ASX: PCX

PENGANA GLOBAL PRIVATE CREDIT TRUST
Unparalleled Access to Global Private Credit. A listed fund with unlisted characteristics.

October 2024

PENGANA GLOBAL PRIVATE CREDIT TRUST

$1.99
NAV PER UNIT[1]

7%
MINIMUM TARGET DISTRIBUTION YIELD (P.A.)[2]

Fund Information

Responsible Entity: Pengana Investment Management Limited

Investment Manager: Pengana Credit Pty Ltd

Investment Consultant: Mercer Consulting (Australia) Pty Ltd

Investment Objective: To generate strong risk adjusted returns a with a high degree of capital protection and stable and consistent income over a rolling 3-year period.

Research House Ratings:

Lonsec

SQM

PCX Snapshot as at 31 October 2024

ASX Code:	PCX
IPO Date:	21 June 2024
Issue Price:	$2.00
ASX Price:	$2.02
NAV / Unit:	$1.99
Market Cap:	$170.18m
Distributions:	Monthly
NAV Pricing:	Monthly

Platform availability:

- ✓ AMP North
- ✓ BT Panorama
- ✓ CFS Edge and Firstwrap
- ✓ Hub24
- ✓ Macquarie
- ✓ Mason Stevens
- ✓ Netwealth
- ✓ Praemium

For those able to join our PCX webinar on 29 October, we hope you found it to be useful and informative. For convenience, a replay of the webinar can be found here.

In summary, the webinar provided:

- A recap on Global Private Credit, specifically the attractive structural dynamics that have driven its growth and adoption being attractive yields, resilience and portfolio diversification benefits;
- An overview of the macro environment and how it remains attractive for Global Private Credit investing;
- An update on the performance of our underlying managers, who are performing at or above their target returns; and
- A summary of how our portfolio construction, with its wide diversification and quality of managers, positions the fund to deliver attractive returns through market uncertainty. We also provided two case studies to illustrate the value proposition of our managers and types of transactions you can find in the portfolio. We have attached them as an Appendix to this update for ease of access.

Since publishing the webinar, the US has elected Donald Trump as its 47th President and delivered the Republican Party a majority position in both the upper and lower houses of Congress. What has followed is a lot of speculation as to what impact the election will have on both US and Global economies, geopolitical risk and climate change policy, amongst others.

Within this context, we thought it would be interesting to provide you with some thoughts as to how our underlying managers have been thinking about the election and the overall economic outlook more generally.

1. Our managers have been monitoring the candidates, their proposed policies and initiatives, the impact these might have on their portfolios and future origination, and what adjustments they may need to make in their management and underwriting to account for the potential risks. So, for example, what impact a protectionist trade policy would have on companies, and as a result, factoring such impacts into the way they price, structure and approve investments. Additionally, for credit opportunities strategies, what new opportunities might arise from companies that could be adversely impacted;
2. There is a broad consensus that the US and European central banks will ease, but at a gradual pace and with the likelihood that rates will be higher for longer, with the implications being: The credit quality of borrowers will improve as their interest payment burdens reduce with lower base rates;
    a. The credit quality of borrowers will improve as their interest payment burdens reduce with lower base rates;
    b. While yields will come down, they will remain attractive if the higher for longer base rate thesis comes to fruition; and
    c. Companies' appetite to invest in growth, both organically and through mergers and acquisitions, is starting to gain momentum as seen through increased financing enquiries.
3. There is broad optimism that irrespective of what direction the macro environment takes, the opportunity set will continue to grow for all of the strategies and managers in our portfolio.

Irrespective of how things evolve, we remain confident that our core tenets of robust manager selection and management, wide diversification, and a portfolio underpinned by resilience and relative value flexibility will support performance through market and economic uncertainty.

PORTFOLIO UPDATE

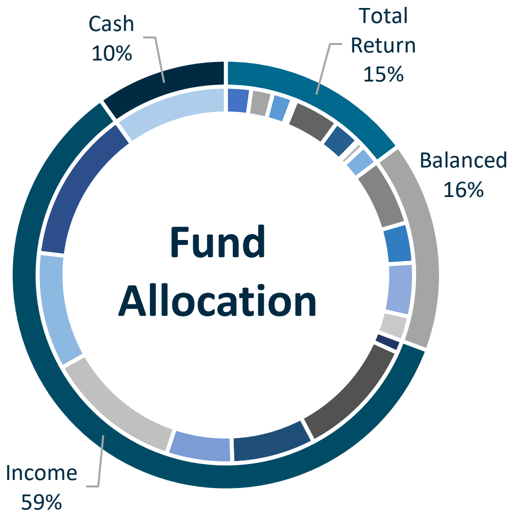
The performance of the Trust at an underlying fund level remains at or above target.

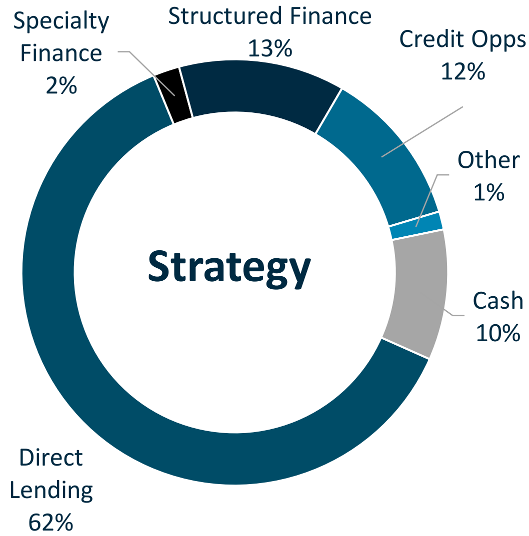
1. The Direct Lending markets in the US and Europe remain attractive for our managers given their experience and scale. They continue to achieve strong volume growth and attractive spreads and credit terms. The differentiated origination capabilities and scale of our managers enables them to continue to originate high quality loans in the core mid-market at attractive margins with strong risk protections;
2. Asset quality remains strong. Leading indicators of credit stress remain benign, with borrower revenue and EBITDA across the portfolio continuing to improve;
3. Our structured credit managers continue to originate attractive opportunities as regulatory capital requirements constrain bank activities; and
4. The opportunity for our Credit Opportunities managers remains attractive as a result of an increasing number of companies with distressed balance sheets requiring capital solutions, increasing bank capital requirements causing banks to seek liquidity and capital solutions, and ongoing market volatility.

NAV PERFORMANCE

The performance of the Trust’s underlying funds at or above their return targets more than adequately covers the distribution yield of 0.58% which was paid this month. We expect the Trust’s NAV to increase over the coming months as we receive valuations from the underlying funds which will evidence the strong performance, albeit with a limited amount of NAV volatility each month due to timing mismatches whereby distributions are paid monthly, while underlying fund valuations are received less regularly. These mismatches will not impact total Trust returns as all underlying fund returns will ultimately be recognised.

PORTFOLIO INFORMATION[3]

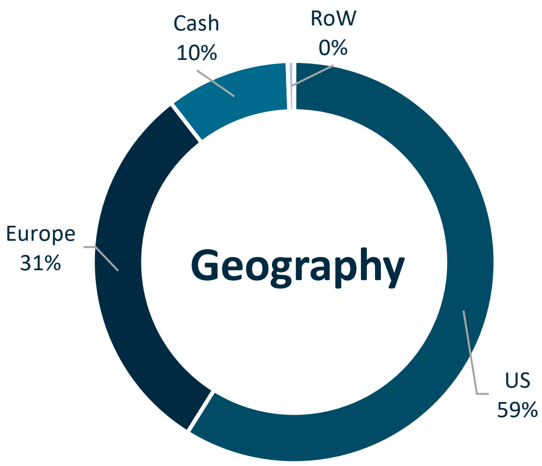


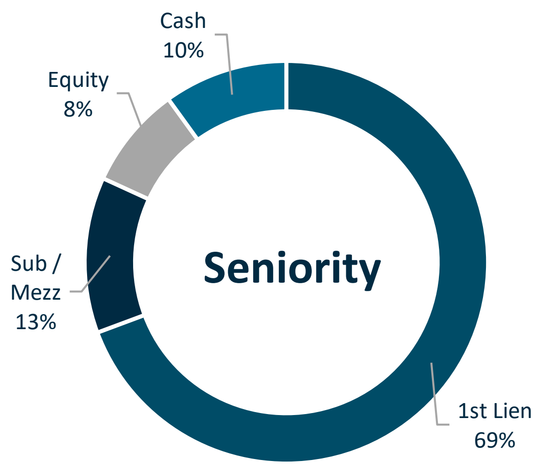


At 31 October, the Trust has achieved its target allocation mix, with the following allocations to fund types:

- **Income:** $99.8m (fully deployed across 7 managers)
- **Balanced:** $26.7m (fully deployed across 4 managers)
- **Total Return:** $24.9m (fully deployed across 9 managers)

The Trust is well diversified and within stated seniority, geography and strategy guidelines.





As always, we thank you for your support of PCX.

APPENDIX – CASE STUDIES

CASE STUDY 1: INCOME

TRANSACTION: Financing Acquisition of B2B E-Commerce Platform

TRANSACTION BACKGROUND	COMPANY CREDIT HIGHLIGHTS	ATTRACTIVE LOAN TERMS
• Client seeking to acquire leading B2B eCommerce provider of signs, labels, tags for regulatory, compliance and safety applications • Client required speed, certainty and confidentiality • Approached our Fund Manager on exclusive basis given strong historical relationship and track record	• **Recession resilient**: growth through GFC and COVID given regulatory and compliance driven nature of safety, security and traffic signs • **Highly diversified** >900,000 customers, 75% of Fortune 1000, top 10 customers <4% of total • **Strong customer retention**: majority of revenue from repeat customers • **Industry tailwinds**: Shifting buyer behaviour to online; increasing reg requirements for safety signage • **Attractive, predictable cash flow profile**: Margin flexibility with vertically integrated model, minimal capex needs	• **Attractive LVR**: $75m loan secured by $230m of value • **Attractive Yield**: ~10.5% • **Covenant protection**

Senior secured positions, defensive industries, scaled and experienced managers with differentiated origination and proven track records of performance through cycles.

CASE STUDY 2: TOTAL RETURN

TRANSACTION: Capital Relief for US Regional Bank

TRANSACTION BACKGROUND	DEAL CREDIT HIGHLIGHTS	ATTRACTIVE TERMS
• Changing regulatory requirements put US Regional Bank under liquidity and capital pressure • Bank conducted process to sell high quality asset to relieve pressure • Fund Manager appointed due to: scale, proven capabilities, track record, relationship	• **Highly diversified** portfolio of assets with quality counterparties • **Manager could "cherry pick" assets** • **Strong cash flow profile**: near term maturity of assets (less than two years) which were well seasoned • **Conservative underwriting (U/W)**: Manager receives $145 of assets for every $100 purchased	• **Attractive U/W IRR**: $386m investment with expected IRR of 18% • **Attractive Realised IRR**: 28.6% with assets repaid more quickly than u/w

Total return managers leverage specialised expertise to generate equity like returns.

1. The NAV is unaudited.
2. The minimum target distribution yield is an objective target only and may not be achieved. Any shortfall in net income generated may result in a distribution payment made out of capital invested. Future returns are not guaranteed and a loss of principal may occur. Investors should review the Risks summary set out in Section 8 of the PDS. Past performance is not necessarily a guide to future performance.
3. Portfolio Information charts show the Trust's percentage ownership in the investments based on the latest available data provided by the underlying funds.

Pengana Investment Management Limited (ACN 063 081 612, AFSL 219462) ("Pengana") is the issuer of this document and units in PCX (ARSN 673 024 489).
There are no guarantees that an active trading market with sufficient liquidity will develop or that such a secondary market will sustain a price representative of the NAV per unit. In circumstances where units are suspended from the ASX, unitholders may not be able to sell their units via the ASX until trading recommences.

The information provided in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision in respect of PCX you should access whether PCX is appropriate give your objective, financial situation or needs. None of Pengana, Mercer Consulting (Australia) Pty Ltd, nor any of their related entities, directors, partners or officers guarantees the performance of, or the repayment of capital, or income invested in PCX. An investment in PCX is subject to investment risk including a possible 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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Authorised by: Paula Ferrao, Company Secretary

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