PENGANA CAPITAL

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.

JANUARY 2021

PERFORMANCE REVIEW & CAPITAL DEPLOYMENT UPDATE

NAV PER UNIT[1]	1 MONTH PERFORMANCE[2]	SINCE INCEPTION PERFORMANCE (P.A.)[2,3]	TARGET DIVIDEND YIELD[4]
$1.1770	**0.6%**	**-0.1%**	**4%**

COMMENTARY

The Trust returned +0.6% for the month of January, with the sole sources of performance contribution being the appreciation in the alignment shares plus a slight depreciation in the AUD/USD exchange rate.

We are taking the opportunity in this newsletter to provide investors with a detailed review of the performance of the portfolio over the course of the financial year to date as well as an update on the progress in deploying capital into various private equity investments.

Key points to note are as follows:

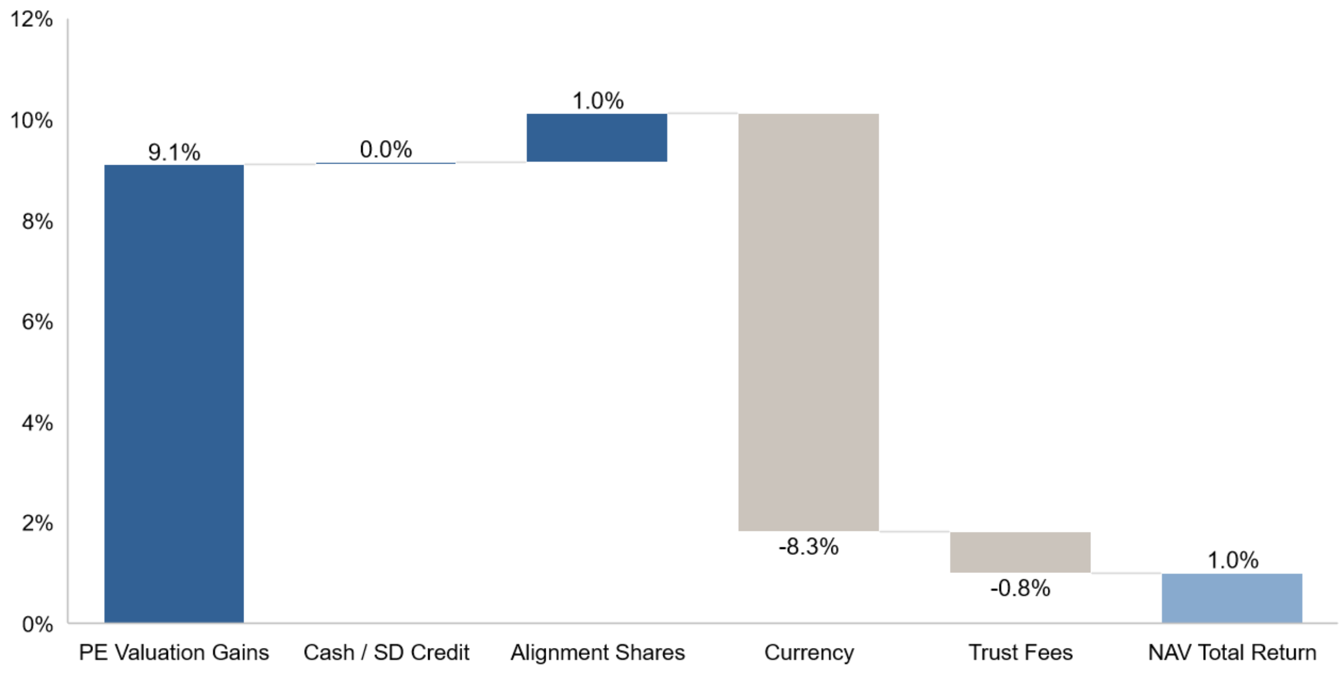
- **Performance of the underlying private equity investments has been extremely strong, generating approximately 21% over the 7 months.**
- **However, as an average of only 43% of PE1's portfolio was invested in private equity (with the remainder being held mostly in cash and a small amount of short duration credit), the contribution of the private equity investments to PE1's return was only 9.1%.**
- **PE1's portfolio is predominantly denominated in USD and therefore, the surge in the AUD/USD exchange rate over the period substantially impacted the portfolio, reducing returns by 8.3%.**
- **Consistent with the targets outlined in PE1's IPO PDS, the Trust is on track to be achieve its long-term portfolio within the next 2 years**.

INVESTMENT PERFORMANCE

In the current financial year to 31 January 2021, PE1 has generated a net return of +1.0%. The Trust's private equity investments contributed +9.1% to returns in local currency terms.[*] This contribution was almost completely offset by the surge in the AUD/USD exchange rate from 0.6903 to 0.7644 over the seven months, which detracted -8.3% from this return. A small positive contribution in the alignment shares of +1.0% plus a small detraction from the Trust's management fees of -0.8% rounded off PE1's return. A distribution of 2% was paid at the end of December.

[*] This excludes the impact of the AUD appreciation on predominantly USD assets.

Contribution to NAV total return (1 July 2020 to 31 January 2021)

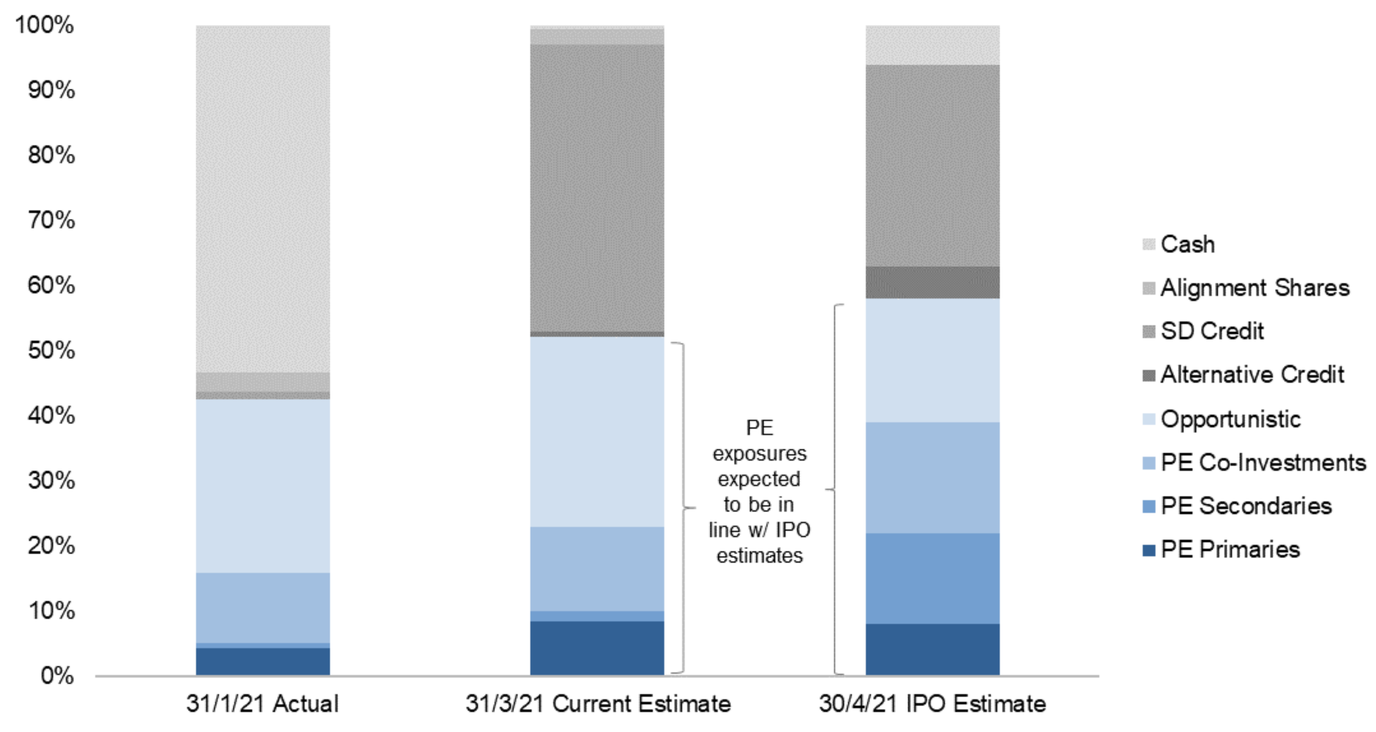


It is important to note that due to capital being only partially drawn down within the PE1 portfolio, the +9.1% local currency PE contribution was generated on an average of 43% of the PE portfolio† being invested; and further, that the -8.3% currency contribution was generated on the entire PE portfolio. In other words, if the amount currently invested was itself a fully invested portfolio, it would have achieved a return of approximately +21% in local currency terms.

CAPITAL DEPLOYMENT

Notwithstanding the massive capital market disruption caused by COVID and the opportunistic capital raising last year to take advantage of the disruption, PE1 remains broadly on track with deploying the remaining cash into PE investments (as shown in the following diagram) thereby maintaining our ability to deliver the long-term target portfolio‡ within 4 years of the IPO. As a reminder, PE1 aims to provide investors with broad exposure to a range of top quartile§ PE fund investments, and our investment program is carefully designed to create diversification across regions, industries, corporate characteristics, and investment periods. Such diversification can only be achieved through deliberate implementation over a number of years.

PE1 Allocations Comparison

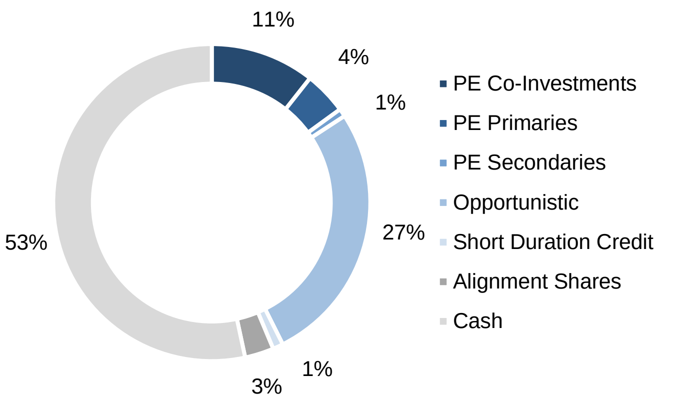


† This excludes the alignment shares.
‡ The long-term target portfolio's guidelines include a minimum look-through PE allocation of 70%.
§ Performing in the top 25%.

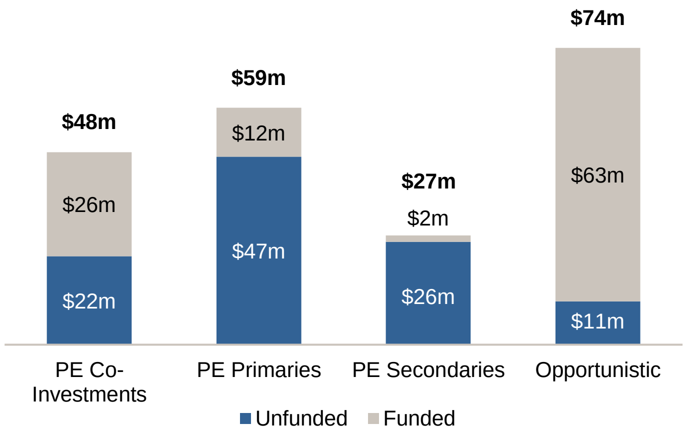
With FY 2021 forecast to see record transaction volumes in the secondary fund market, PE1 finalised an initial A$25m commitment to GCM Grosvenor Secondary Opportunities Feeder Fund III, L.P., and is ultimately targeting an investment of up to US$70m through subsequent closes.

Further, against the backdrop of broader PE investment activity in the second half of 2020 rebounding to pre-COVID-19 levels coupled with recessionary periods historically generating some of the most attractive vintage years in PE investing, the month also saw the execution of two co-investments in Red Ventures, a leading digital and affiliate marketing company operating across five continents, and Funecap Groupe, a leading French funeral infrastructure and services operator.

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]

SECONDARY INVESTMENTS

Prior to the COVID pandemic reaching the US, PE1 was negotiating to acquire two large portfolios of secondary investments. These transactions were expected to close on 31 March 2020 and would have kept PE1's secondary allocation in line with IPO estimates. However, as market volatility spiked, GCM pulled out of these transactions in the expectation that better investment opportunities and more favourable pricing (i.e., larger acquisition discounts providing immediate valuation accretion) would develop as investors seek to rebalance portfolios following a bout of volatility. A slowdown in secondary activity occurred throughout the market with transaction volumes in FY 2020 falling 32% relative to FY 2019. However, current indications predict a strong rebound FY 2021 with volumes set to hit record levels. This forecasted behaviour is similar to the activity seen in the years following the global financial crisis in 2008.

For these reasons, GCM announced that they were bringing forward the launch of their new **GCM Grosvenor Secondary Opportunities Feeder Fund III, L.P.** ('GSF III'), and PE1 raised capital through a rights issue to ensure that it had capital to commit to this fund as well as to take advantage of other opportunities.

During January, A$25m (US$19m) was committed to GSF III in the first close and PE1 is ultimately targeting an investment of up to US$70m through subsequent closes. GSF III will focus on opportunities where at least 50% of the committed capital has already been drawn by the underlying fund manager. This is expected to offer higher return potential than more mature funds.

GSF III was profiled in our December 2020 monthly update.

OPPORTUNISTIC INVESTMENTS

GCM Grosvenor Multi-Asset Class Fund II (‘MAC II’) recently executed a co-investment in **Red Ventures LLC** alongside Dragoneer Investment Group (‘Dragoneer’), a long-term-oriented investment firm with an extensive track record of investing in leading growth companies.

Founded in 2000 and headquartered in Charlotte, North Carolina, Red Ventures is a leading digital and affiliate marketing company that operates in a number of large verticals. Over the last twenty years, Red Ventures has built a portfolio of influential brands, digital platforms, and strategic partnerships that work together to connect millions of people with expert advice. Through premium content and personalised digital experiences, Red Ventures seeks to build online journeys that make it easier for people to make important decisions about their homes, health, travel, finances, education and entertainment. Red Ventures spans 5 continents and employs more than 3,500 people worldwide.

MAC II was particularly attracted to the opportunity based on Red Ventures proven acquisition playbook for acquiring standalone websites (the company has completed 25+ acquisitions including CNET, Bankrate and AllConnect), pursuant to which Red Ventures acquires target websites at single-digit post-synergy multiples and then seeks to increase their value by driving incremental traffic, revenue, and EBITDA/margins via site optimisation and cost reductions. The company’s strategy is to continue rolling up sites at accretive multiples, providing blue chip customers such as AT&T, AmEx, Verizon and Apple with high-quality sales leads as it builds valuable customer data and enhances targeting techniques. MAC II also found the sponsor fit to be appealing, as Dragoneer has known Red Ventures and its CEO / founder since 2016 and is the only new shareholder in the latest fundraising round.

CO-INVESTMENTS

GCM Grosvenor Co-Investment Opportunities Fund II (‘GCF II’) recently committed to its 20th co-investment, an investment alongside Latour Capital Management into **Funecap Groupe** (‘Funecap’).

Founded in 2010 and based in Paris, France, Funecap is a leading French funeral infrastructure and services operator. Funecap’s business covers the three primary funeral market segments: funeral services; crematorium management (mainly through concessions); and pre-need brokerage (e.g., securing future funeral services).

Through profitable organic growth and a robust build-up strategy (+24% CAGR form 2016-20; 170 add-on acquisitions since inception), Funecap has succeeded in becoming the #2 player in the French funeral services market.

GCM found this co-investment to be compelling for a number of reasons, including:

(i) it presented an opportunity to acquire a market leader that has an attractive financial profile and a strong, experienced management team that has grown the business from scratch since its founding in 2010,

(ii) the company operates in a noncyclical and growing sector that has high barriers to entry, all of which helps to limit downside risk,

(iii) the funeral services market is highly fragmented, thereby creating significant consolidation potential for a company that has historically engaged in robust M&A activity, and

(iv) the opportunity to partner with a sponsor that has a demonstrated history of success investing in businesses with infrastructure type characteristics and government backed revenues.

Please note that this transaction is expected to close in the second calendar quarter of 2021, 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 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:

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