ASX: PE1

PENGANA PRIVATE EQUITY TRUST

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.

AUGUST 2020

AUD CONTINUES TO RISE DURING AUGUST

NAV PER UNIT[1]	1 MONTH PERFORMANCE[2]	SINCE INCEPTION PERFORMANCE (P.A.)[2,3]	TARGET DIVIDEND YIELD[4]
$1.2039	**-2.8%**	**0.0%**	**4%**

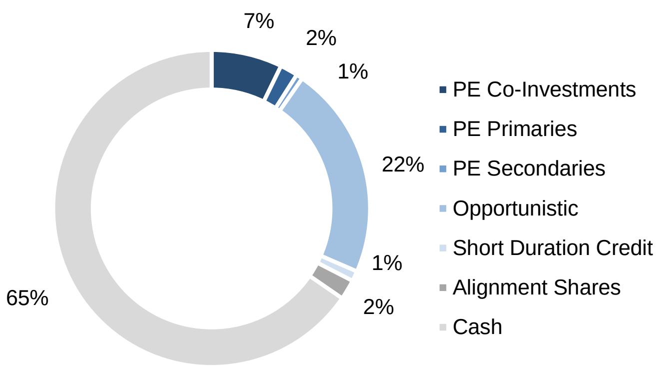
COMMENTARY

As detailed in a recent update following the release of our July 2020 performance update, PE1 revised its 31 July NAV per unit from $1.1659 to $1.2389 in conjunction with the publication of our Audited Financial statements. This revision represented an increase of 6.3% in the NAV and was made as a number of underlying company valuations for the period ending 30 June were received, reviewed and approved by GCM's valuation committee in the lead up to the September quarter end. Both GCM Grosvenor Multi-Asset Class Fund II ("MAC II") and GCM Grosvenor Co-Investment Opportunities Fund II ("GCF II") saw large increases in the overall value of their investments.

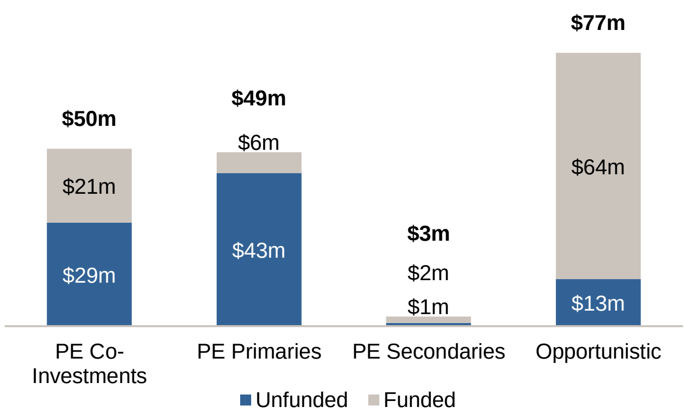
The 1 month reduction in the NAV of -2.8% (subsequent to the revised 31 July unit price) is attributable to the continuing depreciation of the USD vs the AUD, which was to a minor degree offset by the rise in the value of the Alignment Shares. As stated previously, PE1 is specifically designed to provide a predominantly USD exposure and therefore is negatively impacted by a strengthening AUD.

Over August, MAC II executed two new private equity investments, including a co-investment in TransferWise, a leading global FX transfer platform with significant runway for future growth. GCF II completed a co-investment alongside Paceline Equity Partners in Project Redjax, the largest railroad maintenance equipment leasing company in the US with a 41% market share.

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 ACTIVITY – SELECTED HIGHLIGHTS[5]

OPPORTUNISTIC INVESTMENTS

MAC II recently executed two new private equity investments, including a co-investment in **TransferWise** (“TW”), a leading global FX transfer platform.

Launched in 2011, TW is a payment platform designed to provide its customers with the lowest possible cost on foreign currency transfers. TW provides real-time, mid-market exchange rates and low fees to its 8 million customers through a mobile application. Consumers (80% of volume) typically use TW to fund children living abroad, pay offshore mortgages or loans, manage property or construction projects, or pay overseas taxes, and small businesses (20%) use TW for foreign supplier payments, offshore payroll, or short-term working capital. The company’s 2,200 employees, located in 14 offices across the globe, process more than US$5 billion per month in transfers.

MAC II invested in TW alongside D1 Capital as part of the latest round of financing of this low-cost disruptor in the B2B/C2C foreign currency transfer market that generates US$26 trillion in annual volume and US$180 billion in annual revenue. Despite 4.8x revenue growth over the last 3 years, TW only has a 0.2% market share, providing a significant runway for future growth. The company’s global network of licenses and large customer scale provide significant competitive advantages and high barriers to entry.

CO-INVESTMENTS

GCF II recently completed a co-investment alongside Paceline Equity Partners (“Paceline”) in **Project Redjax**, the largest railroad maintenance equipment leasing company in the US.

Redjax is a combination of two industry leaders in railroad maintenance equipment leasing, **1435 Rail** and **R.E.L.A.M.** (together with two R.E.L.A.M. affiliated businesses, ACME Construction and Timiny R/R Construction). The company, which primarily serves railroad contractors and high revenue operators, as well as short-line and regional rail operators, collectively consists of ~1,115 pieces of maintenance equipment and ~160 other assets (trucks, trailers, construction equipment, etc.). In addition to maintenance equipment leasing, Redjax also provides rail infrastructure and track maintenance services through ~55 track crew employees.

This transaction presented a unique opportunity to combine the two largest players in the railroad maintenance equipment leasing industry to create the clear market leader with an ~41% market share (compared to 4% for the next largest competitor) in an industry that is recession-resilient due to the non-discretionary, recurring spend required to maintain tracks in order to meet regulatory standards and to remain competitive. In addition to these favourable transaction dynamics, GCF II was attracted to the opportunity due to:

- (i) the conservative entry valuation that was at a meaningful discount to the fair market value of the equipment,
- (ii) Redjax’s strong financial profile and flexible financing structure, which has the potential to significantly de-risk the investment by returning more than half of GCF II’s invested capital prior to exit,
- (iii) the company’s blue-chip customer base with longstanding relationships and no single customer representing more than 9% of pro forma revenue, and
- (iv) the experienced management team with a proven track record in the heavy equipment leasing industry that Paceline has put in place.

1. The NAV is unaudited.
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 distribution reinvested in additional Units.
3. The NAV per unit at inception is based on the subscription price per unit which is equal to $1.25.
4. From 1 July 2020, Pengana intends to target a cash distribution yield equal to 4% p.a. (prorated on a non-compounded basis) of the NAV (excluding the total value of the Alignment Shares but including the cash distribution amount payable) as at the end of the period that a distribution relates to. 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 IPO PDS.
5. In reviewing the case studies / trade examples ("Examples") provided in this presentation, you should consider the following:

   This presentation does not purport to make any recommendations regarding, or to serve as a basis or analysis on which persons might make investment decisions regarding, specific securities, investment strategies, industries or sectors. It is prepared for informational purposes only to provide background, data and topical comment on various aspects of the alternative investments industry. References to specific securities, strategies, industries or sectors contained in this presentation, whether successful or unsuccessful, are presented solely for illustrative and educational purposes only and should not be relied on in connection with making any investment decisions. The returns (actual or hypothetical) described in the Examples, if any, should not be taken as any indication of the performance of any investment in any strategy described herein. Further, potential outcome scenarios described in each Example represent only certain possible outcomes for the given trade. <u>Additional outcomes may include severe or total losses.</u>

   References to "managers" or "investment managers" in this presentation are not necessarily to "managers" or "investment managers" of the underlying funds ("Underlying Funds") in which one or more GCM Grosvenor fund or account invests. Where expressly noted, however, references to "managers" or "investment managers" in this presentation are to the subset of investment managers of Underlying Funds in which one or more GCM Grosvenor fund or account invests.

   By accepting this information, you agree to treat it as confidential and not to use it for any purpose other than evaluating your investment in a GCM Grosvenor fund or account. Moreover, the information may include material, nonpublic information relating to particular securities and/or the issuers thereof. Furthermore, you acknowledge that you may be receiving material, nonpublic information and that, under certain circumstances, United States securities laws prohibit the purchase and sale of securities by persons or entities who are in possession of material, nonpublic information relating to such securities and/or the issuers thereof, and the securities laws of other jurisdictions may contain similar prohibition. **Therefore, it is possible that trading in securities and/or the issuers thereof which are the subject of information contained in this presentation may be prohibited by law.**

   GCM Grosvenor obtains information about investment managers with whom GCM Grosvenor funds or accounts do not invest, either through direct communication with such investment managers or through third-party sources. In attributing particular outlooks, expectations or statements to "managers" or "investment managers," GCM Grosvenor has relied exclusively on information communicated to it by such "managers" or "investment managers" or by third-party sources whom we reasonably believe to have reliable information concerning these matters. GCM Grosvenor has not independently verified such information and makes no representation or warranty as to its accuracy or completeness.

Authorised by: Paula Ferrao, Company Secretary

PENGANA CAPITAL

PENGANA INVESTMENT MANAGEMENT LIMITED
ABN 69 063 081 612 AFSL 219 462

Level 12, 167 Macquarie Street,
Sydney NSW 2000

T: +61 2 8524 9900
F: +61 2 8524 9901
E: clientservice@pengana.com

PENGANA.COM