

THE BRIGHT OUTLOOK FOR PE1 AND GLOBAL PRIVATE EQUITY INVESTMENTS

THIS WEBINAR WILL BEGIN SHORTLY



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NAV PERFORMANCE AS OF 31 JANUARY 2024



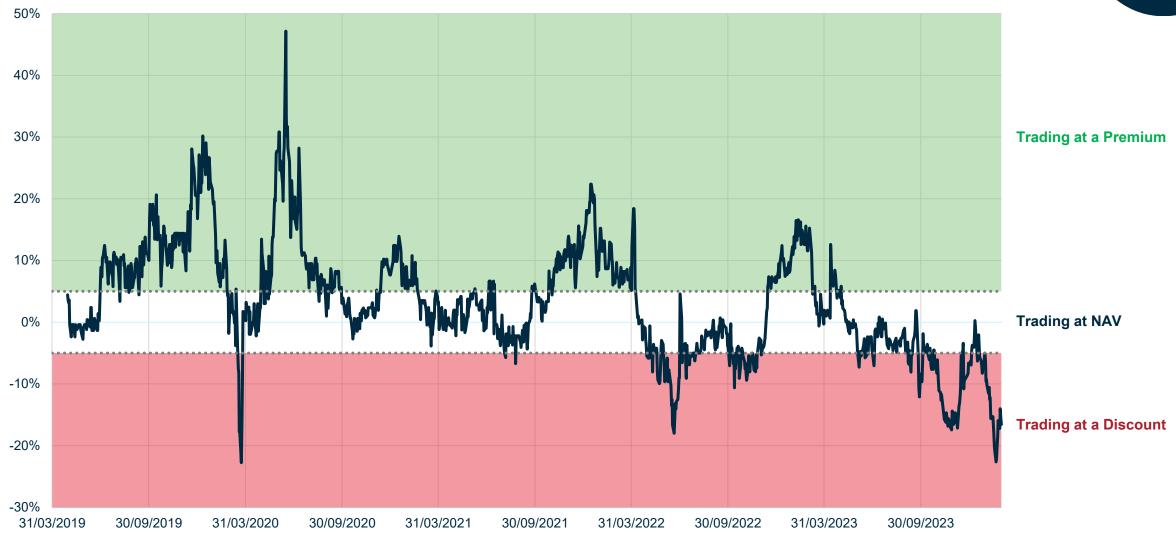


	1 month	1 year	3 years p.a.	Since inception p.a.
NAV per unit	2.9%	5.2%	15.6%	9.5%

Past performance is not a reliable indicator of future performance, the value of investments can go up and down

PREMIUM/DISCOUNT TO 29 FEBRUARY 2024







THE BRIGHT OUTLOOK FOR PE1 AND GLOBAL PRIVATE EQUITY INVESTMENTS



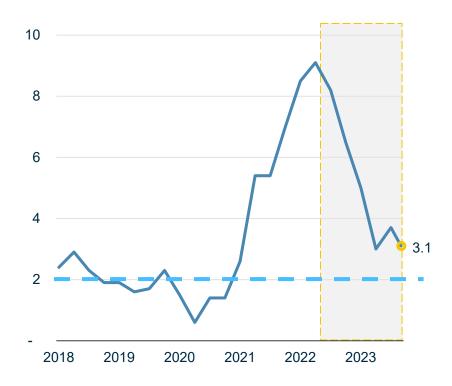
IS INFLATION UNDER CONTROL?



After surging to multi-decade highs in 2021/22, inflation has come down in response to monetary tightening and easing supply bottlenecks. Long term inflation expectations remain anchored.

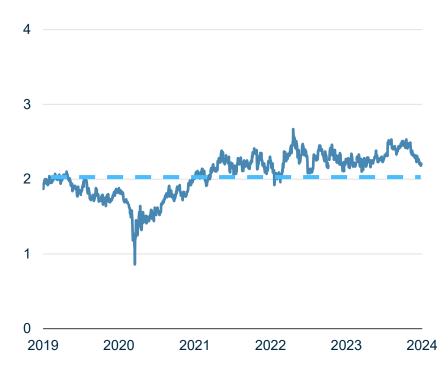
INFLATION HAS COOLED SIGNIFICANTLY FOLLOWING THE SURGE IN 2021-2022

CPI YoY % Change (2018-2023)



LONG TERM INFLATION EXPECTATIONS REMAIN ANCHORED

Five-Year Forward Inflation Expectation Rate



¹ Data source: Bloomberg Finance, L.P. Data as of January 2, 2024.

² Data source: Federal Reserve Bank of St. Louis. Data as of January 2, 2024.

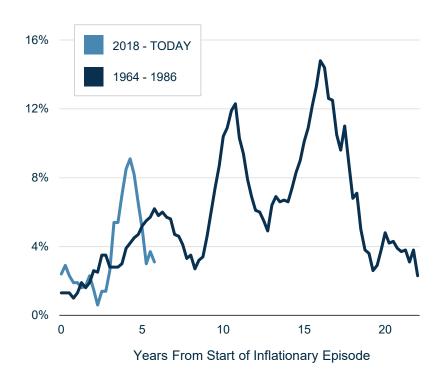
PREVIOUS CYCLES PORTEND CAUTION



Prior inflationary episodes have cycled, such as in the 1960s and 1970s. Should inflation reemerge it would likely be a headwind for equity markets.

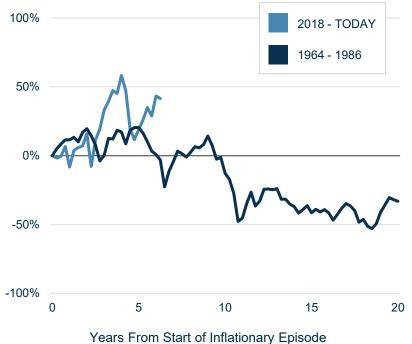
INFLATION CONTINUED TO RESURGE IN PREVIOUS CYCLES

CPI YoY Change (2018-2023 and 1964-1986)



YEARS FROM START OF INFLATIONARY **EPISODE**

Inflation Adjusted S&P 500 Return (2018-2023 and 1964-1984)



¹ Data source: Bloomberg Finance, L.P. Data as of January 2, 2024

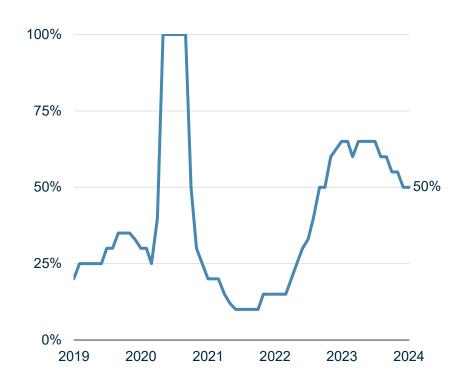
² Data source: Bloomberg Finance, L.P. Data as of January 2, 2024

WHY WASN'T THERE A RECESSION?

While the majority of economists viewed a recession as a likelihood in 2023 driven by monetary tightening, aggressive fiscal stimulus through deficit spending alongside a strong labor market kept the economy growing.

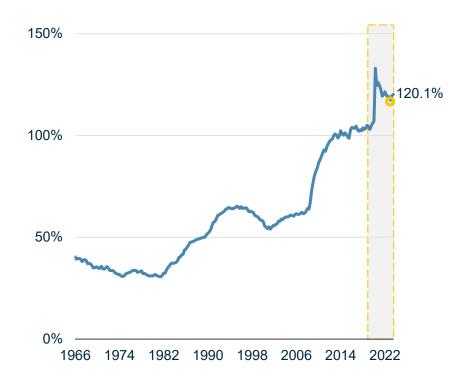
ECONOMISTS ARE INCREASINGLY CONVINCED OF A SOFT-LANDING SCENARIO

Bloomberg Recession Probability



U.S. DEBT LEVELS ARE HISTORICALLY HIGH

U.S. Federal Debt to GDP



¹ Data source: Bloomberg Finance LP. Data as of January 2, 2024

² Data source: Federal Reserve Bank of St. Louis. Data as of July 1, 2023

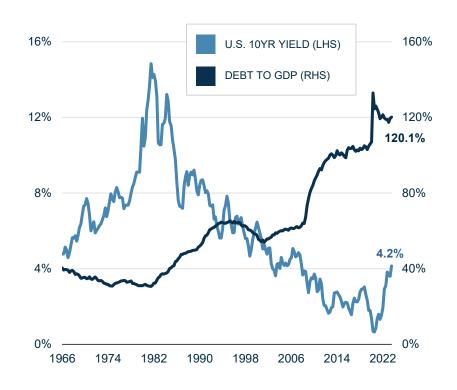
NO FREE LUNCH



With higher rates, financing deficits is getting more expensive. The annual deficit is slated to keep rising with debt servicing costs accounting for an increasingly large share of the federal budget.

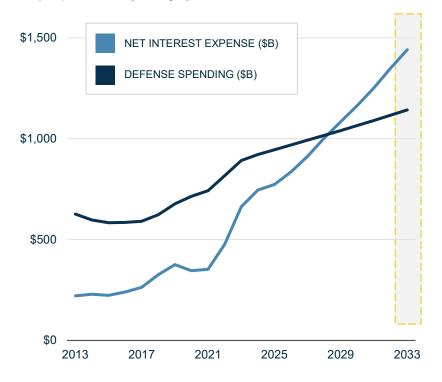
PACE OF FEDERAL GOVERNMENT SPENDING CONTINUES TO INCREASE DESPITE INCREASING FUNDING COSTS

U.S. Debt to GDP vs 10 Year Treasury Yield



INTEREST COSTS ON U.S. FEDERAL DEBT EXPECTED TO EXCEED DEFENSE SPENDING THIS DECADE

U.S. Congressional Budget Office Actual (2013-2022) and Forecast (2023-2033) Expenditures by Category



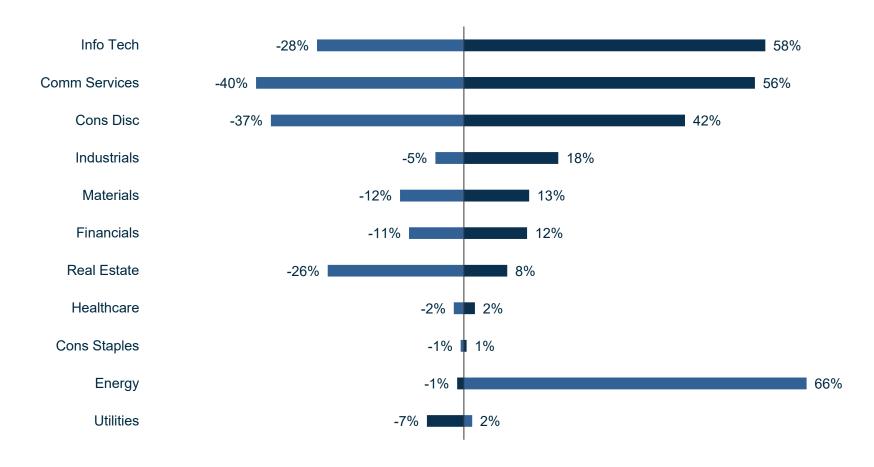
¹ Data source: Federal Reserve Bank of St. Louis. Data as of July 1, 2023

² Data source: Congressional Budget Office. Data as of May 2023

2023 SECTOR PERFORMANCE



The market recovery in 2023 was generally led by the sectors that struggled the most in 2022. The themes that hurt equities in 2022 (high inflation leading to higher interest rates and recession fears squeezing corporate profits) reversed throughout various points of 2023, supporting a market rally.



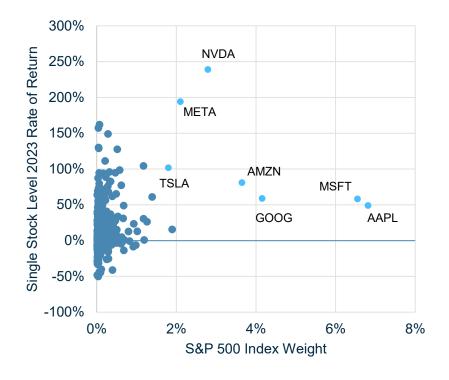
A TOP-HEAVY MARKET IN 2023



A growing share of the market is composed of mega-cap technology businesses. Outperformance of these "Magnificent Seven" drove a majority of the markets' 2023 gains.

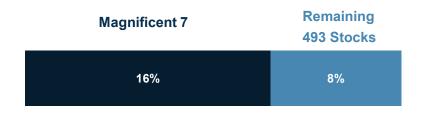
INDICES ARE INCREASINGLY CONCENTRATED IN A SMALL NUMBER OF MEGA-CAP STOCKS

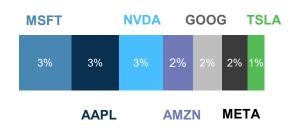
2023 Rate of Return and S&P 500 Index weight by stock



MARKET RETURNS WERE DRIVEN PREDOMINANTLY BY THE "MAGNIFICENT SEVEN" COMPANIES

S&P 500 Index 2023 return contribution





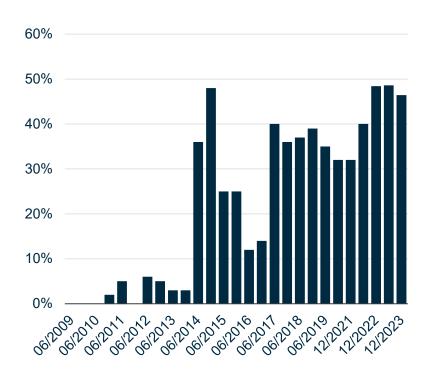
UNCERTAIN OUTLOOK FOR EQUITIES



Amid rising geopolitical concerns and seemingly expensive equity markets, the environment for equities beta is increasingly less attractive.

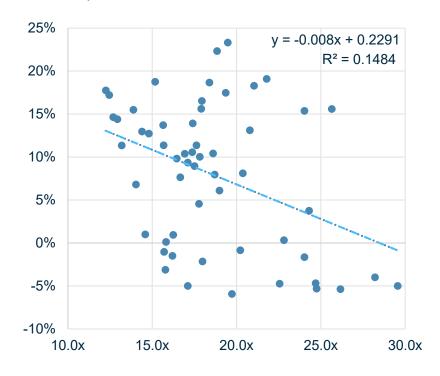
GEOPOLITICAL RISKS; A GROWING CONCERN FOR BUSINESSES

Proportion of respondents citing geopolitical risks as a primary concern



ELEVATED STARTING P/E RATIOS TEND TO INDICATE MUTED FORWARD RETURNS

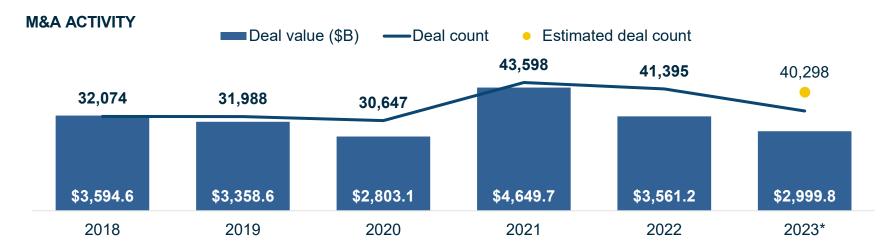
S&P 500 5-year annualized excess returns vs. starting S&P 500 P/E Ratio from January 1991 to December 2023



GLOBAL MERGERS AND ACQUISITIONS VOLUME



Global M&A activity declined for the second straight year, though the decline in 2023 was not as big as it was in 2022 and Q4 2023 had the most activity in six quarters.



M&A ACTIVITY BY QUARTER



LEVERAGED BUYOUT ACTIVITY REMAINED SLOW IN 2023 THOUGH THE YEAR CLOSED WITH SOME POSITIVE SIGNS



Driven in part by higher financing costs and a lower-multiple environment, many managers chose to hold onto assets in 2023; however, some early signs of a recovery in activity have been recently observed.



While new deal activity declined for the second consecutive year, middle market deals accounted for a larger share given smaller equity and debt needs.

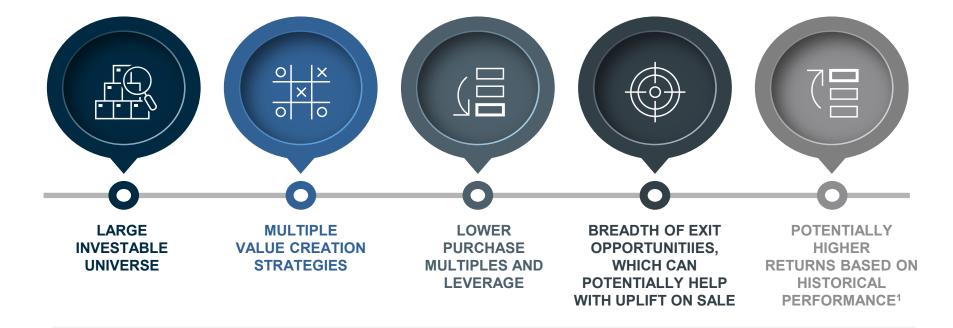
Although it has not been eliminated, the gap between seller and buyer expectations seems to have narrowed; coupled with investors pushing managers for liquidity, we believe this creates a strong potential for increased exit activity and distributions in 2024 and beyond.





MIDDLE MARKET PRIVATE EQUITY REMAINS ATTRACTIVE





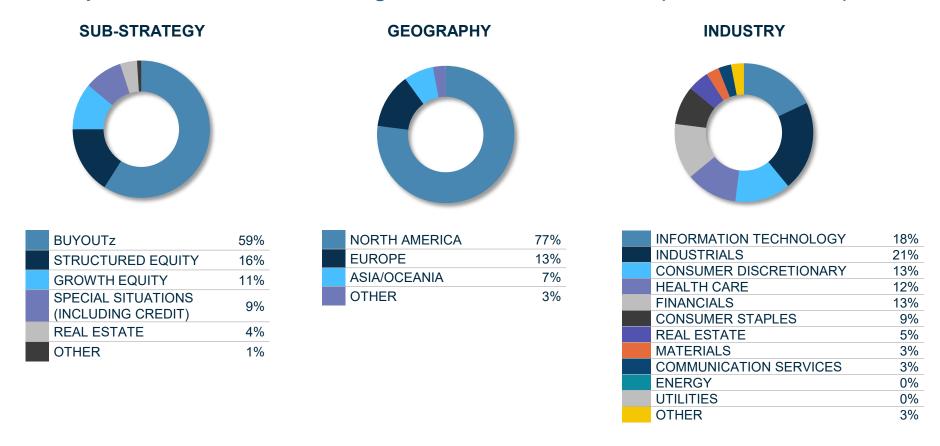
- Founders / family owners look for partners and/or liquidity in times of uncertainty
- Lenders remain constructive for high quality companies
- One key exit path, larger sponsors, have significant dry powder and are looking for new deals
- Institutional limited partners experiencing the denominator impact and may seek liquidity to solve

All of this suggests that 2024 has the potential for more realizations than we had in 2023

PE1 CURRENT PORTFOLIO ALLOCATION



PE1's portfolio provides investors with broadly diversified exposure to over 500 companies. The private markets portfolio has delivered strong net returns to PE1 to date (18% IRR and 1.5x).



We believe that PE1's focus on the middle market, where managers typically rely less on leverage and more on operational improvements and revenue growth to drive returns, makes PE1 well-positioned going forward in terms of potential for uplift as well as near-term realization activity.

Data as at 31 January 2024. No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future returns. Allocations exclude short duration credit and cash held directly by the Trust and indirectly through underlying funds; includes only private market investments.

PRIVATE EQUITY VALUATIONS – EMBEDDED VALUE IN PE1?



Private equity managers generally employ several different methodologies and use numerous sources of information to help them determine the value of companies in their portfolios.

COMMON METHODS OF ESTIMATION

- Market approach: whereby fair value is derived by reference to observable valuation measures for comparable companies/assets including any recent transactions in the subject co-investment
- · Income approach: such as the discounted projected cash flow method
- Cost approach: the best initial approximation of Fair Value upon acquisition of an investment

TYPICAL SOURCES FOR DERIVING FAIR VALUE

Financial statement information¹ audited (annually) and unaudited (quarterly)

Recent public or private transactions

Valuations for comparable companies (e.g., multiples of EBITDA for similarly-situated peers)

Historical data

Original transaction price or subsequent rounds of financing

Other measures and considerations of pertinent information²

Private equity managers are generally not incentivized to take aggressive marks for the companies in their portfolios

- Management fees are paid on invested capital rather than NAV and performance fees are typically only paid following exits
- · Marks are typically subject to an annual audit by an independent public accounting firm
- Investors do not like to see significant unnecessary volatility in company marks

As a result, we believe there is a distinct possibility that some of the embedded value in a private equity portfolio like PE1 will not materialize until exits occur.





PE1 COMMITTED

~A\$53M TO GCF II IN

MAY OF 2019 – PE1'S

FIRST PRIVATE

MARKETS INVESTMENT

FOLLOWING LAUNCH

2X NET RETURN TO PE1 AS AT 31 JANUARY 2024

PE1 HAS ALREADY
RECEIVED ~60% OF
ITS INVESTED CAPITAL
BACK FROM GCF II AS
AT 31 JANUARY 2024¹

GCF II invested in 23 different companies from 2018-2021 and has had five full realizations and several partial realizations



















- Like the whole market, 2023 was slow with only one realization (Verra Mobility)
- Additional realizations currently anticipated in 2024/2025 given strong performance by the remaining companies in the portfolio - LTM Revenue and EBITDA have increased on average 79% and 68%, respectively, for GCF II's buyout investments since entry²
- We currently believe that as many as five deals could be realized in 2024 alone and that such realizations will be at marks above their current marks

^{1.} Includes \$4.9 million distribution from Unifrax. \$2.5 million distribution from Funecap, and \$5.3 million distribution from Primonial.

^{2.} Excludes Core Specialty Insurance figures as revenue is calculated based on Gross Written Premium and EBITDA is based on Tangible Book Value.

Data as of December 31, 2023, unless otherwise indicated. Includes all investments that had a realization event since the inception of GCF II. Each example is presented for illustrative purposes only and is not intended to be representative of all GCM Grosvenor funds, strategies or investments. Please review the performance slides herein for the full track record of the relevant strategy. No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future returns.

PE1'S PRIVATE MARKET INVESTMENT PERFORMANCE



- Upper quartile inception to date return for PE1's private market investments as of 30 September 2023 when compared to the Burgiss Fund of Funds Index for funds formed in 2019
- Strong performance relative to listed equities globally annually since inception; average outperformance across six-month periods ending 30
 September and 31 March since inception is more than 1400bps

Cumulative inception-to-date IRR performance (annualised)



SOURCE: BURGISS. Burgiss data based on published 3Q 2023 benchmark data

Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Please note that performance has been calculated on an IRR basis; the PE1 private market investment IRR only includes PE1's private market investments and elignment shares directly held in the portfolio through time; the comparison to listed equities has been calculated on a PME basis; and, with private equity typically valued quarterly and on a quarter lag, semi-annual performance is shown using 31 March and 30 September private market valuations, with 31 March and 30 September valuations being those incorporated into PE1's 30 June and 31 December NAVs, respectively.

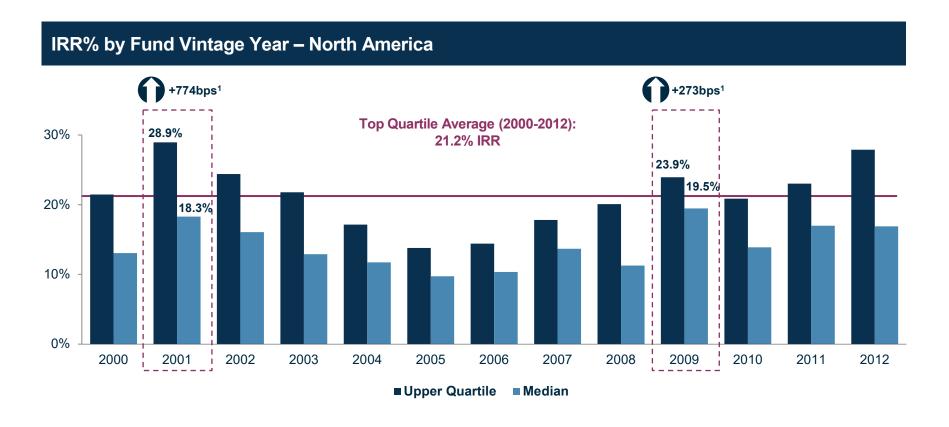
The Internal Rate of Return ("IRR") is used as a measure of the performance of private markets investments. The IRR takes account of the time value of cash flows which include drawdowns and distributions.

he Public Market Equivalen't ("PME") concept allows investors to compare the performance of private equity and other private markets investments to other types of investments, such as public market indices. The methodology assumes buying and selling a given index according to the timing and size of the cash flows between the investor and the private investment. Performing this comparison requires the construction of a hypothetical investment fund that mimics private equity cash flows. This hypothetical fund purchases and sells shares of the index at the same time the private equity vehicle calls, and distributes cash

WE BELIEVE IN INVESTING THROUGH THE CYCLE



- Many top quartile GPs have been successful in achieving private equity returns through prior recessionary periods (Dot.com Bubble and the Great Financial Crisis)
- If you missed out on 2001 and 2009 vintages, which occurred in times of significant market dislocations, you would have missed out on 774bps and 273bps of potential excess returns1, respectively, vs. the 13-year average of 21.2% IRR



¹ Represent returns difference between top quartile buyout investment returns for 2001 / 2009 vintage year and top quartile buyout investments average returns (2000-2012).

Source: BURGISS: Benchmarking data as of September 30, 2023. Returns are stated in USD. Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses. Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

ATTRACTIVE NEAR-TERM OPPORTUNITY SET



We believe the current market environment could yield a number of highly attractive investment opportunities for PE1.



Middle market investors may be able to benefit from relatively lower valuations in the current market as well as their more disciplined usage of debt



Tough capital formation environment for PE sponsors creates opportunity to pursue deals where we can achieve structural enhancements or potentially attractive entry points in the secondary market



Rising rate environment and potentially slower economic growth will likely result in increased restructuring / turnaround opportunities; a number of PE1's partners are cycle-tested, value investors that we believe are well-positioned to benefit



Credit investing has returned in a big way, with senior, downside mitigated credit investments with contractual cash flows currently generating double digit yields



Record secondary market volume will likely produce great opportunities for the disciplined secondary investor; investors with deep manager relationships have a competitive edge in sourcing, underwriting and getting allocations to deals







A broader introduction to the Fund is available at: pengana.com/pe1



FOR MORE INFORMATION

pengana.com/pe1

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