



# 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.

FEBRUARY 2022

### CYBER SECURITY & PHARMACY SERVICES

NAV  
PER UNIT<sup>1</sup>

**\$1.5348**

1 MONTH  
PERFORMANCE<sup>2</sup>

**-1.9%**

SINCE INCEPTION  
PERFORMANCE (P.A.)<sup>2,3</sup>

**12.3%**

TARGET DISTRIBUTION  
YIELD<sup>4</sup>

**4%**

### COMMENTARY

The Trust returned -1.9% in February, driven by negative FX returns resulting from a falling AUD:USD exchange rate. FX losses were partly offset by the receipt of valuations relating to one of our secondary transactions. *We note that over the last two months, the Trust has not received updated quarterly valuations for most of the portfolio and that these updates will therefore likely be captured in the near future.*

Over the month we have received a number of distributions from underlying funds and have been continuing with our investment activities.

**Two exciting new investments illustrate the diversification of our portfolio across both cutting edge and established businesses:**

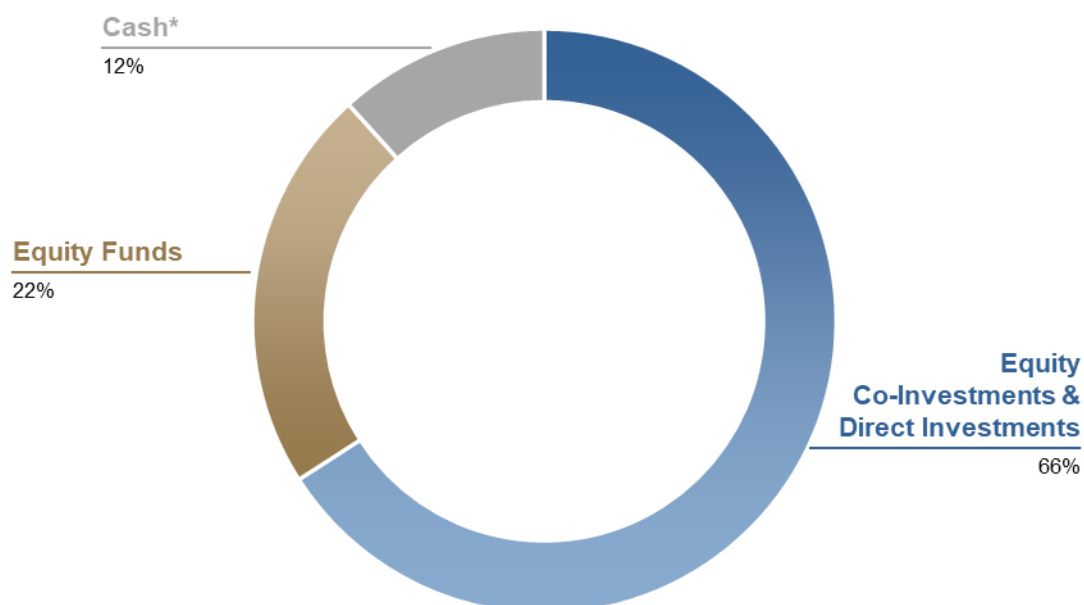
- A preferred equity investment in **Lacework**, a California-based software platform that offers security solutions for customers' cloud computing environments. Cybersecurity for cloud environments is a large total addressable market that continues to grow at a compound annual growth rate of 24%. We believe Lacework offers a differentiated product due to its automated, data-driven approach and comprehensive coverage of major cloud environments.
- Closing a secondary transaction in **Avita Pharmacy** organised by Kinderhook Industries. Avita is a leading US pharmacy services platform that operates standalone community pharmacies as well as integrated on-site pharmacies and central-fill pharmacy solutions that are integrated with US state and federally funded clinics. The company has low capital expenditure requirements and features a stable base of recurring revenues with over 98% customer retention. We believe the manager has multiple avenues to create value in Avita, including through better pricing, increasing customer demand, expanding into adjacent areas like therapeutics and hospitals, and completing small, accretive M&A transactions.

During the month, we also finalised a US\$12 million commitment to **GCM Grosvenor Strategic Credit Fund II** which will seek to leverage GCM Grosvenor's US\$70 billion global alternatives platform to source difficult-to-access credit transactions from a premier suite of GPs.

## Cumulative NAV Per Unit Return Since Inception (23 April 2019 to 28 February 2022) <sup>2, 3</sup>



## Portfolio Allocations by Investment Type (28 February 2022)



\* Cash includes short duration credit which may be used as a cash management tool.

## INVESTMENT ACTIVITY – SELECTED HIGHLIGHTS<sup>5</sup>

### OPPORTUNISTIC INVESTMENTS



Last month GCM Grosvenor Multi-Asset Class Fund III (“MAC III”) completed a preferred equity investment alongside D1 Capital in **Lacework**, a California-based software platform that offers security solutions for customers’ cloud computing environments. The software integrates several functions, often replacing two to four other security software solutions including anomaly detection, integrity monitoring, and threat defense. In addition, Lacework’s automation requires less human response compared to legacy security software, reducing alert investigation time by 90% or more and improving threat defense with faster response.

Cybersecurity for cloud environments is a large total addressable market that continues to grow at a compound annual growth rate of 24%. We believe Lacework offers a differentiated product due to its automated, data-driven approach and comprehensive coverage of major cloud environments, including Amazon Web Services, Google Cloud, and Microsoft Azure. The company is led by an experienced management team and top technology sponsors including Sutter Hill Ventures, whose founder previously created and incubated Snowflake and Pure Storage.

### SECONDARY TRANSACTIONS



GCM Grosvenor Secondary Opportunities Fund III (“GSF III”) is in the process of closing **Project Matrix**, a transaction organised by Kinderhook Industries (“Kinderhook”) to continue to operate and grow Avita Pharmacy (“Avita”) in order to capture further value creation. Avita is a leading US pharmacy services platform that operates standalone community pharmacies as well as integrated on-site pharmacies and central-fill pharmacy solutions that are integrated with US state and federally funded clinics. Kinderhook has deep expertise in the government-pay and pharmacy services niches of the healthcare sector and has been managing Avita since 2019.

The company has low capital expenditure requirements and features a stable base of recurring revenues with over 98% customer retention. We believe the manager has multiple avenues to create value in Avita, including through better pricing, increasing customer demand in order to help grow new and existing customer sales, executing on opportunities to expand into adjacent areas like therapeutics and hospitals, and completing small, accretive M&A transactions. Both Kinderhook and the existing management team are strongly aligned and are rolling substantially all of their proceeds into the transaction.

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. Additional outcomes may include severe or total losses.**

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.

None of Pengana Private Equity Trust ("PE1"), Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462) ("Responsible Entity"), Grosvenor Capital Management, L.P., nor any of their related entities guarantees the repayment of capital or any particular rate of return from PE1. Past performance is not a reliable indicator of future performance, the value of investments can go up and down. This document has been prepared by the Responsible Entity and does not take into account a reader's investment objectives, particular needs or financial situation. It is general information only and should not be considered investment advice and should not be relied on as an investment recommendation

Pengana Investment Management Limited (**Pengana**) (ABN 69 063 081 612, AFSL 219 462) is the issuer of units in the Pengana Private Equity Trust (ARSN 630 923 643) (**the Trust**). Before acting on any information contained within this report a person should consider the appropriateness of the information, having regard to their objectives, financial situation and needs. None of Pengana, Grosvenor Capital Management, L.P. (**Grosvenor**), or their related entities, directors, partners or officers guarantees the performance of, or the repayment of capital, or income invested in the Trust. An investment in the Trust is subject to investment risk including a possible delay in repayment and loss of income and principal invested.

**Authorised by: Paula Ferrao, Company Secretary**



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

Levels 1, 2, 3  
60 Martin Place  
Sydney NSW 2000

T: +61 2 8524 9900  
F: +61 2 8524 9901  
E: [clientservice@pengana.com](mailto:clientservice@pengana.com)  
[PENGANA.COM](http://PENGANA.COM)