as well as one follow-on investment in an existing GCF II co-investment), bringing the well-diversified portfolio's total to 15 co-investments alongside 11 different sponsors. GCF II's most recent commitment was to **Project Milano**, a co-investment alongside Veritas Capital to finance the carve-out of the U.S. State & Local Health and Human Services business ("Milano") from its NYSE-listed parent, DXC Technologies.

Milano is a leading provider of technology and services for Medicaid programs and other Health and Human Services initiatives across the U.S. Known for its reliable delivery of highly complex systems for public sector clients, Milano's solutions facilitate cost savings, performance efficiencies, and improved care outcomes for a wide range of stakeholders in the healthcare ecosystem. The company serves a majority of U.S. states and territories, with an average relationship of ~20 years, and its solutions impact approximately 48 million of the 73 million Medicaid beneficiaries nationwide.

In addition to having the ability to partner with a sponsor that has extensive experience investing in government services and healthcare businesses, GCM found this investment opportunity to be compelling for a number of reasons, including:

(i) Milano's market leading position in the Medicaid Management Information System sector, with long-term customer relationships that are underpinned by 6-10 year average contract lengths and a 100% re-compete win rate over the last 10 years,
(ii) a recognised opportunity to accelerate growth by realigning the company's organisational structure, augmenting management, focusing on designing and implementing well-defined growth strategies, and aligning the requisite resources to pursue these strategies, and
(iii) the favourable demographics and strong technological tailwinds associated with the large and resilient Medicaid market.

Please note that this transaction is expected to close no later than December 2020, subject to satisfaction of relevant closing conditions. There can be no guarantee that the transaction will close on this timeframe or at all.

1. The NAV per unit is unaudited. The NAV per unit is after the provision of the distribution of 1.25 cents per unit, which had an ex-date of Monday 23 March 2020 and a payment date of 31 March 2020.

2. **Past performance is not a reliable indicator of future performance, the value of investments can go up and down.** The net 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 distributions reinvested in additional Units.

3. The initial Net Asset Value per Unit for the purpose of determining the net return of the Trust is determined with reference to the initial public offering ("IPO") subscription price, which was $1.25.

4. It is Pengana's intention to pay $0.025 per unit for each six month period from listing though to June 2021 with the first distribution paid 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.

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

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This report was prepared by Pengana and does not contain any investment recommendation or investment advice. None of Pengana, Grosvenor Capital Management, L.P., nor any of their related entities, directors, partners or officers guarantees the performance of, or the repayment of capital, or income invested in the Trust.

Certain statements in this report constitute Pengana's opinions on investment related matters. While Pengana has a reasonable basis for holding these opinions these do involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of Pengana and which may cause actual performance or outcomes to differ materially from those expressed or implied by such opinions. To the maximum extent permitted by law, Pengana disclaims any obligation to disseminate any updates or revisions to Pengana's opinions as expressed in this report.

An investment in the Trust is subject to investment risk including a possible delay in repayment and loss of income and principal invested. Past performance is not a reliable indicator of future performance, the value of investments can go up and down.

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