

PRODUCT  
DISCLOSURE  
STATEMENT

# PENGANA PRIVATE EQUITY TRUST

ARSN: 630 923 643



**ISSUE DATE:**  
11 FEBRUARY 2020

**LEAD ARRANGER AND JOINT LEAD MANAGER**



**TAYLOR COLLISON**

**JOINT LEAD MANAGER**



**INVESTMENT MANAGER**

Grosvenor Capital  
Management, L.P.

**RESPONSIBLE ENTITY  
AND ISSUER**

Pengana Investment  
Management Limited  
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**[PENGANA.COM/PE1](https://www.pengana.com/pe1)**

## **Important Notice**

The Pengana Private Equity Trust ARSN 630 923 643 ("Trust") is an Australian managed investment scheme registered with the Australian Securities and Investments Commission ("ASIC").

This product disclosure statement ("PDS") is dated 11 February 2020 and was lodged with ASIC on that date. This PDS is issued by the responsible entity of the Trust, Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462) ("Responsible Entity").

The Responsible Entity has appointed Pengana Capital Limited (ABN 30 103 800 568, AFSL 226 566) as the manager of the Trust pursuant to the Management Agreement ("Manager"), and the Manager has engaged Grosvenor Capital Management, L.P. ("GCM" or "Investment Manager") as the investment manager of the Trust pursuant to the Investment Management Agreement.

The Joint Lead Managers will together manage the Offer on behalf of the Responsible Entity. The Joint Lead Managers are Taylor Collison Limited (ABN 53 008 172 450, AFSL 247 083) ("Taylor Collison") and Morgans Financial Limited (ABN 49 010 669 726, AFSL 235 410) ("Morgans").

The Joint Lead Managers do not guarantee the success or performance of the Trust or the returns (if any) to be received by investors. Except to the extent provided by law none of the Joint Lead Managers is responsible for, or has caused the issue of, this PDS.

## **PDS**

Neither ASIC nor the ASX (or their respective officers) take any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates. Units issued under this PDS will be issued by the Responsible Entity on the terms and conditions set out in this PDS.

## **NOT INVESTMENT ADVICE**

The information contained in this PDS is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Before deciding to invest in the Trust, you should read this PDS in its entirety. You should take into account all risk factors and conflicts of interest referred to in this PDS (including those in Section 10), and consider whether acquiring Units represents an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Trust as well as the conflicts of interest to which the Trust is subject. There is no guarantee that the Units offered under this PDS will provide a return on capital, lead to payment of distributions or that there will be any increase in the value of the Units. If you wish to apply for Units you must do so using the relevant Application Form.

## **AUTHORISED INFORMATION**

No person is authorised to give any information or to make any representation in connection with the Offer, which is not contained in this PDS. None of the Responsible Entity, the Manager or the Investment Manager, nor any other person associated with the Trust, guarantees or warrants the future performance of the Trust, the return on an investment made under this PDS, the repayment of capital or the payment of distributions on the Units. Any information or representation in relation to the Offer not contained in this PDS may not be relied on as having been authorised in connection with the Offer by the Responsible Entity, the Manager, the Investment Manager or any other person that may have liability for the content of this PDS.

## **NO OFFER WHERE OFFER WOULD BE ILLEGAL**

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia or New Zealand. The distribution of this PDS outside Australia or New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

## **EXPOSURE PERIOD**

Pursuant to the Corporations Act, this PDS is subject to an Exposure Period of seven days from the date of lodgement of this PDS with ASIC, which period may be extended by ASIC by a further period of seven days. This period (and extension) is referred to in this PDS as the 'Exposure Period'. The Exposure Period enables this PDS to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this PDS. If deficiencies are detected, the Responsible Entity will either:

- (a) return any Application Amount the Responsible Entity has received;

- (b) provide each Applicant with a supplementary or replacement product disclosure statement that corrects the deficiency, and gives the Applicant the option to withdraw the Application within one month and be repaid the Application Amount; or
- (c) issue to the Applicant the Units applied for in the Application, provide each Applicant with a supplementary or replacement product disclosure statement that corrects the deficiency and gives the Applicant the option to withdraw the Application within one month and be repaid the Application Amount.

The Responsible Entity is prohibited from accepting Applications received during the Exposure Period. Application Forms received prior to the expiration of the Exposure Period will therefore not be processed until after the Exposure Period. No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the Exposure Period will be treated as if they were simultaneously received on the first Business Day after the Exposure Period.

#### **NO COOLING-OFF RIGHTS**

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

#### **RIGHTS AND OBLIGATIONS ATTACHED TO THE UNITS**

Details of the rights and obligations attached to each Unit, and the material provisions of the Constitution, are summarised in Section 16. A copy of the Constitution is available, free of charge, on request from the Responsible Entity.

#### **ELECTRONIC AND PRINTED PDS; WEBSITE**

This PDS will be available and may be viewed online at the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1). The information on the Trust Website does not form part of this PDS.

The Offer constituted by this PDS in electronic form is available only to persons receiving this PDS in electronic form within Australia or New Zealand. Persons who access this electronic version of this PDS should ensure that they download and read the entire PDS. If unsure about the completeness of this PDS received electronically, or a print out of it, you should contact the Responsible Entity. During the Offer Period, a paper copy of this PDS will be available for Australian and New Zealand residents free of charge by calling the Offer Information Line on 1800 531 427 (within Australia) or +61 3 9415 4350 (outside Australia) between 8:30am and 5:30pm (Sydney time) on a Business Day.

Applications for the Units under this PDS may only be made on either a printed copy of the Application Form attached to or accompanying this PDS or via the electronic Application Form attached to the electronic version of this PDS, available at the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1). The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the PDS or the complete and unaltered electronic version of the PDS. If this PDS is found to be deficient, any Applications may need to be dealt with in accordance with section 1016E of the Corporations Act.

Any references to documents included on the Trust Website are provided for convenience only, and none of the documents or other information on the Trust Website is incorporated by reference into the PDS unless stated otherwise in this PDS.

#### **FINANCIAL INFORMATION AND AMOUNTS**

The Historical Financial Information and Proforma Historical Financial Information as described in Section 13.2 are presented in Australian dollars and have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards ("AAS").

#### **DISCLAIMER**

No person is authorised by the Responsible Entity, the Manager, the Investment Manager or the Joint Lead Managers to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by the Responsible Entity, the Manager, the Investment Manager, their directors or any other person in connection with the Offer. The Trust's business, financial condition, operations and prospects may have changed since the date of this PDS.

Certain statements in this PDS constitute forward-looking statements. These forward-looking statements are identified by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'expects', 'intends', 'may', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would', and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements.

These forward-looking statements are based on current expectations, estimates and projections about the Trust's business and the markets in which the Trust will invest, and the beliefs and assumptions of the Responsible Entity, the

Manager and the Investment Manager. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Responsible Entity's, the Manager's and the Investment Manager's control. As a result, any or all of the forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors and conflicts of interest described in Section 10.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The Responsible Entity, the Manager and the Investment Manager do not make any assurance, express or implied, in relation to whether any forward-looking statements will actually eventuate.

These forward-looking statements speak only as at the date of this PDS. Unless required by law, none of the Responsible Entity, the Manager or the Investment Manager intends to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. You should, however, review the factors and risks the Responsible Entity describes in the reports to be filed from time to time with the ASX after the date of this PDS.

Past performance, which is one of the principal components in developing these forward looking statements, is not necessarily a guide to future performance.

Some numerical figures in this PDS have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

#### **UPDATED INFORMATION**

Information in this PDS may need to be updated from time to time. Any updated information that is considered not materially adverse to investors will be made available on the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1). Pengana will provide a copy of the updated information, free of charge to any investor who requests a copy by calling the Offer Information Line on 1800 531 427 (within Australia) or +61 3 9415 4350 (outside Australia) between 8:30am and 5:30pm (Sydney time) on a Business Day.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary product disclosure statement to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures issued in conjunction with this PDS prior to making any investment decision.

#### **INDUSTRY TERMS, DEFINITIONS AND ABBREVIATIONS**

Certain industry terms, defined terms and abbreviations used in this PDS are explained in the Glossary in Section 18 of this PDS.

#### **TIME**

Unless otherwise stated or implied, references to time in this PDS are to Sydney time.

#### **MISCELLANEOUS**

Photographs and diagrams used in this PDS that do not have descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Trust.

References in this PDS to currency are to Australian dollars unless otherwise indicated. All data contained in charts, graphs and tables within this PDS are based on information available as at the date of this PDS unless otherwise stated.

For the GCM Group, all AUM data is as of 30 September 2019 and all employee data is as of 1 January 2020.





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OFFER  
HIGHLIGHTS

Key Offer Statistics

Trust	Pengana Private Equity Trust ARSN 630 923 643
ASX code	PE1
Units offered	Fully paid ordinary Units
Subscription Price per Unit	\$1.37
Maximum number of Units available under the Offer	345,385,940
Maximum gross proceeds from the Offer	\$473.2 million

Important Dates	
Announcement of the Offer and lodgement of PDS with ASIC	11 February 2020
Units trade on an 'ex' basis in respect of the Entitlement Offer	19 February 2020
Entitlement Record Date for Entitlement Offer (7:00pm Sydney time)	20 February 2020
Offer Opening Date	24 February 2020
Entitlement Offer and Shortfall Offer Closing Date (5:00pm Sydney time)	19 March 2020
New Units under Entitlement Offer quoted on a deferred settlement basis	20 March 2020
Discretionary Offer Closing Date (4:00pm Sydney time)	23 March 2020
Final date for an investor to potentially be a Loyalty Unitholder (see Section 5.10)	23 March 2020 <sup>1</sup>
Expected date when Units trade on an 'ex' basis in respect of the Special Distribution	23 March 2020
Expected record date for the Special Distribution	24 March 2020
New Units under Shortfall Offer quoted on a deferred settlement basis	24 March 2020
Announcement of results of the Offer (10:00am Sydney time)	25 March 2020
Expected Settlement Date	30 March 2020
Expected date of the allotment of new Units	31 March 2020
Normal trading of new Units issued under the Offer expected to commence on the ASX	31 March 2020
Expected date for dispatch of holding statements	1 April 2020
Expected Loyalty Unit Determination Date	23 July 2020
Expected Loyalty Unit Issue Date	As soon as practicable following the Loyalty Unit Determination Date

The above dates are subject to change and are indicative only. Pengana reserves the right to amend this indicative timetable subject to the Corporations Act and the Listing Rules. In particular, Pengana reserves the right to close the Offer early, extend the Offer Period or accept late Applications without notifying any recipients of this PDS or any Applicant. Investors who wish to make an Application are encouraged to do so as soon as practicable after the Offer Opening Date.

<sup>1</sup> The record date for the initial determination is 25 March 2020.

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CORPORATE  
DIRECTORY

Responsible Entity	Pengana Investment Management Limited Level 12, 167 Macquarie Street Sydney NSW 2000 Australia
Manager	Pengana Capital Limited Level 12, 167 Macquarie Street Sydney NSW 2000 Australia
Investment Manager	Grosvenor Capital Management, L.P. 900 North Michigan Avenue Suite 1100 Chicago Illinois 60611 USA
Lead Arranger and Joint Lead Manager	Taylor Collison Limited Level 16, 211 Victoria Square Adelaide SA 5000 Australia
Joint Lead Manager	Morgans Financial Limited Level 29, Riverside Centre 123 Eagle Street Brisbane QLD 4000
Administrator and Custodian	BNP Paribas Securities Services Level 6, 60 Castlereagh Street Sydney NSW 2000 Australia
Unit Registry	Computershare Investor Services Pty Limited Level 3, 60 Carrington Street Sydney NSW 2000 Australia
Investigating Accountant and Trust Auditor	Ernst & Young 200 George Street Sydney NSW 2000 Australia



Legal and Tax Counsel

DLA Piper Australia  
Level 22, 1 Martin Place  
Sydney NSW 2000  
Australia  
  
DLA Piper New Zealand  
Level 22, 205 Queen Street  
Auckland 1010  
New Zealand

## 3

## LETTER TO INVESTORS

Dear Investor,

It gives me great pleasure to invite you to participate in an offer to acquire new Units in the Pengana Private Equity Trust ("Trust") (ASX: PE1). The Responsible Entity is seeking to raise up to \$473.2 million for the Trust at a Subscription Price per Unit equal to \$1.37 (being the NAV per Unit as at 31 January 2020 less the Special Distribution and rounded to 2 decimal places) under an Entitlement Offer, Shortfall Offer and Discretionary Offer. By investing in the Trust, investors will have the opportunity to gain exposure to the only highly diversified portfolio of global private equity investments available through an ASX listed vehicle.

Following its listing on the ASX on 30 April 2019 to 31 January 2020, the Trust has generated a positive net return of 12.4%. This net return has been determined with reference to the increase in the Net Asset Value per Unit since listing, as well as of the reinvestment of a Unit's distribution back into the Trust pursuant to the Trust's distribution reinvestment plan ("DRP").<sup>2</sup> The Trust made its first half-yearly distribution of \$0.025 per Unit for the period ending 31 December 2019 in accordance with the Trust's distribution policy as at listing.<sup>3</sup> *Past performance is not a reliable indicator of future performance, the value of investments can go up or down.*

#### GROSVENOR CAPITAL MANAGEMENT, L.P.

The investment manager of the Trust is Grosvenor Capital Management, L.P. ("GCM") with AUM<sup>#</sup> in excess of US\$57 billion and a 20-year track record in global PE<sup>#</sup> investing. GCM employs over 490 people globally of which there are 65 investment professionals dedicated to its private equity, real estate and infrastructure strategies. GCM is headquartered in Chicago, with offices in New York, Los Angeles, London, Tokyo, Hong Kong and Seoul.

GCM generally seeks to invest with Underlying Investment Managers<sup>#</sup> who have historically managed investment vehicles which have generated upper Quartile<sup>4</sup>,<sup>#</sup> returns, and whom GCM believes have the potential to continue to do so. Investing in top Quartile funds is critical for a successful PE program.<sup>5</sup> There are two key requirements in this regard: (1) identify future top Quartile funds and (2) gain access to invest in these funds, which is difficult due to the excess demand for such investments. We have a very high degree of confidence in the investment management capabilities of GCM and believe that GCM's expertise, experience and relationships place them in a good position to be able to do both.

<sup>2</sup> Investors should read Section 10 in full, which sets out some of the key risks associated with an investment in the Trust. The initial Net Asset Value per Unit for the purpose of determining the net return of the Trust is determined with reference to the initial public offering ("IPO") subscription price, which was \$1.25. The net return is net of fees and costs within the Trust, and is also based on a reinvestment of distributions back into the Trust (i.e. it shows the total return, being the aggregate of capital growth and income). 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 distributions reinvested in additional Units. Please refer to Section 8.10 for more information in respect of the DRP.

<sup>3</sup> The targeted distributions are only targets and may not be achieved. Investors should review the Risks summary set out in Section 10 of this PDS.

<sup>#</sup> These terms are explained in the Glossary of this PDS in Section 18. The Glossary explains the meaning of industry terms, defined terms and abbreviations used in this PDS.

<sup>4</sup> Defined as the top 25% of returns of the manager universe.

<sup>5</sup> As illustrated by the 'Quartile Annualised Performance (IRR) of Private Equity Buyout Funds' chart in Section 6.2.

## THE TRUST

The Trust invests in private equity, private credit and other opportunistic investments and seeks to provide diversification across Underlying Investment Managers<sup>#</sup>, Vintages<sup>#</sup>, geographies, sectors, and strategies.

As at 31 January 2020, 78% of the Trust's Portfolio (excluding Alignment Shares<sup>#</sup>) has been committed across private equity Co-investments<sup>#</sup>, Primaries<sup>#</sup>, and opportunistic investments and 36% of these Commitments<sup>#</sup> (totalling \$61.1 million) have already been funded.

I continue to believe that the following characteristics make the Trust an attractive vehicle to enable Australian investors to access global PE:

- **Growth and Income:** The Trust is designed to deliver strong capital growth as well as income distributions of 4% p.a.<sup>6</sup>, and is therefore potentially applicable to investors seeking both growth and income solutions for their portfolios.
- **Simplicity:** The Trust serves as a single point of entry to a well-diversified portfolio of global PE investments (estimated to be in excess of 500 underlying companies<sup>7</sup>) in accordance with the long-term target guidelines for the Portfolio<sup>#</sup>.
- **Institutional investment management:** The Trust allows us to deliver an investment management capability typically accessed by institutional clients.
- **Liquidity:** Private equity investments typically involve the investors' capital being locked up for a number of years. The Trust allows small and large investors to gain exposure to global PE with the flexibility to buy and sell Units on the ASX so long as an active market exists.
- **Access:** Private equity investments can be challenging to access for individual investors. The Trust seeks to provide investors with direct exposure via the GCM Group<sup>#</sup> platform to oversubscribed and difficult-to-access Private Investment Funds<sup>#</sup> investing predominantly in middle market Portfolio Companies<sup>#</sup> globally.
- **Bespoke solution:** GCM is creating a solution tailored specifically to the requirements and objectives of the Trust, utilising GCM's highly experienced team, differentiated deal flow and fee efficiencies.

## LOYALTY UNITS

Reflecting the high value that we place on the loyalty of our supporters and in association with the Offer, the Pengana Group of Companies has determined to issue additional Units ("Loyalty Units") to Unitholders who hold existing Units as at the Discretionary Offer Closing Date ("Loyalty Unitholders"). The Loyalty Units will be issued at the Subscription Price for Units under the Offer, and the Subscription Price will be paid for in full by PCG.

Each Loyalty Unitholder will receive a number of Loyalty Units that is calculated based on:

- The "Units Held and Retained" which is the minimum of the number of Units held as at the Discretionary Offer Closing Date and the number of Units held 4 months after the Discretionary Offer Closing Date ("Loyalty Unit Determination Date", expected to be 23 July 2020), by the Loyalty Unitholder; and
- The "Loyalty Percentage", which will be equal to 1% per \$100 million raised under the Offer. For example, if \$100 million is raised under the Offer, then the Loyalty Percentage will be 1%. If \$250 million is raised under the Offer, then the Loyalty Percentage will be 2.5%, etc.

Full details on the issue of Loyalty Units are set out in Section 5.10 of this document.

## THE OFFER

The Offer comprises an offer of up to 345,385,940 Units at a Subscription Price equal to \$1.37 (being the NAV per Unit of the Trust as at 31 January 2020 less the Special Distribution of \$0.0125 per Unit and rounded to 2 decimal places).

Under the **Entitlement Offer**<sup>#</sup>, each investor who already holds Units as at the Entitlement Record Date<sup>#</sup> ("Existing Unitholder") can subscribe for up to 2 new Units for every 1 Unit held as at the Entitlement Record Date ("Entitlement").

The **Shortfall Offer**<sup>#</sup> will include any new Units not applied for under the Entitlement Offer and is open to Existing Unitholders who have subscribed for their full entitlement under the Entitlement Offer.

<sup>6</sup> This is the intended distribution of the Trust and it is only a target and may not be achieved. Investors should read the Risks summary in Section 10 of this PDS<sup>#</sup>.

<sup>7</sup> Based on the \$205 million raised under PE1's initial public offering and the Maximum Subscription being raised under the Offer. Refer to Section 8.5.5.

The **Discretionary Offer**<sup>#</sup> is open to Existing Unitholders, Qualifying Applicants and other investors accepted by the Responsible Entity at its discretion. Any new Units that are not applied for under the Shortfall Offer, plus 16,829,786 Units under the Trust's placement capacity, will form part of the Discretionary Offer. "Qualifying Applicants" are Retail Applicants<sup>#</sup> and Institutional Applicants<sup>#</sup> resident in Australia or New Zealand and who, as at 7:00pm (Sydney time) on 20 February 2020 ("Priority Determination Date"), were investors in any one of the following:

- (a) Pengana Capital Group Limited (ASX: PCG);
- (b) Any unlisted registered managed investment scheme where Pengana Capital Limited is the responsible entity or trustee;
- (c) Pengana International Equities Limited (ASX: PIA); and
- (d) Washington H. Soul Pattinson and Company Limited (ASX: SOL).

The Product Disclosure Statement contains important information regarding the Offer. I urge you to read it carefully and in its entirety, including Section 10, which sets out key risks associated with an investment in the Trust, and Section 11, which sets out the fees and other costs associated with investing in the Trust. If you have any questions, you should seek relevant professional advice before making an investment decision.

I thank you for your continued support for the Trust and look forward to welcoming any new investors in the Trust.

Yours sincerely,



**Russel Pillemer**

Chief Executive Officer, Pengana Capital Group  
Executive Director, Pengana Investment Management Limited

## 4

OFFER  
SUMMARY

## 4.1 ABOUT THE TRUST

Topic	Summary	Section Reference
What is the Trust?	The Trust is a managed investment scheme, which has been registered with ASIC. The Trust was listed on the ASX as an investment entity on 30 April 2019 and trades under the ASX Code: PE1.	
Who is the Responsible Entity?	<p>Pengana Investment Management Limited ("Responsible Entity") is the responsible entity of the Trust.</p> <p>The Responsible Entity is part of the Pengana Group of Companies which consists of Pengana Capital Group Limited (ASX: PCG) ("PCG") and its wholly owned subsidiaries, the oldest company in the group having been incorporated in 1993. PCG is headquartered in Sydney and listed on the ASX.</p>	7.2
Who is be responsible for managing the affairs of the Trust?	<p>Pengana Investment Management Limited, as the Trust's responsible entity, has appointed:</p> <ul style="list-style-type: none"> <li>(a) Pengana Capital Limited, also a member of the Pengana Group of Companies, as the manager of the Trust pursuant to the Management Agreement.</li> <li>(b) BNP Paribas Securities Services as the Trust's Administrator.</li> <li>(c) Computershare Investor Services Pty Limited as the Trust's registry provider.</li> <li>(d) BNP Paribas Securities Services as the Custodian of the assets of the Trust.</li> </ul> <p>Pengana Capital Limited, as the manager of the Trust, has appointed Grosvenor Capital Management, L.P. as the Investment Manager of the Trust under the Investment Management Agreement. GCM, directly and indirectly, allocates the Trust's capital to a range of unaffiliated third-party managers for investment in addition to directly investing a portion of the Trust's capital.</p>	7
Who is the Investment Manager?	<p>Grosvenor Capital Management, L.P. ("GCM" or "Investment Manager") is the investment manager of the Trust.</p> <p>GCM, in combination with its affiliate, GCM Customized Fund Investment Group, L.P. ("GCM CFGI", and together with GCM and their respective affiliates and predecessor firms, "GCM Group"), is a global alternative asset management firm with assets under management ("AUM") in excess of US\$57 billion. GCM Group invests across a broad range of alternative strategies and asset classes including private equity, infrastructure, real</p>	7.1

	estate, hedge funds and strategic investments. In providing investment management services to the Trust, particularly with respect to investments in private equity, GCM will utilise resources across the GCM Group. Within private markets, the GCM Group has a track record that dates back to 1999.	
What experience does the Investment Manager have?	<p>Founded in 1971, GCM is one of the longest continuously operational alternative asset managers globally and possesses a track record in private markets investing dating back to 1999.</p> <p>In addition when evaluating a potential investment in the Trust, prospective investors may wish to consider the following:</p> <ul style="list-style-type: none"> <li>(a) <b>Established presence in industry</b> – GCM Group has been investing in alternatives since 1971, and has been a capital partner to leading private equity managers since 1999. GCM Group is a globally recognised alternative asset manager with more than US\$57 billion of AUM and over US\$29 billion in private equity, real estate and infrastructure AUM.</li> <li>(b) <b>Manager relationships</b> – GCM Group has in excess of 470 underlying investment manager relationships with Commitments to approximately 800 Underlying Funds and investments in over 275 Co-investment opportunities.</li> <li>(c) <b>Customised solutions</b> – GCM Group has been creating customised portfolios since 1996, and has the industry knowledge and relationships to deliver a customised solution. Approximately 87% of GCM Group's private equity, real estate and infrastructure AUM is managed through customised mandates.</li> <li>(d) <b>Due diligence</b> – GCM Group employs a rigorous manager screening, selection, and monitoring process to invest in underlying funds and Co-investment opportunities alongside private equity managers. Investors in the Trust benefit from the Investment Manager's investment and operational due diligence processes.</li> </ul>	8.9
What is the Trust's Investment Objective?	The Trust seeks to generate, over an investment horizon of at least 10 years, attractive returns and capital growth through a selective and diversified approach to private markets investments, including private equity, private credit, and other opportunistic investments.	8.1
What is the Trust's Investment Strategy?	<p>The Trust seeks to provide investors with a diversified set of exposures to private markets investments, including private equity, private credit, and other opportunistic investments.</p> <p>In executing the Investment Strategy and seeking to achieve the Trust's Investment Objective, the Trust invests in a customised portfolio constructed by GCM consisting of investments in Private Investment Funds made on a Primary basis (i.e., an interest in a newly established Private Investment Fund offered by the operator of the Private Investment Fund) or on a Secondary basis (i.e., an interest in an existing Private Investment Fund purchased from an existing third party investor in the Private Investment Fund), as well as Co-investments and direct investments. The Trust may invest either directly or indirectly through investments in one or more GCM Funds, or vehicles managed by third-party investment managers.</p>	8.2
How is the Portfolio constructed?	Consistent with the Trust's stated Investment Strategy and Investment Objective, the Portfolio will seek diversification by strategy, manager, sector, geography and Vintage, primarily in the established markets of North America and Western Europe, with opportunistic exposure to other regions.	8.5, 8.7
Details of the Alignment Shares	A core tenet of Pengana's philosophy is to continually strive to align Pengana's interests with those of its investors. This alignment is sought in a number of ways and is enhanced in the Trust through the issue of convertible preference shares ("Alignment Shares") in Pengana Capital Group Limited (ASX: PCG) ("PCG") to the Trust. Alignment Shares were issued to the Trust on 23 April 2019, being the allotment date of Units pursuant to the IPO of the Trust. The value of the Alignment Shares issued to the Trust on the allotment of Units pursuant to the IPO was equal to 5% of the total amount raised	9



under the IPO. The value of the Alignment Shares held by the Trust was equal to 3.5% of the Net Asset Value of the Trust as at 31 January 2020. The effect of the Alignment Shares held by the Trust is that Investors in the Trust have an economic interest in PCG similar to ordinary shareholders in PCG.

The Responsible Entity intends to distribute the Alignment Shares to Unitholders in proportion to the size of their Unitholding around April to June 2021, subject to a determination by the Responsible Entity to distribute. Alignment Shares will convert into ordinary shares in PCG on such distribution.

Will the Trust pay distributions?

With the exception of the Special Distribution, Pengana intends that the Trust will make distributions to Investors semi-annually (as at 30 June and 31 December of each year) but it may do so more or less frequently at Pengana's discretion. The Trust made its first distribution of \$0.025 per Unit on 15 January 2020 for the period ending on 31 December 2019.

Pengana intends that the Trust will make a special distribution of \$0.0125 per Unit ("Special Distribution") for the period from 1 January 2020 to 20 March 2020. A Unitholder must have purchased Units before the 'ex' distribution date, being 23 March 2020, to be entitled to the Special Distribution in respect of those Units. The Responsible Entity will close its unit register to determine which Unitholders are entitled to receive the Special Distribution at 7:00 pm on the record date for the Special Distribution, being 24 March 2020.

Pengana also intends that the Trust will make a cash distribution after the Offer of \$0.0125 per Unit for the period from 21 March 2020 to 30 June 2020.

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 "Target Cash Distribution").

Pengana had previously intended, as stated in the IPO PDS, that the Trust make a cash distribution of \$0.025 per Unit in respect of the period 1 July 2020 to 31 December 2020 and a further cash distribution of \$0.025 per Unit in respect of the period 1 January 2021 to 30 June 2021. Pengana's revised distribution policy in respect of the period 1 July 2020 to 30 June 2021, as stated in this PDS, would provide for a higher cash distribution yield for the period 1 July 2020 to 30 June 2021 if the price of a Unit tradeable on the ASX and the NAV per Unit is higher than \$1.25<sup>8</sup>.

The Trust has an initial focus on funding and liquidity management with an emphasis on yield generation through investments in Short Duration Credit<sup>9</sup>. The Trust also provides early exposure to private equity by investing in partially invested Primary, Co-investment and opportunistic investment commingled funds, as well as Secondaries (all of which generally involve an accelerated deployment of capital). Notwithstanding, any shortfall in net income generated or shortfall in net capital gains may result in a distribution payment made out of the capital invested.

Even where the income of the Trust earned in a particular year for tax purposes exceeds the Target Cash Distribution, or the intended cash distributions in respect of the year ending 30 June 2020 (as detailed above) (the "Early Years Intended Cash Distribution"), Pengana may determine to only make a cash distribution for the particular year equal to the Target Cash Distribution or Early Years Intended Cash Distribution, as the case may be.

Pengana retains the discretion to amend the distribution policy of the Trust.

The targeted distributions are only targets and may not be achieved. Investors should review the Risks summary set out in Section 10 of this PDS.

8.10

<sup>8</sup> This is not a forecast and past performance is not a reliable indicator of future performance.

<sup>9</sup> Short Duration Credit refers to highly liquid credit instruments that may be utilised with the intent to generate a return in excess of that which could be earned by holding cash until it is ready to be invested.

Will the distributions be franked?	Trust distributions are not expected to be franked <sup>10</sup> . The Trust may distribute franking credits it has received, but given that the Trust invests primarily in international assets, this is unlikely to occur.	8.10
Is there a distribution reinvestment plan?	Pengana has established a distribution reinvestment plan (DRP) in respect of distributions made by the Trust. In respect of each distribution, Pengana may elect to offer or not offer the DRP. Under the DRP, Unitholders may elect to have all or part of their distributions reinvested in additional Units. The DRP Rules provide detail on the methodology for determining the price at which Units are issued to Unitholders and can be found at the Trust Website: <a href="http://www.pengana.com/pe1">www.pengana.com/pe1</a> .	8.10
What are the key benefits associated with an investment in the Trust?	<p>In evaluating a potential investment in the Trust, prospective investors may wish to consider the following:</p> <ul style="list-style-type: none"> <li>(a) <b>Simplicity</b> – The Trust serves as a single point of entry to a well-diversified portfolio of private equity investments in accordance with the guidelines for the long-term target Portfolio.</li> <li>(b) <b>Institutional investment management</b> – The Trust allows the Responsible Entity to deliver an investment management capability typically accessed by institutional clients.</li> <li>(c) <b>Liquidity</b> – Private equity investments typically involve the investors' capital being locked up for a number of years. The structure of the Trust allows small and large investors to gain exposure to private equity with the flexibility to buy and sell Units on the ASX so long as an active market exists.</li> <li>(d) <b>Bespoke solution</b> – GCM has created a solution tailored specifically to the requirements and objectives of the Trust.</li> <li>(e) <b>Experienced team</b> – The Trust's investments are sourced and due diligence is conducted by professionals across GCM Group, an experienced and major allocator to global private equity investments, with 27 senior professionals devoted to private equity.</li> <li>(f) <b>Differentiated deal flow</b> – GCM Group's established and extensive network of relationships with managers can lead to differentiated deal flow across private equity Co-investments and Secondaries.</li> <li>(g) <b>Access</b> – Private equity investments can be difficult to access for individual investors. The Trust seeks to provide investors with direct exposure via the GCM Group platform to oversubscribed and difficult-to-access Private Investment Funds investing predominantly in middle market Portfolio Companies globally.</li> <li>(h) <b>Middle market focus</b> – GCM Group believes that Middle Market Buyouts (MMBOs) represent an area with compelling investment opportunities due in part to potentially attractive investment entry valuations and capital structures.</li> <li>(i) <b>J-curve mitigation</b> – The Trust is managed with the specific goal to mitigate the J-curve with an accelerated deployment of capital through Co-investments, Secondaries, Short Duration Credit strategies, investments into partially invested Primary, Co-investment and opportunistic commingled funds (i.e., those that have had initial Closes, but which are still accepting subscriptions and have already deployed initial capital).</li> <li>(j) <b>Preferred economics</b> – GCM seeks to leverage GCM Group's size, scale, and reputation in the industry in an effort to negotiate preferred economics for investments made by the Trust.</li> <li>(k) <b>Fee efficiency</b> – GCM seeks to create an offering subject to a competitive total fee cost by incorporating Co-investments, Secondaries and opportunistic implementation styles, which generally are more fee efficient private equity strategies when compared to Primary fund investments. The Trust is subject to the Trust level and Underlying Fund level fees as described in Section 11.</li> </ul>	8.3

<sup>10</sup> Except potentially any distributions attributable to the Alignment Shares.

- (l) **Global presence with local knowledge** – GCM seeks to source deal flow for the Trust from GCM Group’s local investment presence across the world.
- (m) **Comprehensive due diligence and monitoring** – GCM performs independent investment and operational due diligence processes in selecting investments for the Trust. GCM monitors and manages investments in the Trust from inception through exit.

What are the key risks associated with an investment in the Trust?

There are a number of risks associated with investing in the Trust which are set out in detail in Section 10. They include the following: 10

**Risks relating to the private markets investment strategy**

- (a) **Risks Associated with Portfolio Companies** – The Portfolio Companies in which the Trust or the Underlying Funds have invested or may invest may involve a high degree of business and financial risk.
- (b) **Lack of Portfolio Liquidity** – The Underlying Funds may hold significant amounts of securities and other assets issued by Portfolio Companies that are very thinly-traded, for which no market exists, or which are restricted as to their transferability.
- (c) **Market Risk** – During periods of difficult market conditions or slowdowns in a particular investment category, industry, or region, Portfolio Companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing, and increased costs.
- (d) **Currency Risk** – Investments are predominantly made in U.S. dollars (as well as multiple other foreign currencies), and if these currencies change in value relative to the Australian dollar, the value of these investments can change and accordingly can negatively affect the value of the Portfolio. The Investment Manager has no obligations or duty to hedge the Trust’s currency risk; however, in certain limited circumstances, the Trust may engage in foreign exchange hedging transactions intended to reduce foreign exchange exposure, primarily to hedge capital calls or known Commitments.
- (e) **Long-Term Time Horizon** – Even if the Trust’s investments prove successful, they are unlikely to produce a realised return for a number of years.
- (f) **Reliance on Third-Party Underlying Investment Managers** – The Trust invests in Underlying Funds and Portfolio Companies managed by third parties. GCM, as Investment Manager of the Trust, generally does not have an active role in the management of the assets of the third-party managed Underlying Funds or Portfolio Companies, including in the valuation of investments by the third-party managed Underlying Funds. Although the Investment Manager monitors the performance of Underlying Funds and Co-investments, GCM relies upon third-party Underlying Investment Managers to operate the third-party managed Underlying Funds and Co-investments on a day-to-day basis. GCM’s ability to withdraw from or transfer interests in such funds and Co-investments is strictly limited. Further, the performance of each investment made by GCM depends significantly on decisions made by third parties, who generally have sole and absolute discretion in structuring, negotiating and purchasing, financing, monitoring and eventually divesting investments made by such third-party managed Underlying Funds or Portfolio Companies, and such decisions, if unsuccessful, will directly adversely, perhaps materially adversely, affect the returns achieved by the Trust. GCM will often not be aware of the particular Portfolio Companies in which a third-party managed Underlying Fund is invested, and Investors themselves will have no direct dealings or contract relationship at the third-party managed Underlying Fund or Portfolio Company level.
- (g) **Substantial Costs** – The Trust is subject to substantial costs, as well as to a “layering” of fees and expenses including at the level of

the Trust, the GCM Funds and at the level of the Underlying Funds. These substantial costs must be offset by Portfolio gains (after reduction for incentive compensation and other advisory fees) for the Trust's net asset value not to be depleted.

- (h) **Debt and Leverage Risk** – The Underlying Funds employ leverage from time to time in a variety of ways. The Trust may borrow directly or through an intermediate entity to fund investments, pay fees and expenses or to address the timing issues associated with the acquisition of investments and re-investment of proceeds and as otherwise set forth in the Management Agreement and the Investment Management Agreement. The use of leverage may magnify the potential gains and losses achieved by the Trust or an Underlying Fund, thus impacting the value of the Units. The use of leverage will diminish the returns to the Trust if the overall returns are less than the Trust's cost of borrowing. The utilisation of leverage will also result in fees, expenses and interest costs to the Trust. In addition, the borrowings may be secured by the assets of the Trust.
- (i) **Risks associated with credit investments** – As explained in Section 8.5.5 of this PDS, the Trust invests in private credit investments, and the Investment Manager has, for cash management purposes, allocated amounts that the Trust has committed to invest in private equity investments to Short Duration Credit fund investments rather than to hold such amounts in cash. As such, the Trust is exposed to credit risk and default risk in respect of such credit investments. Credit risk is the risk that a credit investment to which the Trust has exposure may decline in price or fail to pay interest or principle when due because the credit counterparty or borrower experiences a decline in its financial status. Losses may occur because the value of the asset is affected by the creditworthiness of the borrower or by general economic and specific industry conditions. Default risk is the risk that a borrower defaults on their obligations, for instance by failing to make a payment due or to return the principal. The taking of security or the provision of third-party guarantees may not fully mitigate the risk of credit loss. These credit and default risks may result in losses for an investor in the Trust.
- (j) **Highly Competitive Market for Investment Opportunities** – The activity of identifying, completing and realising on attractive Primary and Secondary private equity investments is highly competitive and involves a high degree of uncertainty. The Trust is competing for investments with other investment vehicles, as well as with major financial institutions and investors.
- (k) **Third-Party Underlying Investment Manager Misconduct** – The Trust depends on the integrity and good faith of the third-party Underlying Investment Managers with which GCM places the Trust's capital. GCM has no control over, and a strictly limited ability even to monitor, the third-party Underlying Investment Managers. Misconduct, conflicts of interest and/or simple bad judgment on the part of a single or only a very small number of third-party Underlying Investment Managers could materially adversely affect the Trust.
- (l) **Interest Rate Risk** – Changes in official interest rates can directly and indirectly have an impact on investment returns. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on a Portfolio Company's value as increased borrowing costs may cause earnings to decline. As a result, the company's value may fall and therefore the value of an investment of the Trust may fall.
- (m) **Foreign Investment Risk** – The Trust or Underlying Funds may invest in Portfolio Companies domiciled or operating in multiple countries. Certain risks may differ from country to country. Managing these risks may increase transaction costs and adversely impact the

value of the Trust's and/or such Underlying Funds' investments in certain jurisdictions.

- (n) **Portfolio Valuation** – Valuations of the underlying investments are expected to involve uncertainties and discretionary determinations. Third-party pricing information may not be available regarding a significant portion of investments in certain asset classes, and in some circumstances may rely on valuation models that GCM has created in order to value the assets and calculate the account value. In addition, to the extent third-party pricing information is available, a disruption in the secondary markets for investments in Underlying Funds and Co-investments may limit the ability to obtain accurate market quotations for purposes of valuing investments and calculating net asset value. Further, the liquidation values of securities and other investments may differ significantly from the interim valuations of these securities and other investments (as may the market price of the Units on the ASX from the NAV per Unit).

#### **Risks relating to the Trust and being listed on the ASX**

- (o) **ASX Liquidity Risk** – The liquidity of trading in the Units on the ASX may be limited and may be at a substantial discount to net asset value. This may affect an Investor's ability to buy or sell Units. Investors will not be able to purchase or sell Units on the ASX during any period that ASX suspends trading of Units.
- (p) **Conflicts of Interest Risk** – GCM, its affiliated entities, and its related persons are subject to certain actual or potential conflicts of interest in making investment decisions. Because GCM has different financial services businesses and manages and/or advises multiple funds, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than those to which it would otherwise be subject if it had only one line of business or managed and/or advised only a single fund. GCM maintains policies and procedures that attempt to address actual and potential conflicts of interest. Refer to Section 17.2 of this PDS for information on how the Investment Manager manages potential conflicts of interest. In the event that a conflict of interest arises, GCM will generally attempt to resolve such conflict according to its policies and procedures and in a fair and equitable manner, on a case-by-case basis. However, GCM will not be able to resolve all conflicts of interest in a manner that is equitable or favourable to all Investors. By investing in the Trust, each Investor is deemed to have acknowledged and consented specifically to: (i) the existence of such actual, apparent and potential conflicts of interest, including, without limitations, those described herein; and (ii) the actions taken by GCM to address such conflicts and to the extent permitted by applicable law, to have waived any claims with respect to the existence of any conflicts of interest. It's a fundamental conflict of interest that GCM allocates Trust capital to GCM Funds from which the GCM Group receives advisory fees including incentive compensation.
- (q) **Counterparty Risk** – There is a risk that the Trust may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in cash, derivatives and currency transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.
- (r) **Distribution Risk** – There may be circumstances where the Target Cash Distribution or Early Years Intended Cash Distribution may result in a reduction in the capital of the Trust. There also may be circumstances where a portion of the Trust's income may not be distributed and may instead be accumulated or deferred, and in such circumstances, there is a risk the distribution received by Unitholders in cash may be insufficient to cover a Unitholder's tax payable on the total distribution.



- (s) **Performance Fee Structure Risk** – Pengana and GCM may each receive a performance fee in circumstances outlined in Section 11. These arrangements may create an incentive for Pengana and GCM to take more risk with investing the Trust’s capital than may otherwise be the case.
- (t) **Price and Volatility of Units on the ASX** – The market price of the Units on the ASX may not equal the underlying value of the Trust as reflected in its NAV per Unit. The Trust’s Units may trade on the ASX at a discount or a premium to the NAV per Unit. Unitholders may not be able to sell their investment in the Trust at the NAV per Unit.
- (u) **Valuation Risk** – as an investor in Underlying Funds, the NAV per Unit is largely based on valuations the Responsible Entity receives from these funds. The frequency with which valuations are provided by the Underlying Funds, and accordingly incorporated into the NAV per Unit, varies. Credit funds tend to release valuations monthly; however, it is standard industry practice for private equity funds to release valuations quarterly, and such valuations may contain information that may be more than three months old. As such, there is a risk that the NAV per Unit will be different, perhaps materially, than the current value of the Units as of any particular day on which the Units are traded on the ASX.
- (v) **Trust Risk** – Trust risk refers to other specific risks associated with the Trust, such as termination and changes to fees and expenses. The performance of the Trust or the security of a Unitholder’s capital is not guaranteed. There is no guarantee that the Investment Strategy of the Trust will be managed successfully, or will meet its objectives. Failure to do so could negatively impact the performance of the Trust. An investment in the Trust is governed by the terms of the Constitution and this PDS, each as amended from time to time. The Trust is also governed by the ASX Listing Rules, and is exposed to the risks of listing on that platform, including such risks as the platform or settlements process being delayed or failing. ASX may suspend trading in the Units, or remove the Units from listing on the ASX. Pengana may elect, in accordance with the Constitution and the Corporations Act, to terminate the Trust for any reason.

#### **Risks relating to the Alignment Shares**

- (w) **Market Factors** – The performance of the Alignment Shares is strongly linked to the amount of FUM of the Pengana Group of Companies, which is subject to net fund flows and market performance.
- (x) **Investment Performance Risk** – A sustained period of poor investment performance or failure to meet investment objectives for a fund operated by the Pengana Group of Companies could lead to a reduction in the amount of FUM and/or could lead to lower management fees, which would have a material adverse effect on the value of the Alignment Shares.
- (y) **Ability to attract new clients and retain existing clients** – The future growth prospects of the Pengana Group of Companies are determined in part by its ability to develop and launch new funds and products and retain existing clients.

Does the Trust have any debt?

The Trust may borrow directly or through an intermediate entity to fund investments or pay fees and expenses or to address the timing issues associated with the acquisition of Investments and re-investment of proceeds. The Trust has not borrowed to date and does not currently expect to borrow, although it is permitted to do so and may at any time. The Trust requires the consent of the Manager to borrow in excess of 15% of NAV and may not borrow in excess of 25% of NAV, calculated at the time of borrowing, excluding short term borrowing, deferred purchase price obligations (i.e., when a portion of the purchase price for an Investment is paid after closing rather than up-front) and guarantees.

8.15



Does the Trust permit derivative investments?	<p>The Trust is denominated in Australian dollars. The Trust makes investments that are predominantly denominated in U.S. dollars, but may make investments denominated in other currencies as well. In certain limited circumstances, the Trust may engage in foreign exchange hedging transactions intended to reduce foreign exchange exposure.</p> <p>In addition to the use of derivatives related to the Trust's foreign exchange exposure, the Trust and the Underlying Funds may invest in derivatives such as options, swaps, futures and warrants in an effort to effectively execute their investment strategies. Use of derivatives is not expected to be a significant component of the Trust's direct investments. Use of derivatives by an Underlying Fund is subject to agreed guidelines and restrictions applicable to the particular Underlying Fund.</p>	8.16
What fees will Pengana and the Investment Manager receive?	<p>Pengana receives:</p> <ul style="list-style-type: none"> <li>• A Responsible Entity Fee and a Management Fee together totalling 1.25% p.a. of NAV, and</li> <li>• A Performance Fee of 20% of the Trust Outperformance, namely of the Trust Total Return in excess of the Hurdle Return (being 8% p.a.) and subject to the NAV being greater than the Trust's high-water mark.</li> </ul> <p>The total value and Price Return<sup>11</sup> of the Alignment Shares are not included when calculating the Responsible Entity Fee, Management Fee and Performance Fee.</p> <p>GCM, GCM CFG and potentially other members of the GCM Group will also serve as the manager of a number of the Underlying Funds in which the Trust will invest ("GCM Funds"). The GCM Group receives management fees and/or incentive compensation from these GCM Funds. The Trust also invests in other Underlying Funds (other than the GCM Funds) and the managers of these other Underlying Funds will also receive management fees and/or incentive compensation. Refer to Section 11.3.5 for more information in respect of these fees.</p> <p>GCM will receive from the Trust a Secondaries Management Fee and potentially a Secondaries Carried Interest Fee in respect of the portion of the Portfolio directly invested in Secondaries ("Secondaries Sub-Portfolio"). Refer to Section 11.3.4 for more detail in respect of these fees. In the future, it is expected that the Trust will seek Secondaries exposure predominantly through a GCM Fund; however, the current GCM Fund focused on Secondaries is not open to new investors and it is possible that additional Secondaries may be completed outside of a GCM Fund in the future in order to increase Secondaries exposure.</p> <p>Pengana will also pay GCM a portion of the Management Fee it receives with respect to Portfolio investments other than the GCM Funds and the GCM Secondaries Portfolio.</p> <p>All fees and costs specified in this PDS are quoted on a GST inclusive basis and net of reduced input tax credits unless otherwise stated.</p> <p>Refer to Section 11 for further details on fees and other costs of the Trust, including the example of annual fees and costs for the Trust set out in Section 11.2.</p>	11
Examples of fees payable to Pengana	<p>Worked examples of fees payable to Pengana following completion of the Offer are set out in Section 11.3.</p>	11.3
What are the key terms of the Management Agreement?	<p>The Responsible Entity has appointed Pengana Capital Limited as the manager of the Trust pursuant to the Management Agreement. The Manager's role includes review and supervision of the Investment Manager.</p> <p>The Management Agreement has an initial term of 10 years ending on 30 April 2029 subject to an automatic extension. After the expiration of the initial</p>	16.2

<sup>11</sup> The term "Price Return" is the rate of return on an asset, where the return takes into account only the capital appreciation of the asset, while the income generated (namely dividends in the case of the Alignment Shares) is ignored.

	term, the Management Agreement may be terminated by Unitholders passing an ordinary resolution resolving to terminate the Management Agreement and the termination would take effect 3 months after any such resolution is passed.	
What are the key terms of the Investment Management Agreement?	<p>The Manager has delegated the investment management of the Portfolio to the Investment Manager pursuant to the Investment Management Agreement.</p> <p>The Investment Management Agreement has an initial term of 10 years ending on 30 April 2029 subject to an automatic extension. After the expiration of the initial term, the Investment Management Agreement may be terminated by Unitholders passing an ordinary resolution resolving to terminate the Investment Management Agreement and the termination would take effect 3 months after any such resolution is passed.</p> <p>The Investment Management Agreement will also terminate upon the termination of the Management Agreement.</p>	16.3
Who is the Custodian?	BNP Paribas Securities Services is both the custodian of the assets of the Trust and administrator of the Trust. The Custodian holds the assets of the Trust.	7.4
What is the benefit of a listed investment trust compared to a listed investment company?	Under a trust structure, all earnings, when ultimately distributed, are distributed to investors on a pre-tax basis. This is similar to most managed fund or exchange traded fund structures. Under a company structure, as in a listed investment company, earnings would typically be taxed at the company tax rate and resulting franking credits may be distributed to investors via dividends.	
Why are private market investments suited to a listed investment trust?	Private markets investments can be difficult to access for individual investors and typically involve the investors' capital being locked up for a number of years. The structure of the Trust allows the Investment Manager to make long-term investment decisions without being affected by considerations of cash reserves for the purpose of funding redemptions requests, while at the same time offering Unitholders liquidity via the ASX so long as an active market for Units exists. Further, the Investment Manager will not be required to sell down positions in the Portfolio under disadvantageous market conditions for that purpose.	
What is the financial position of the Trust?	The annual financial report for the Trust for the period from 18 January 2019 (date of registration) to 30 June 2019 has been audited by Ernst & Young as auditor of the Trust and was released to the ASX on 28 August 2019. The interim financial report for the Trust for the half year period ended 31 December 2019 has been reviewed by EY as auditor of the Trust and was released to the ASX on 11 February 2020. Refer to Section 13 for the Historical Financial Information and the Pro Forma Historical Financial Information incorporating the impact of the Offer, and other assumptions in Section 13.2.7, as if they had occurred as at 31 December 2019.	13
Information on the Constitution	The Constitution is the document which governs the relationship between the Responsible Entity and Unitholders, the key terms of which are summarised in Section 16.1 of the PDS.	16.1
What are the Trust's material contracts?	<p>The Management Agreement and the Investment Management Agreement are material contracts. In addition, the Responsible Entity, on behalf of the Trust, has entered into the Offer Management Agreement.</p> <p>For more information on these agreements, the PCG Commitment Deed, and the full terms and conditions of the Alignment Shares please refer to Sections 16.2 to 16.6.</p>	16.2 to 16.6
What is the Trust's valuation policy?	The Responsible Entity has outsourced the valuation of the Trust and the preparation of statutory financial reports to the Administrator who is reliant in turn on valuations from third parties. These third parties may include the	8.12

	<p>Investment Manager, Underlying Investment Managers, Underlying Fund administrators or third party valuation agents.</p> <p>Typically, valuation of the Trust's assets utilises the most recent net asset value provided for the Underlying Funds by Underlying Investment Managers and/or third party administrators and, to the extent it is determined to be appropriate, are adjusted for subsequent cash flow activity (i.e., contributions and distributions) through the date of any particular report.</p> <p>The Responsible Entity seeks to ensure that it receives unaudited Underlying Fund financial statements typically on a quarterly basis (and more frequently where available), and, to the extent practicable, financial statements that have been audited by a third party accounting firm annually. Whilst the valuations will generally be obtained quarterly, given the nature of the investments, the process of completing the valuations can take up to three months, or longer in some cases.</p> <p>As of the date of this PDS, there is no secondary market in the Alignment Shares. Due to the nature of Alignment Shares, they will be valued in line with the ordinary shares trading on the ASX in accordance with the Administrator's securities pricing policy. Refer to Section 9 for more information on Alignment Shares.</p>	
What information will be provided to Unitholders?	<p>The Trust is a disclosing entity and as such is required to meet the continuous disclosure requirements of the Corporations Act and Listing Rules. Pengana will:</p> <ul style="list-style-type: none"> <li>(a) Prepare annual and half-yearly financial statements for the Trust which will be announced on the ASX.</li> <li>(b) Report its NAV per Unit (including the value of the Alignment Shares) monthly to the ASX and its website.</li> <li>(c) Notify ASX of any information concerning the Trust of which it is, or becomes, aware, that a reasonable person would expect to have a material effect on the price or value of Units, subject to any exceptions in the Listing Rules.</li> </ul> <p>Pengana may also release to the ASX and publish on its website certain reports prepared by Pengana from time to time, to keep Unitholders informed about the current activities of the Trust and the performance of the Portfolio.</p>	8.19

## 4.2 ABOUT THE OFFER

Topic	Summary	Section Reference
Who is the Issuer of Units in the PDS?	Pengana Investment Management Limited in its capacity as the responsible entity of the Trust.	
What is the Offer?	An offer to subscribe for Units at the Subscription Price on the conditions set out in this PDS. The Offer comprises the Entitlement Offer, Shortfall Offer and the Discretionary Offer.	5
What do Applicants pay when applying under the Offer?	All Applicants under the Offer will pay a Subscription Price equal to \$1.37 (being the NAV per Unit as at 31 January 2020 less the Special Distribution and rounded to 2 decimal places).	5.1
What is the purpose of the Offer and what is the proposed use of the proceeds raised under the Offer?	The Responsible Entity is seeking to raise up to \$473.2 million and will use the funds raised under the Offer to finance the acquisition of investments consistent with the Investment Strategy.	8.5, 8.7
Is there a minimum value or number of units I must apply for under the offer?	There is no minimum subscription under the Entitlement Offer and Shortfall Offer. Applicants who solely apply for Units under the Discretionary Offer must subscribe for a minimum of \$10,000 under the Discretionary Offer. An Application under the Discretionary Offer must also be a non-fractional multiple of \$250.	5.5.1
Who are the Joint Lead Managers?	Taylor Collison and Morgans.	5.3
Who can participate in the Offer?	Investors who already hold Units as at the Entitlement Record Date ("Existing Unitholder") who have a registered address in Australia or New Zealand can participate in the Entitlement Offer and Shortfall Offer. The Discretionary Offer is open to Existing Unitholders, Qualifying Applicants and other investors accepted by the Responsible Entity at its discretion.	5.4
Is the Offer underwritten?	The Offer is not underwritten.	5.3
Is there a cooling-off period?	A cooling-off period does not apply to the Offer.	
How can I obtain further information?	If you would like more information or have any questions relating to the Offer, please go to the Trust Website <a href="http://www.pengana.com/pe1">www.pengana.com/pe1</a> , or call the Offer Information Line on 1800 531 427 (within Australia) or +61 3 9415 4350 (outside Australia) between 8:30am and 5:30pm (Sydney time) on a Business Day. If you are uncertain as to whether an investment in the Trust is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.	5.5.13

## 5

DETAILS OF  
THE OFFER

## 5.1. WHAT IS THE OFFER?

## 5.1.1. THE OFFER

The Responsible Entity is offering new Units at a Subscription Price equal to \$1.37 (being the NAV per Unit of the Trust as at 31 January 2020 less the Special Distribution and rounded to 2 decimal places) to raise up to \$473.2 million for the Trust. The rights attached to the Units are summarised in Section 16 and set out in the Constitution.

The Offer comprises a:

- (a) **Entitlement Offer** – open to investors who already hold Units as at 7.00 pm Sydney time on 20 February 2020 (“Entitlement Record Date”) who have a registered address in Australia or New Zealand (“Existing Unitholders”). Up to 328,556,154 Units (being two times the number of Units on issue as at the date of this PDS) may be issued under the Entitlement Offer. Under the Entitlement Offer, each Existing Unitholder can subscribe for up to 2 new Units for every 1 Unit held by the Existing Unitholder as at the Entitlement Record Date (“Entitlement”).
- (b) **Shortfall Offer** – any new Units not applied for under the Entitlement Offer will form part of the Shortfall Offer. The Shortfall Offer is open to Existing Unitholders who have subscribed for their full entitlement under the Entitlement Offer and who have a registered address in Australia or New Zealand.
- (c) **Discretionary Offer** – open to Existing Unitholders, Qualifying Applicants (refer to section 5.4.3 below for the definition of a Qualifying Applicant) and other investors accepted by the Responsible Entity at its discretion. All Applicants under the Discretionary Offer must have a registered address in Australia or New Zealand. Any new Units that are not applied for under the Shortfall Offer, plus 16,829,786 Units under the Trust’s placement capacity, will form part of the Discretionary Offer.

All Units offered in the Entitlement Offer, Shortfall Offer and Discretionary Offer are identical.

Further information about the Entitlement Offer, Shortfall Offer and Discretionary Offer is set out below in Sections 5.4 and 5.5.

## 5.1.2. DISCRETION UNDER THE OFFER

Early lodgement of Applications is recommended, as Pengana may close the Offer at any time after the expiry of the Exposure Period without prior notice. Pengana reserves the right to terminate the Offer at any time or undertake a scale back of Application Amounts on any part of the Offer at its absolute discretion. Pengana may extend the Offer Period at any time after the expiry of the Exposure Period without prior notice, in accordance with the Corporations Act.

## 5.2. MAXIMUM SUBSCRIPTION

The Maximum Subscription amount under the Offer is \$473.2 million. Pengana considers this appropriate having regard to factors including, but not limited to, the Investment Objective, achieving portfolio diversification across and within asset classes, the proposed deployment of capital in an efficient manner, and the demand and liquidity of Units on the ASX.

The Maximum Subscription has been derived with reference to the Subscription Price of \$1.37 and the maximum number of Units available under the Offer, being 345,385,940. The latter is calculated as the sum of (i) the maximum number of Units that may be issued under the Entitlement Offer (being two times the number of Units on issue as at the date of this

PDS), and (ii) the maximum number of Units that may be issued solely under the Discretionary Offer pursuant to the Trust's placement capacity, taking into the account the number of Units that could potentially be issued pursuant to the Trust's placement capacity in respect of the issue of the Loyalty Units.

### 5.3. IS THE OFFER UNDERWRITTEN?

No, the Offer is not underwritten.

Taylor Collison is acting as Lead Arranger and a Joint Lead Manager to the Offer. Morgans is acting as a Joint Lead Manager to the Offer. Pengana and the Joint Lead Managers have entered into an Offer Management Agreement with respect to the Offer, details of which are set out in Section 16.5.

### 5.4. WHO IS ELIGIBLE TO PARTICIPATE IN THE OFFER?

#### 5.4.1. ENTITLEMENT OFFER

The Entitlement Offer is open to eligible investors who hold Units in the Trust as at the Entitlement Record Date who have a registered address in Australia or New Zealand ("Existing Unitholders"). Existing Unitholders are entitled to subscribe for up to 2 new Units for every 1 Unit held by the Existing Unitholder as at the Entitlement Record Date. Pengana reserves the right in its absolute discretion to reject any Application or to allocate a lesser number of Units than that which is applied for under the Entitlement Offer.

All Applicants under the Entitlement Offer must have a registered address in Australia or New Zealand.

#### 5.4.2. SHORTFALL OFFER

Existing Unitholders who apply for their full Entitlement may also apply for additional Units under the Shortfall Offer. Pengana reserves the right in its absolute discretion to reject any Application or to allocate a lesser number of Units than that which is applied for under the Shortfall Offer. Applicants applying under the Shortfall Offer, to the extent they have applied subsequent to the exhaustion of the number of Units offered under the Shortfall Offer, will be treated as applying under the Discretionary Offer.

All Applicants under the Shortfall Offer must have a registered address in Australia or New Zealand.

#### 5.4.3. DISCRETIONARY OFFER

The Discretionary Offer is open to Existing Unitholders, Qualifying Applicants and other investors accepted by Pengana at its absolute discretion. "Qualifying Applicants" are Retail Applicants and Institutional Applicants resident in Australia or New Zealand and who, as at 7:00pm (Sydney time) on 20 February 2020 ("Priority Determination Date"), were investors in any one of the following:

- (a) Pengana Capital Group Limited (ASX: PCG);
- (b) Any unlisted registered managed investment scheme where Pengana Capital Limited is the responsible entity or trustee;
- (c) Pengana International Equities Limited (ASX: PIA); and
- (d) Washington H. Soul Pattinson and Company Limited (ASX: SOL).

All Applicants under the Discretionary Offer must have a registered address in Australia or New Zealand.

#### 5.4.4. NOTICE TO NOMINEES AND CUSTODIANS

Nominees and custodians may not distribute this document, and may not permit any beneficial owner to participate in the Offer, in any country outside Australia and New Zealand except, with the consent of the Responsible Entity, to beneficial owners resident in certain other countries where the Responsible Entity may determine it is lawful and practical to make the Offer.

### 5.5. HOW DO I APPLY UNDER THE OFFER?

#### 5.5.1. WHAT ARE THE MINIMUM, MAXIMUM AND INCREMENTAL APPLICATION AMOUNTS UNDER THE OFFER?

There is no minimum subscription under the Entitlement Offer and Shortfall Offer.

Applicants who solely apply for Units under the Discretionary Offer must subscribe for a minimum of \$10,000 under the Discretionary Offer. An Application for Units solely under the Discretionary Offer must also be a non-fractional multiple of \$250.



There is no maximum Application Amount, however, Pengana will not issue any new Units to an Applicant which will result in them increasing their voting power in the Trust above 20%.

Pengana reserves the right in its absolute discretion to reject any Application, allocate a lesser number of Units than applied for, or to aggregate any Applications which it believes may be multiple Applications from the same person.

#### **5.5.2. WHAT IS THE SUBSCRIPTION PRICE PER UNITS UNDER THE OFFER?**

The Subscription Price per Unit under the Offer is \$1.37 (being the NAV per Unit as at 31 January 2020 less the Special Distribution and rounded to 2 decimal places).

#### **5.5.3. WHAT OPTIONS ARE AVAILABLE UNDER THE ENTITLEMENT OFFER?**

If you are an Existing Unitholder, you may do any one of the following in respect of the Entitlement Offer:

- (a) take up all of part of your Entitlement; or
- (b) take up all of your Entitlement and also apply for further new Units in excess of your Entitlement under the Shortfall Offer; or
- (c) do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements.

Entitlements cannot be traded on the ASX or any other financial market, or privately transferred.

#### **5.5.4. HOW DO EXISTING UNITHOLDERS APPLY UNDER THE OFFER?**

Existing Unitholders who are eligible to apply under the Entitlement Offer and Shortfall Offer will receive a personalised Entitlement and Acceptance Form, which allows you to indicate the amount that you wish to invest in the Offer. The Entitlement and Acceptance Form must be completed in accordance with the instructions on the reverse side of the Entitlement and Acceptance Form or on the online Entitlement and Acceptance Form.

Once completed, please lodge your Entitlement and Acceptance Form (either online or by mail) and pay your Application Amount so that they are received by 5:00pm (Sydney time) on the Entitlement Offer and Shortfall Offer Closing Date.

The Responsible Entity will treat Existing Unitholders as having applied for as many new Units as their Application Amounts will pay for in full up to your full Entitlement.

Any amount received by the Responsible Entity in excess of the full Entitlement of the Existing Unitholders who have lodged an Application Form will be treated by the Responsible Entity as applications for further new Units under the Shortfall Offer.

Any further amount received by the Responsible Entity from those Existing Unitholders in excess of the number of new Units that are offered under the Shortfall Offer will be treated by the Responsible Entity as applications for further new Units under the Discretionary Offer.

#### **5.5.5. HOW DO OTHER INVESTORS APPLY UNDER THE OFFER?**

For investors other than eligible Existing Unitholders, in order to apply for Units under the Offer, please complete the Discretionary Offer Application Form. The Discretionary Offer Application Form must be completed in accordance with the instructions on the reverse side of the Discretionary Offer Application Form or on the online Discretionary Offer Application Form.

Once completed, please lodge your Discretionary Offer Application Form (either online or by mail) and pay your Application Amount so that they are received by 4:00pm (Sydney time) on the Discretionary Offer Closing Date.

The Responsible Entity will treat you as having applied for as many new Units as your Application Amount will pay for under the Discretionary Offer.

#### **5.5.6. HOW DO I PAY THE APPLICATION AMOUNT?**

Applicants under the Offer may pay their Application Amount by cheque or BPAY in accordance with the instructions below.

##### **Applying online**

You may apply for Units at the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1) and pay your Application Amount by BPAY.

Applicants wishing to pay by BPAY should complete the relevant online Application Form accompanying the electronic version of this PDS and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number ("CRN")).

You do not need to complete and return a paper Application Form if you complete the online Application Form. You will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided to you or generated by the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by the Unit Registry by no later than 5:00pm (Sydney time) on the Entitlement Offer and Shortfall Offer Closing Date, or 4:00pm (Sydney time) on the Discretionary Offer Closing Date (as applicable). Your financial institution may implement earlier cut off times with regard to electronic payment and may impose a limit on the amount which you can transact on BPAY. Policies with respect to processing BPAY transactions may vary between financial institutions.

Pengana and the Joint Lead Managers accept no responsibility for any failure to receive an Application Amount or payments by BPAY before the Entitlement Offer and Shortfall Offer Closing Date, or the Discretionary Offer Closing Date (as applicable) arising as a result of, among other things, the processing of payments by financial institutions.

#### **Applying by cheque**

If you are applying by cheque, Applications under the Offer must be made and will only be accepted on the applicable paper Application Form that accompanies this PDS.

Cheque(s) or bank draft(s) must be:

- in Australian currency;
- drawn on an Australian branch of a financial institution;
- crossed "Not Negotiable"; and
- made payable to "Pengana Investment Management Limited".

Applicants should ensure that sufficient funds are held in the relevant account(s) to cover your cheque(s). If the amount of your cheque(s) or bank draft(s) for the Application Amount (or the amount for which those cheques clear in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Amount will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Application Amounts are not considered to be valid unless funds have been cleared by no later than 5:00pm (Sydney time) on the Entitlement Offer and Shortfall Offer Closing Date, or 4:00pm (Sydney time) on the Discretionary Offer Closing Date (as applicable).

Completed Application Forms and accompanying cheques may be lodged by post:

#### **Entitlement Offer and Shortfall Offer:**

Pengana Private Equity Trust  
c/o Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3000

#### **Discretionary Offer:**

Pengana Private Equity Trust  
c/o Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 3000

#### **5.5.7. WHEN DOES THE OFFER OPEN?**

The Offer is expected to open for Applications on 24 February 2020.

#### **5.5.8. WHAT IS THE DEADLINE TO SUBMIT AN APPLICATION UNDER THE OFFER?**

Applicants under the Entitlement Offer should ensure that their Application Forms and Application Amounts are received by the Unit Registry before 5:00pm (Sydney time) on the Entitlement Offer and Shortfall Offer Closing Date which is 19 March 2020. All other Applicants should ensure that their Application Forms and Application Amounts are received by the Unit Registry before 4:00pm (Sydney time) on the Discretionary Offer Closing Date which is 23 March 2020.

#### **5.5.9. IS THERE ANY BROKERAGE, COMMISSION OR STAMP DUTY PAYABLE BY APPLICANTS?**

There is no brokerage, commission or stamp duty payable by Applicants on the acquisition of Units under the Offer.

#### **5.5.10. WHAT ARE THE COSTS OF THE OFFER AND WHO IS PAYING THEM?**

The costs of the Offer are those which are necessary for the Offer and include, without limitation: the fees paid to the Joint Lead Managers and other brokers; the registration, listing and admission fees; advertising, distribution, marketing and printing costs (including the costs incurred in connection with the Offer roadshow); legal, accounting and advisory fees; and, any other applicable costs.

Pengana will pay the fees and costs of the Offer. The fees and costs are not paid out of the proceeds of the Offer.

#### **5.5.11. WHEN WILL I RECEIVE CONFIRMATION WHETHER MY APPLICATION HAS BEEN SUCCESSFUL?**

Holding statements confirming Applicant's allocations under the Offer are expected to be sent to successful Applicants on or around 1 April 2020.

#### **5.5.12. WHEN WILL I RECEIVE MY UNITS AND WHEN CAN I TRADE MY UNITS?**

It is expected that the allotment of Units under the Offer will take place on 31 March 2020.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. A binding contract to issue Units will only be formed at the time Units are allotted to Applicants.

Where the Application Amount paid by an Applicant is more than the amount that is payable for the number of Units that is allotted to the Applicant, the surplus Application Amount will be returned to Applicants (without interest) in Australian dollars (except where the amount is less than A\$2.00, in which case it will be donated to a charity chosen by the Responsible Entity).

If you sell your Units before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your Broker or Pengana.

#### **5.5.13. WHO DO I CONTACT IF I HAVE FURTHER QUERIES?**

If you have queries about investing under the Offer, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have queries about how to apply under the Offer or would like additional copies of this PDS, please call the Offer Information Line on 1800 531 427 (within Australia) and +61 3 9415 4350 (outside Australia), between 8:30am and 5:30pm (Sydney time) on a Business Day.

### **5.6. ALLOCATION POLICY**

The basis of allocating Units under the Shortfall Offer and Discretionary Offer will be determined by Pengana and the Joint Lead Managers, subject to any allocations under the Entitlement Offer. Certain Applicants nominated by Pengana may be given preference in allotment of Units.

Pengana reserves the right in its absolute discretion not to issue Units to Applicants under the Shortfall Offer or the Discretionary Offer and may reject any Application or allocate a lesser amount of Units than those applied for at its absolute discretion. No interest will be paid on any refunded Application Amount.

### **5.7. APPLICATION AMOUNT**

All Application Amounts will be held on trust in a separate bank account until the Units are issued to Unitholders. Any interest earned on Application Money will form part of the assets of the Trust.

### **5.8. ASX LISTING AND ISSUE OF UNITS**

Within seven days of the date of this PDS, Pengana will apply to the ASX for the new Units to be issued under the Offer to be quoted. New Units to be issued under the Entitlement Offer are expected to be quoted on a deferred settlement basis on 20 March 2020. New Units to be issued under the Shortfall Offer and Discretionary Offer are expected to be quoted on a deferred settlement basis on 24 March 2020. Allotment and normal trading of new Units to be issued under the Offer is expected to occur on 31 March 2020.

### **5.9. OVERSEAS DISTRIBUTION**

No action has been taken to register or qualify the Offer under this PDS, or to otherwise permit a public offering of Units, in any jurisdiction outside Australia and New Zealand.

#### **5.9.1. OFFER ONLY MADE WHERE LAWFUL TO DO SO**

The distribution of this PDS in jurisdictions outside Australia and New Zealand may be restricted by law. This PDS does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons into whose possession this document comes should inform themselves about and observe any restrictions on acquisition or distribution of the PDS. Any failure to comply with these restrictions may constitute a violation of securities laws.

### 5.9.2. WARNING STATEMENT FOR NEW ZEALAND INVESTORS

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the PDS are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law and New Zealand law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between Australian and New Zealand dollars. These changes may be significant. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this PDS is available only in Australia and is not available in New Zealand.

### 5.10. ISSUE OF LOYALTY UNITS

In association with the Offer, the Pengana Group of Companies has determined to issue additional Units ("Loyalty Units") to Unitholders who hold existing Units as at the Discretionary Offer Closing Date ("Loyalty Unitholders"). The Loyalty Units will be issued at the Subscription Price for Units under the Offer, and the Subscription Price will be paid for in full by PCG.

Each Loyalty Unitholder will receive a number of Loyalty Units that is calculated based on (i) the "Units Held and Retained" which is the minimum of the number of Units held as at the Discretionary Offer Closing Date and the number of Units held 4 months after the Discretionary Offer Closing Date ("Loyalty Unit Determination Date", expected to be 23 July 2020) by the Loyalty Unitholder, and (ii) the amount raised under the Offer. The number of Loyalty Units issued to each Loyalty Unitholder is equal to:

$$\text{Number of Loyalty Units issued} = \text{Loyalty Percentage} \times \text{Units Held and Retained}$$

The Loyalty Percentage is based on any amount raised under the Offer and will be equal to 1% per \$100 million raised under the Offer. For example, if \$100 million is raised under the Offer, then the Loyalty Percentage will be 1%. If \$250 million is raised under the Offer, then the Loyalty Percentage will be 2.5%, etc.

$$\begin{aligned} \text{Loyalty Percentage} &= \text{Amount Raised Under the Offer} \times 1\% / \$100,000,000 \\ &= \text{Amount Raised Under the Offer} \times 0.000000001 \end{aligned}$$

The Units Held and Retained is the minimum of:

- the number of Units held as at the Discretionary Offer Closing Date; and
- the number of Units held as at the Loyalty Unit Determination Date.

Where the Loyalty Unit calculation results in a non-integer value, it will be rounded down to the largest integer.

The Loyalty Units will be issued as soon as practicable following the Loyalty Unit Determination Date ("Loyalty Unit Issue Date").

Units acquired pursuant to this Offer are expected to be allotted on 31 March 2020, which is subsequent to the Discretionary Offer Closing Date.

Under the terms of the PCG Commitment Deed, PCG covenants in favour of the Responsible Entity to pay to the Trust prior to the Loyalty Unit Issue Date an amount equal to the Subscription Price for Units under the Offer multiplied by the number of Loyalty Units that will be issued on the Loyalty Unit Issue Date. See Section 16.6 for further information on the PCG Commitment Deed.

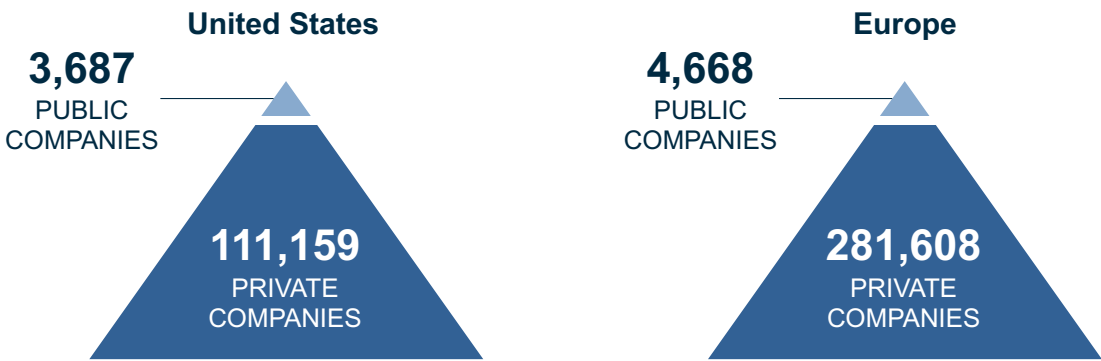


# OVERVIEW OF PRIVATE MARKETS

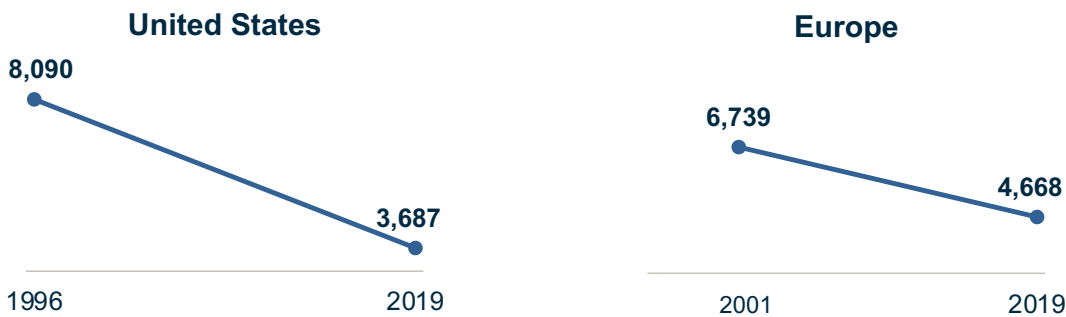
## 6.1. INTRODUCTION

Private markets include a broad spectrum of investments with a focus on longer-term exposures (typically greater than 3-7 years) in less liquid underlying assets. Private markets are typically less efficient than public markets and rely on brokers to arrange transactions as there is no established market for private markets interests. The universe of private companies is significantly larger than that of public companies (as shown in the diagram below). This share has been growing (possibly in response to regulations introduced during the period around the 2000s), and as the capital markets have increasingly opened to private companies, many have become less inclined to seek public market listings. In recent decades, the number of listed companies has been steadily decreasing. Private markets are generally thought to include private equity, private credit and real assets, such as infrastructure and real estate. They are often considered a subset of the broader alternative investment universe.

Size of Private Markets Relative to Public Markets



Number of Listed Companies Over Time





Sources: S&P Capital IQ (utilising certain information obtained from its database) for public and private company data as of 2 January 2020. Includes all private companies with revenues  $\geq$  US\$15 million. The World Bank, <https://data.worldbank.org/indicator/cm.mkt.lcom.no>, for historical listed company data (31 December 1996 for the U.S.; 31 December 2001 for Europe). Neither S&P Capital IQ nor the World Bank has provided consent to the inclusion of references to their databases and publications or material drawn from the databases and publications in this PDS.

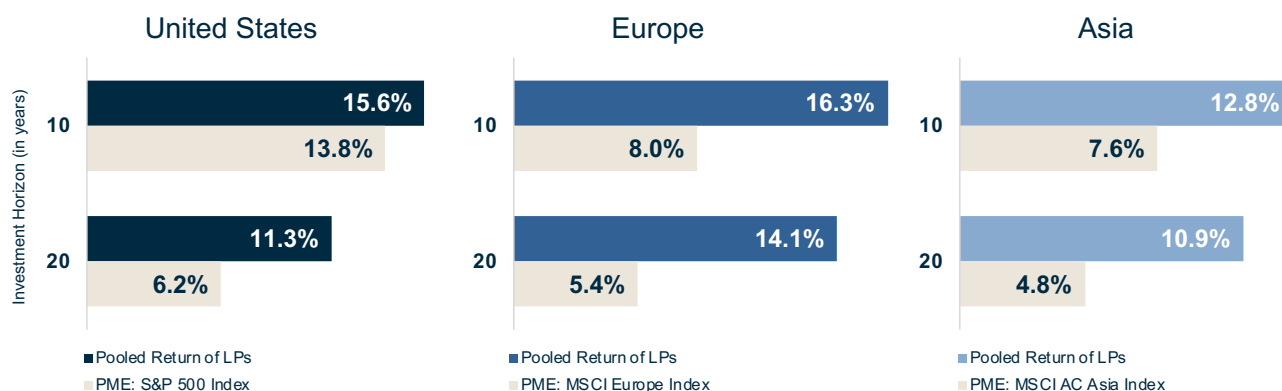
Within private markets investments, private equity investments represent a broad range of opportunistic and company-specific exposures that, historically, have tended to exhibit somewhat lower correlation with traditional stock and bond markets. As such, these investments may be useful in helping to diversify an investor's overall portfolio risk.

While the particular strategies and type of underlying assets may differ, the following attributes are generally consistent across the spectrum of private investments:

- **Long-term value creation:** lack of short-term, public pressure allows for a long-term investment orientation
- **Market cycle resilience:** historical performance resilient across various investment environments
- **Illiquidity premium:** seek to capture illiquidity premiums associated with long-term investments

These attributes have often resulted in compelling returns for private equity assets. For example, as shown in the chart below, global private equity has outperformed public market equivalents ("PME") across time horizons (10 and 20 years) as well as geographic regions. As buyout funds represent a majority of the global private equity fund universe, and a majority of the Investment Manager's historical Commitments to private equity, these charts examine how buyout funds have performed in comparison to a PME.

### Annualised Performance (IRR) of Private Equity versus Public Equity across Time Horizons and Geographic Regions



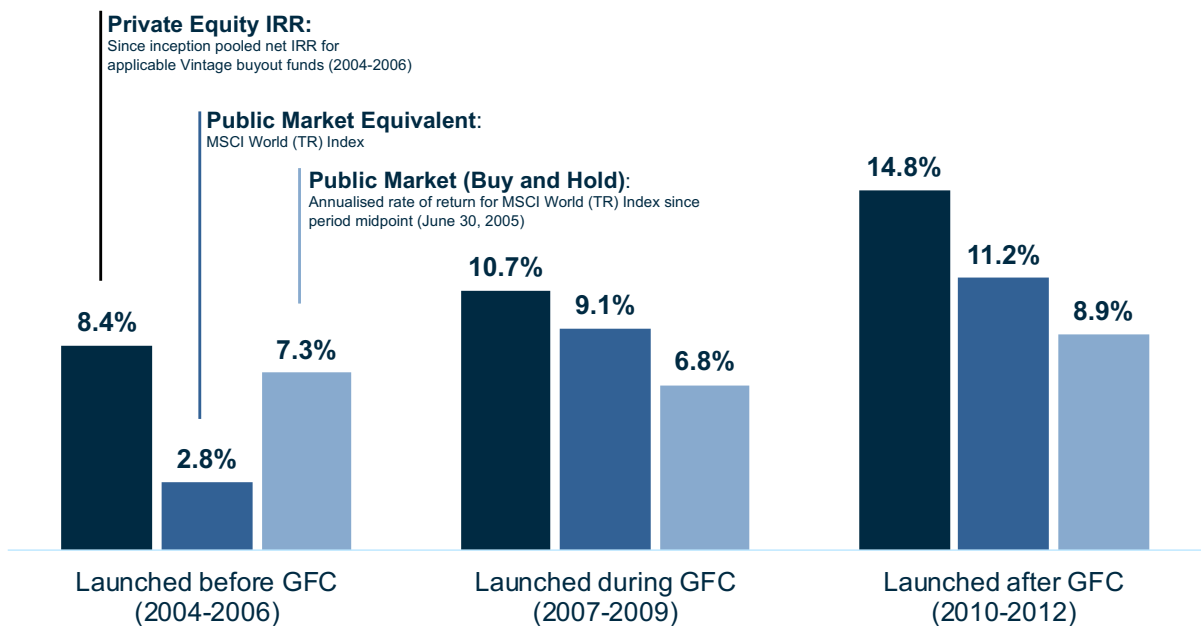
The PME concept allows investors to compare the performance of private equity and other private markets investments (Private Equity) to other types of investments, such as public market indices (Public Equity). The methodology assumes buying and selling a given index according to the timing and size 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. The net asset value of the hypothetical fund, called the public net asset value, depends on the number of shares and the share price (i.e., the index value) as of the report date.

Source: The above graphs were prepared by GCM utilising certain information obtained from the Burgiss Group ("Burgiss"). Burgiss is an independent subscription-based data provider, which calculates and publishes quarterly performance information from cash flows and valuations collected from a sample of private equity firms worldwide (the "Burgiss Manager Universe"). The Burgiss Manager Universe includes data from 8,772 global private funds. The graphs are based on published 3Q 2019 industry data as of January 2020. "Pooled Return of LPs" represents pooled IRR since inception through to 30 September 2019 for all buyout funds in the Burgiss Manager Universe. United States returns are stated in USD. Europe returns include investments with a focus on the developed world and are stated in EUR. Asia returns include private equity expansion capital investments and are stated in USD. All "Public Market Equivalent" returns were calculated using the Long-Nickels methodology and were obtained from Burgiss. All data shown as net return of Limited Partners ("LPs").

Burgiss sources their data from MSCI, S&P and private equity funds worldwide. GCM uploads data into its system used to prepare the above graphs one-time each quarter, however, the data service may continue to update its information thereafter. Therefore, information in GCM's system may not always agree with the most current information available from the data service. Additional information available upon request. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. These graphs are not approved or produced by MSCI. S&P and their third-party information providers do not accept liability for the information and the context from which it is drawn. Burgiss, MSCI and S&P have not provided consent to the inclusion of statements utilising their data in this PDS. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**

Global private equity has also outperformed PME's across Vintages and in particular, and as shown in the chart below, during periods of economic stress such as the global financial crisis of 2008. The chart below also refers to buyout funds as a representation of the larger private equity fund universe.

Annualised Performance of Private Equity versus Public Equity Across Vintages



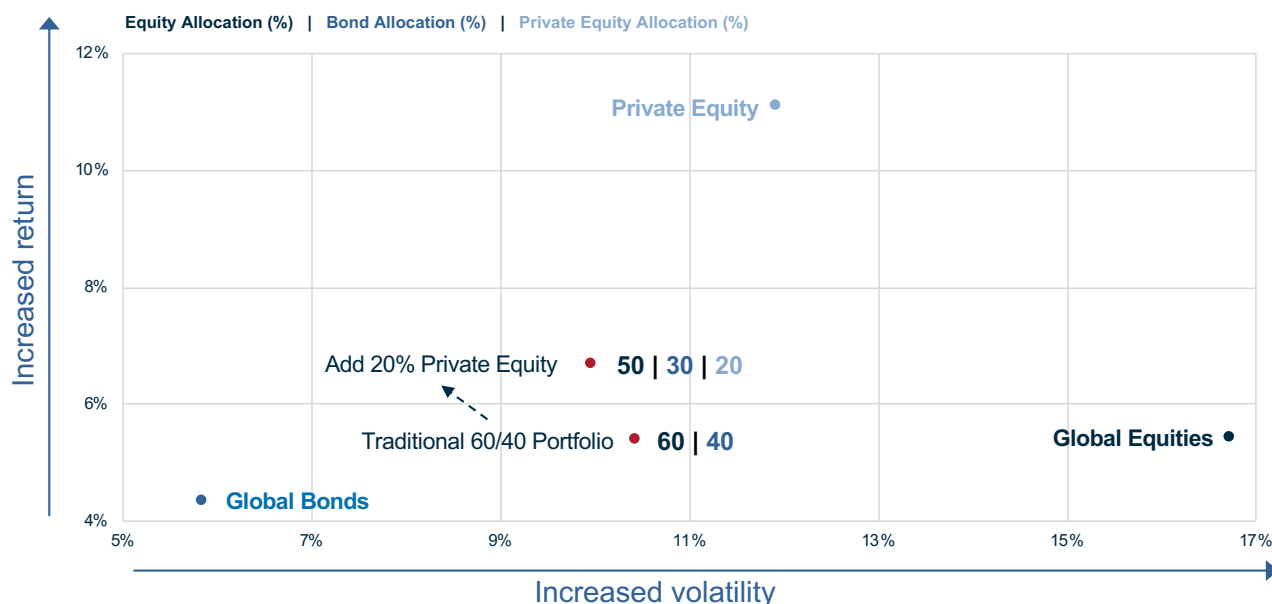
Source: The above graphs were prepared by GCM utilising certain information, including benchmarks, obtained from The Burgiss Group ("Burgiss"). Burgiss is an independent subscription-based data provider, which calculates and publishes quarterly performance information from cash flows and valuations collected from of a sample of private equity firms worldwide (the "Burgiss Manager Universe"). The Burgiss Manager Universe includes data from 8,772 global private funds. The graphs are based on published 3Q 2019 benchmark data as of January 2020. "Private Equity IRR" represents pooled IRR since inception through to 30 September 2019 for all buyout funds in the Burgiss Manager Universe with Vintages 2004-2006, 2007-2009 and 2010-2012. "Public Market Equivalent" returns reflect the MSCI World (TR) Index using the Long-Nickels methodology and were obtained from Burgiss. "Public Market (Buy and Hold)" represents annualised rate of return for the MSCI World (TR) Index (Ticker: GDDUWI) from the midpoint of each time period through to 30 September 2019.

Burgiss sources their data from MSCI and private equity funds worldwide. GCM Grosvenor uploads data into its system one-time each quarter; however, the data service may continue to update its information thereafter. Therefore, information in GCM Grosvenor's system may not always agree with the most current information available from the data service. Additional information is available upon request. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. These graphs are not approved or produced by MSCI. Burgiss and MSCI have not provided consent to the inclusion of statements utilising their data in this PDS. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**

Based on historical returns and correlations between public and private equity, private equity has the potential to deliver investors with diversification benefits when combined with their existing investments. For example, as shown in the chart below, in moving from a traditional 60/40 equities/bond portfolio and adding a 20% allocation to global private equity, the resulting portfolio generated higher returns with lower risk (as measured by volatility).

### Risk vs Return

Annualised return (%) (the vertical axis) versus annualised standard deviation (%) (the horizontal axis), 20 years ending 30 September 2019. Annualised Standard Deviation<sup>12</sup> is a measure of risk of investing in the portfolio of assets.



Portfolio calculation assumes quarterly rebalancing of stock and bond allocations. Index returns assume reinvestment of coupons. "Global Equity Allocation" represented by MSCI World Index, "Global Bond Allocation" represented by Bloomberg Barclays Global Aggregate Bond Index, "Private Equity Allocation" represented by Burgiss private equity pooled time-weighted returns.

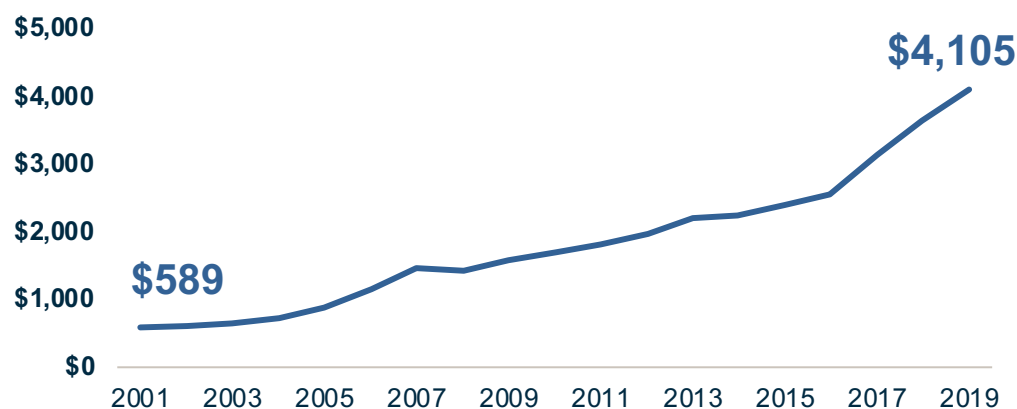
Source: The above graph was prepared by GCM utilising certain information obtained from Burgiss. The graph is based on published 3Q 2019 benchmark data as of January 2020.

Burgiss sources their data from MSCI, Bloomberg Barclays and private equity funds worldwide (the "Burgiss Manager Universe"). The Burgiss Manager Universe includes data from 8,772 global private funds. GCM uploads data into its system used to prepare the above graph one-time each quarter; however, the data service may continue to update its information thereafter. Therefore, information in GCM's system may not always agree with the most current information available from the data service. Additional information is available upon request. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used to create indices or financial products. This graph is not approved or produced by MSCI. Burgiss, MSCI, and Bloomberg Barclays have not provided consent to the inclusion of statements utilising their data in this PDS. **Past performance is not necessarily a guide to future performance. No assurance can be given that any investment will achieve its objective or avoid losses.**

<sup>12</sup> "Annualised Standard Deviation" is a measure of how much the price of an asset or the return of a portfolio of assets has fluctuated (both up and down) over a certain period. If a portfolio of assets has a high Annualised Standard Deviation, the return of the portfolio of assets has historically fluctuated vigorously. If a portfolio of assets has a low Annualised Standard Deviation, the return of the portfolio of assets has historically moved at a steady pace over a period of time.

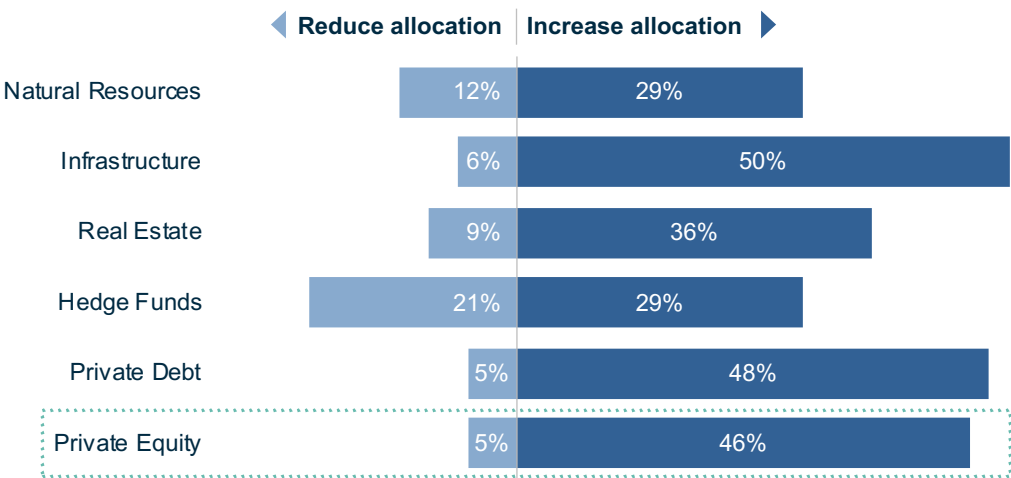
Many investors who have had the ability to access private equity have been steadily increasing their allocations, and a recent survey indicates that about 40% have an intention to continue to do so (as illustrated in the following diagram titled ‘Institutional Investors’ Plans for the Longer-Term’):

Global Private Equity Assets Under Management (US\$billion)



Sources: The above graph was prepared as of 30 June 2019 by GCM utilising certain information obtained from the database of Preqin Ltd. Assets under management represents the sum of available Committed Capital and unrealised value. Preqin Ltd. has not provided consent for the use of its data in this PDS.

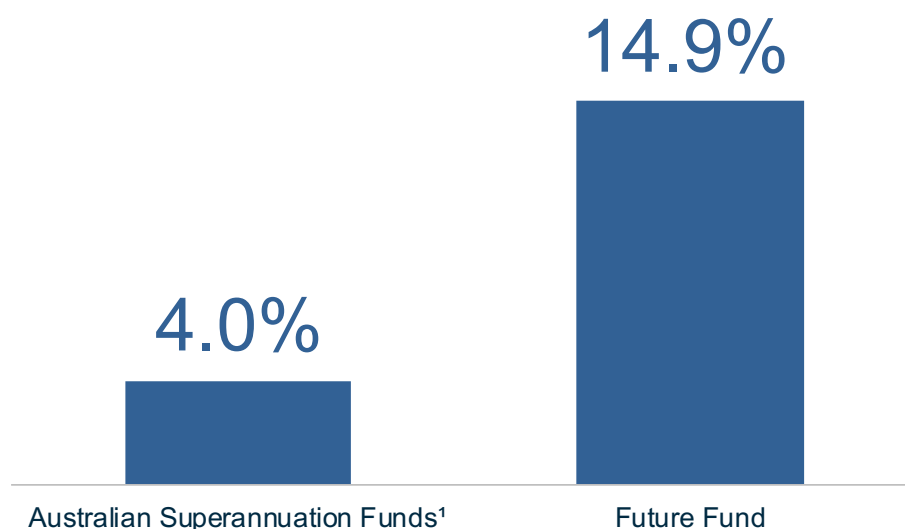
Institutional Investors’ Plans for the Longer-Term



Source: The above diagram was sourced from Preqin, Ltd. February 2019. Preqin Investor Outlook: Alternative Assets, H1 2019. Preqin Ltd has not provided consent for the use of this data and diagram in this PDS.

While Australian investors continue to find significant barriers to accessing private equity (as illustrated by the superannuation statistic in the chart below), the Future Fund, Australia's sovereign wealth fund, has 14.9% invested in private equity.

#### Portfolio Allocation to Private Equity for Australian Investors



¹ Includes funds with more than 4 members.

Sources: The Association of Superannuation Funds of Australia's December 2019 Superannuation Statistics (<https://www.superannuation.asn.au/resources/superannuation-statistics>).

Future Fund's quarterly portfolio update at 31 December 2019 (<https://www.futurefund.gov.au/news-room/2020/01/27/23/43/portfolio-update-to-31-december-2019>). The authors of these publications have not provided consent to the inclusion of references to these publications and material drawn from these publications in this PDS.

There are a number of reasons that may contribute to the lack of private equity exposure in Australian retail and superannuation portfolios. These may include:

- a scarcity of suitable investment vehicles which would enable investors to obtain meaningful and diversified access,
- minimum equity Commitments into private equity funds are typically well in excess of the Trust's minimum Application Amount,
- complicated capital management requirements with capital calls, uncertain distributions, and long-term lock ups, and
- a general lack of familiarity with the space and a lack of specific investment expertise.

## 6.2. CHARACTERISTICS OF PRIVATE EQUITY INVESTMENTS

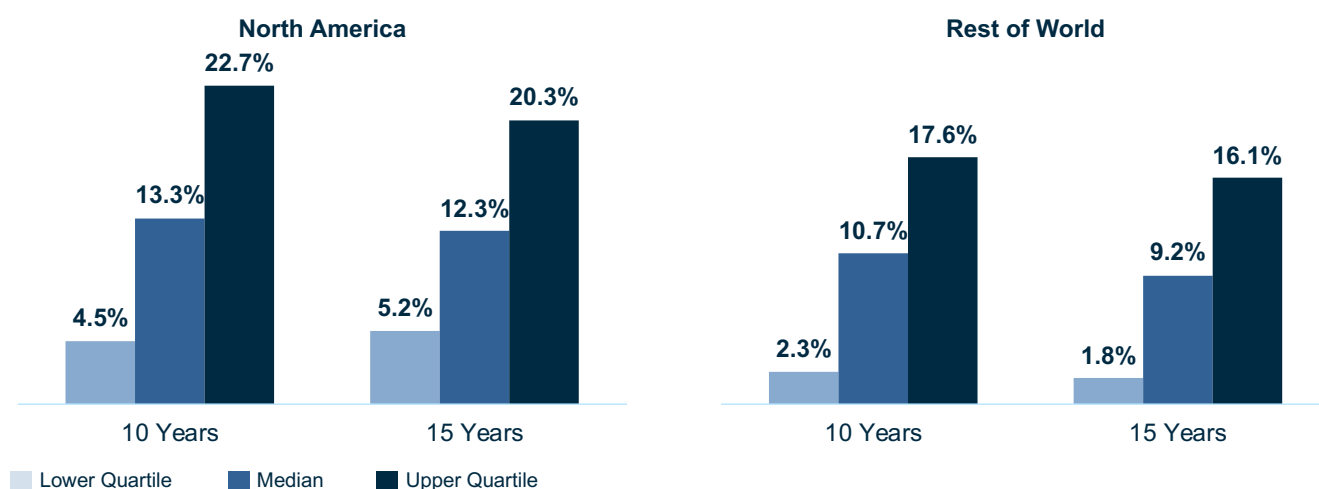
Despite nuances between different private equity asset classes, there are a few common characteristics:

**Illiquidity** – Unlisted private equity investments are typically illiquid, which makes them best suited for investors able to commit their funds for an extended period of time.

**Investment implementation** – Private equity investors typically have multiple ways to access their desired exposures. This may include investments in Primary fund investments, acquiring fund interests in Secondary transactions, Co-investing alongside managers or through direct investments. Each of these implementation methods and their benefits are described in Section 6.4.

**Performance dispersion** – Performance dispersion in private equity tends to be greater than in the public markets. For example, as shown in the accompanying chart, the performance differential between top Quartile, median and lower Quartile private equity buyout funds may be substantial. *Past performance — particularly general industry performance spanning materially different market periods — is not necessarily a guide to future performance.*

**Quartile Annualised Performance (IRR) of Private Equity Buyout Funds**

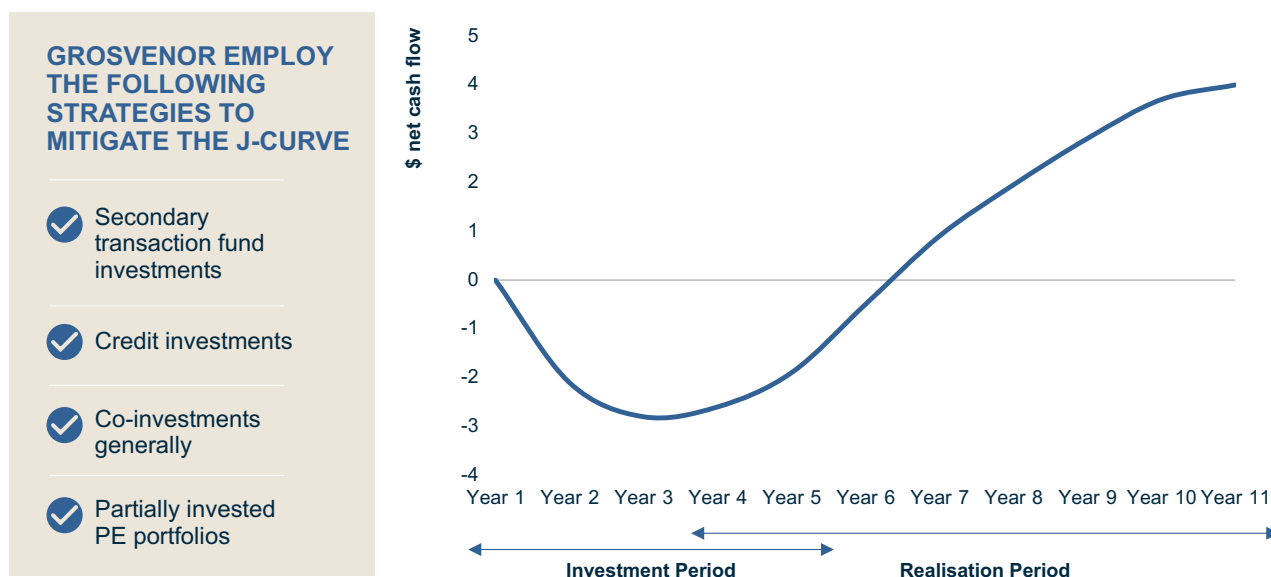


**For illustrative purposes only.** Source: The above graphs were prepared by GCM utilising certain information obtained from The Burgiss Group ("Burgiss"). Burgiss is an independent subscription-based data provider, which calculates and publishes quarterly performance information from cash flows and valuations collected from a sample of private equity firms worldwide (the "Burgiss Manager Universe"). The Burgiss Manager Universe includes data from 8,772 global private funds. The graphs are based on published 2Q 2019 industry data as of December 2019. "North America" represents North American buyout funds in the Burgiss Manager Universe. "Rest of World" represents non-North American buyout funds in the Burgiss Manager Universe. Returns represent pooled IRRs of a broad selection of buyout private equity funds formed since the beginning of each illustrated period and thereafter. Ten-year returns are for funds formed in Vintages 2010 to 2Q 2019 and fifteen-year returns are for funds formed in Vintages 2005 to 2Q 2019. GCM uploads data into its system used to prepare the above graphs one-time each quarter, however, the data service may continue to update its information thereafter. Therefore, information in GCM's system may not always agree with the most current information available from the data service. Additional information available upon request.

Burgiss has not provided consent to the inclusion of statements utilising its data in this PDS. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.**



**J-curve effect** – Most private equity investments, including Private Investment Funds through which such investments are commonly made, involve an investor committing to invest a specified amount of capital ("Committed Capital" or "Commitment"). However, only a small percentage of the Committed Capital is generally required at the start. As a Private Investment Fund identifies and invests in opportunities, the manager of the fund will 'call' or 'drawdown' the Committed Capital, as needed. It can take up to five years for a fund to fully invest its Commitments ("Investment Period") and most Private Investment Funds have an investment term of around 10 to 12 years. Because Private Investment Funds begin incurring expenses at inception and generally levy management fees based on the amount of Committed Capital, investors are typically confronted with negative IRRs in the early years of a fund's life. This return profile is referred to as the "J-curve" effect, shown below, and is a common characteristic of Primary fund investments. GCM employs a number of techniques in an effort to mitigate it. *The below chart is intended only to illustrate the "J-curve" effect. There can be no assurance that an Underlying Fund will, in fact, recover from its expected initial losses.*



Source: GCM. Please also note that the sample investment J-curve shown above is for illustrative purposes only, and may vary substantially from one investment to another. **No assurance can be given that any investment will achieve its objectives or avoid losses.**

**Vintage benchmarking** – For purposes of performance measurement, private equity investments are typically grouped by Vintage, representing the year in which a fund allocated capital to its first investment. Obtaining exposure to different Vintages can be an important source of diversification.

**Investment structure** – Private Investment Funds are generally only offered to wholesale investors, involve an investment in the fund for a fixed term and are structured to offer limited liability to investors ("Private Investment Funds"). These funds are most often structured as limited partnerships.

Limited partnerships will usually have a general partner ("GP") and limited partners ("LPs"). The GP is responsible for managing the affairs of the partnership; typically, the private equity manager (or an affiliated company) acts as GP. LPs are investors whose liability in relation to the affairs of the partnership is limited to the amount of their investment in the partnership. Typically, LPs' control in the business operations of the partnership is limited.

Note that GCM Group's primary Investment Strategy for the Trust involves allocating to Private Investment Funds (on a Primary and Secondary basis) and to Co-invest alongside GPs in a single Portfolio Company.

**Access to information** – There is generally less information available about private companies than their listed peers. Investors with higher quality information are often able to make the better investment decisions. Extensive due diligence and careful monitoring are often essential safeguards when constructing private equity portfolios.

### 6.3. INVESTMENT STRATEGY TYPES

In seeking to achieve the Trust's Investment Objectives, and consistent with the Trust's Investment Strategy, GCM has constructed a Portfolio primarily investing in Private Investment Funds that pursue the following strategy types:

#### 6.3.1. PRIVATE EQUITY

Private equity typically involves taking ownership interests in private businesses or assets ("Portfolio Companies"). Private equity investments may be structured using a range of financial instruments, including common and preferred

equity, convertible securities, subordinated debt and warrants or other derivatives, depending on the strategy of the investor and the financing requirements of the company. Private equity managers seek to generate superior returns by pursuing an active role in monitoring and advising companies through restructuring, refocusing and revitalising tactics in order to sell the investment at a premium.

Within private equity, there are several strategy types which are typically distinguished by the growth stage or lifecycle of the underlying Portfolio Companies. Primary strategies include:

- **Buyouts** – Refer to the acquisition of larger, more mature companies with established cash flows. The purchase is often leveraged through loan financing. The assets of the company being acquired are put up as collateral to secure the loan. Buyout managers seek to utilise financial structuring and operating expertise to improve company financials and position the company for a strategic sale. In order to execute their strategy, buyout managers typically require a control position in the underlying company.
- **Special Situations** – Typically include distressed debt and other credit investments. The strategy of investing in distressed debt generally involves first becoming a major creditor of the target company by acquiring its bonds at a discount, then forcing a change of control through reorganisation or liquidation. Distressed debt and credit investments often provide current yield and assist in mitigating the J-curve. The reduced correlation between distressed debt and other types of private equity investments may help to facilitate a well-diversified private equity portfolio.
- **Growth Equity** – Utilised for starting and building companies. Within the Growth Equity sector, GCM specifically seeks out managers that invest in faster growing companies in need of development capital.

### 6.3.2. PRIVATE CREDIT

Private credit provides investors with exposure that may be complementary to traditional fixed income and other liquid credit investments. Private credit investments often provide additional yield in exchange for less liquidity. In addition, private credit investments may generate cash flows to generate current income and help mitigate the J-curve.

Private credit investments include a wide variety of fixed income instruments that seek to capitalise on dislocations in credit markets and mispriced/misunderstood credits. Primary strategies include: structured credit, distressed credit, mezzanine debt and direct lending as well as other niche strategies such as litigation finance.

- **Structured credit:** Structured credit generally involves the pooling of debt in order to create packages of credit-related securities, or bonds with values that are linked to the performance of underlying assets. Types of structured credit include residential mortgage-backed securities (RMBS), agency mortgage-backed securities (MBS), commercial mortgage-backed securities (CMBS), asset-backed securities (ABS), collateralised debt obligations (CDOs), and collateralised loan obligations (CLOs). Structured credit may also include regulatory capital solutions and portfolio asset sales from financial institutions, especially in Europe.
- **Distressed credit:** Distressed credit may include turnaround/restructuring investing and investing in the debt of an issuer so as to control the bankruptcy process (often receiving substantial equity in the reorganization).
- **Mezzanine capital:** Mezzanine refers to the middle layer of financing (between pure debt and equity) in leveraged buyouts and growth investments. Mezzanine securities are structurally subordinate to a company's senior debt, but rank higher in priority of payment than common equity. Mezzanine debt often takes the form of bonds with attached warrants that can be converted into stock under certain circumstances. Mezzanine debt can offer yields higher than those of conventional bank loans because it includes certain additional risks. Mezzanine funds typically pay out current income to investors, as debtors pay interest on their outstanding loans.
- **Direct lending:** Direct lending involves areas of credit such as first lien financing (i.e., first to be paid against a specific security interest), unitranche financing (i.e., a hybrid loan structure that combines senior and subordinated debt into one instrument), and rescue financing (i.e., financing to prevent imminent failure).

Private credit tends to have an intermediate or long-term liquidity profile. It offers potential for excess returns relative to traditional credit. The lack of correlation between private credit and traditional credit, along with the protection of covenants in the loan documents, may help to mitigate downside risk in a well-diversified portfolio.

### 6.3.3. OPPORTUNISTIC INVESTING

The opportunistic investment strategies implemented in the Portfolio have the flexibility to invest across illiquid asset classes, strategies, sectors, regions and capital structure. The objective of these strategies is to invest in compelling risk-adjusted return opportunities across GCM Group's global alternatives platform.

Investments are made dynamically and are implemented primarily through Co-investments and direct investments. GCM generally seeks to deploy capital into the following scenarios:

- **Dislocations:** opportunities in which macro and/or industry-level events combine with shifting market conditions to create what GCM considers to be irrational securities pricing. Dislocations often represent opportunities to purchase high-quality cash flows at a discount to fundamental value.

- **Fundamental Thematic:** periods of significant change in the markets when macroeconomic events are confirmed by security-level fundamental analysis. These may include political transitions in an economy or major changes in an industry or sector.
- **Orphaned Assets:** securities that are “in transition” for which there is no current investor demand but can be valued through comprehensive fundamental analysis. The lack of competition to purchase these assets can provide attractive entry points.
- **Complex Situations:** opportunities where many investors are unwilling or unable to conduct in-depth analysis or develop sufficient expertise.
- **Partnerships:** partnerships with third-party managers and specialists to access attractive, difficult-to-replicate exposure and expertise. GCM also invests in partnerships with external managers where additional scale and industry operating relationships enhance the value proposition.
- **Structured Transactions:** opportunities to partner directly with companies as providers of financing, focusing on compelling risk/return profiles.

## 6.4. IMPLEMENTATION OPTIONS

In accordance with the Trust’s investment strategy and investment objectives, the Investment Manager seeks to implement each investment through what it believes to be the optimal structure. Private equity investment exposure may be obtained through several different structures, each of which has its own set of characteristics and potential benefits as well as risks, as described below.

### 6.4.1. PRIMARY FUND INVESTMENTS (“PRIMARIES”)

Primaries are investments in newly established private equity funds, which invest directly into underlying Portfolio Companies. Primary investors subscribe for interests in private equity funds during an initial fundraising period, and their capital Commitments are then used to fund investments in several individual Portfolio Companies during a defined Investment Period. The investments of the Primary fund are usually unknown at the time of Commitment and investors typically have little or no ability to influence the investments that are made during the fund’s life. Because primary investors must rely on the expertise of the fund manager, an accurate assessment of the manager’s capabilities is essential for investment success. The life cycle of Primaries is typically 10-12 years.

#### Potential Benefits of Primaries

**Core Allocation** – Represents a base allocation for a private equity portfolio.

**Long-Term Value Creation** – Private equity assets represent long duration investments. Private equity funds typically invest capital across multiple years and Portfolio Companies.

**Develop Manager Relationships** – Investing in Primary funds allows investors to establish long-term partnerships with managers and increases the likelihood of obtaining access to subsequent funds.

**Diversification Benefits** – Investors can achieve diversification of risk across Portfolio Companies, industry sectors, geographies and Vintage years. The Underlying Investment Managers with which the Trust indirectly invests are collectively broadly diversified. *However, the Trust’s management is concentrated with GCM, which allocates the Trust assets among Underlying Funds, acts as the manager of GCM Funds, and provides cash management services for the Trust’s potentially substantial cash balances. There can be no assurance that the Trust will achieve the potentially valuable benefits of portfolio diversification. There can be no assurance that the Trust will have access to an adequate supply of Primaries or to any of the most desirable Primaries. The Trust’s ability to participate in Primaries will often be dependent on timing as Primaries are only available for a limited period of time.*

### 6.4.2. CO-INVESTMENTS

A Co-investment is a single investment made directly or indirectly in a Portfolio Company alongside a private equity fund.

GCM intends to leverage its relationships, which have been developed over many years, to source attractive opportunities from what it believes to be high-quality managers.

Private equity fund managers frequently turn to their LPs as sources of additional capital for their Portfolio Companies. They often provide these Co-investment opportunities on a no-fee / no-carry basis.

The Investment Manager invests in Co-investment opportunities globally, with an emphasis on established North American and Western European private equity markets and with opportunistic exposures to other geographies. GCM aims to construct a Co-investment portfolio that is diversified across higher quality managers, sectors and different Vintages, but that remains concentrated enough to generate potential outperformance.

Within the buyout Co-investment sector, the Investment Manager targets transactions in middle market Portfolio Companies, focusing on cash-flow positive companies with established revenue models. For these purposes, middle

market Co-investments are defined as transactions in companies with total enterprise values less than or equal to US\$1.5 billion at entry.

*Co-investments are highly concentrated investments in a single investment opportunity. The performance of the Trust's Co-investments can be expected to be highly volatile as well as subject to substantial risks. There is no guarantee that the Trust will invest in Co-investment opportunities on a no-fee / no-carry basis.*

#### **Potential Benefits of Co-investments**

**Ability to select best opportunities and targeted exposures** – Co-investments can allow investors to gain direct exposure to potentially high-performing companies or transactions. Co-investments also provide investors with the ability to invest alongside high-quality managers in opportunities that may otherwise be unavailable to them.

**Fees** – Investors have the potential to access high-quality deal flow at substantially reduced fees via the Trust investing in commingled funds managed by GCM Group focussed on Co-investments, thereby enhancing the potential overall returns of a private equity portfolio. GCM Funds focussed on Co-investments are intended to offer a diversified and cost-efficient solution through a single Commitment. They will seek to invest in transactions on a no-fee / no-carry basis.

**J-curve Mitigation** – Co-investments may help mitigate the J-curve of a private equity program as capital may be drawn down and returned faster than is the case with Primary fund investments.

**Manager and sector diversification** – Co-investments represent an attractive method to add tactical industry and Portfolio Company exposure to a diversified private equity portfolio. Co-investments provide investors the ability to selectively invest in best opportunities from a broad universe of managers and can allow investors to gain exposure to, and invest alongside, high-quality fund managers with which they otherwise may not have the opportunity to invest (for example, the manager may not be raising a fund at the time of investment).

#### **6.4.3. SECONDARY TRANSACTION FUND INVESTMENTS (“SECONDARIES”)**

Secondaries represent interests acquired in an existing private equity fund from a third party (rather than an interest in a newly established fund acquired from the operator of the fund) after the fund's assets have been at least partially deployed in underlying Portfolio Companies.

As a substantial Primary fund investor and Co-investment partner, the Investment Manager has close relationships with GPs that may help provide it with preferred access to Secondary deals. Since 2000, GCM Group has committed US\$10.5 billion to MMBO Primaries and over US\$2.8 billion to MMBO Co-investments. These relationships with fund managers have provided what GCM Group believes is differentiated deal flow and established GCM Group as a source of Secondary fund investment capital.

GCM invests in a broad range of Secondary transactions of various scales but has found significant opportunity in small to midsized transactions where it believes information may be less readily available and pricing may be less efficient. The Investment Manager believes these transactions are typically not identified or followed by many Secondary investors and less likely to garner significant time and attention from intermediaries.

#### **Potential Benefits of Secondaries**

**Reduced Blind Pool Risk** – Investors in newly-formed private equity funds (i.e., Primaries) are subject to the inherent risk and uncertainty associated with a blind pool investment. That is, at inception, there are no Underlying Investments on which to base one's investment decision. Prospective investors must base their analysis upon other less tangible factors, including one's assessment of whether the manager is going to execute its strategy as outlined in the offering documents. The purchase of Secondary private equity interests removes some inherent uncertainties associated with Primary funds. The further into a fund's life (as is the case for Secondaries), the greater visibility buyers have into the underlying Portfolio Companies and whether the management team has effectively executed its strategy.

**J-curve Mitigation** – Secondary transactions help mitigate the J-curve effect commonly associated with acquiring interests in Primary funds, as underlying investments are more likely to be in the cash-generative stage of the investment (i.e., their capital has already been deployed into investments) when the fund interests are acquired on the Secondary market. As such, investors in Secondaries are better able to mitigate the fee drag that exists in these first few years of a fund's term.

Secondaries also generally return capital at a faster rate than Primary funds. This dynamic is often important to new investors in private equity who do not wish to wait four to five years, the duration of a typical private equity fund Investment Period, before receiving their first distribution. In addition, assets in a secondary transaction are frequently purchased at a discount and subsequently revalued by the buyer to net asset value, producing an initial valuation increase for the buyer.

The collective impact of this reduced fee drag, accelerated return of capital and increase in recorded net asset value often results in a markedly different return profile for Secondary transactions as compared with Primary fund investments. These J-curve mitigation possibilities are an important consideration.

**Backward Vintage Diversification** – Investment in a Primary fund gives an investor exposure to a single Vintage. Secondaries allow investors to broaden their portfolio's exposure to more Vintages and, as such, may provide investors with a degree of diversification across historical Vintages. Alternatively, Secondaries also permit more tactical precision by allowing investors to rebalance their portfolios by proactively increasing or reducing their exposure to a particular Vintage.

**Asset Revaluation** – Assets in the Secondary market are often purchased at a discount to the latest reported valuation from the Underlying Investment Manager. Such discounts may reflect a range of factors including, but not limited to, the illiquid nature of the assets, the higher cost of capital of the seller relative to the buyer, or the fact that the buyer believes the assets are under-valued relative to the last reported value. Because valuations are typically reported on a quarterly or semi-annual basis and are often based on trailing information for the underlying Portfolio Companies, a Secondary buyer is typically able to revalue the assets based on the latest macro and microeconomic information available.

**Accelerated Cash Flows** – Often, funds acquired in Secondary transactions are well into their realisation period and the timeline to distributions can be shortened.

*Secondaries often must be acquired on an expedited schedule and on the basis of incomplete information. By investing in Secondaries, the Trust will be subject to the potentially material legacy risks of private equity funds which have already been operating for some time.*

#### 6.4.4. DIRECT AND OPPORTUNISTIC INVESTMENTS

GCM may make direct allocations to private markets investment instruments and other investment classes without allocating to Underlying Funds.

Potential benefits to direct / opportunistic investments include:

- High conviction investment ideas across GCM Group's investment platform
- Prioritising a swift, agile approach around dislocations
- Specialised team that has the ability to invest across asset classes and the liquidity spectrum globally
- J-curve risk mitigation through flexible mandate and trade implementation seeking to mitigate negative returns early
- A willingness to embrace and capitalise on complexity and misunderstood situations
- In-depth valuation analysis
- Maximisation of sourcing channels
- Ability to actively hedge undesired risk factors

GCM Group sees a wide spectrum of opportunities in the alternative investment universe. GCM seeks to use its knowledge, contacts and experience to select, structure and execute attractive direct / opportunistic investment opportunities.





## THE MANAGEMENT AND SERVICE PROVIDERS TO THE TRUST

### 7.1. THE INVESTMENT MANAGER

Pengana has appointed Grosvenor Capital Management, L.P. ("GCM" or "Investment Manager") as the investment manager of the Trust.

GCM, in combination with its affiliate, GCM Customized Fund Investment Group, L.P. ("GCM CFG" and together with GCM and their respective affiliates and predecessor firms, "GCM Group"), is a global alternative asset management firm with assets under management in excess of US\$57 billion. GCM Group invests across a broad range of alternative strategies and asset classes including private equity, infrastructure, real estate, hedge funds and strategic investments. In providing investment management services to the Trust, GCM utilises resources across the GCM Group. GCM possesses a track record in private markets investing dating back to 1999.

GCM is principally focused on offering customised investment solutions to its global client base of institutional and high-net-worth investors which accounts for approximately 76% of assets under management. Customised investment programs (which this Trust employs) allow GCM to offer portfolios designed to meet clients' specific investment objectives and which can evolve as market and general economic conditions change. GCM began investing in hedge funds in 1971 with its track record managing customised alternative investment solutions dating back to 1996.

Pengana believes that GCM's experience in middle market deals, focus on smaller and emerging managers, industry relationships with in excess of 470 managers, and experience in identifying, selecting, structuring, and executing individual investment opportunities can add value to the Trust over time.

GCM employs 492 people globally including 157 investment professionals of which 65 are dedicated to its private equity, real estate and infrastructure strategies. GCM is headquartered in Chicago, with offices in New York, Los Angeles, London, Tokyo, Hong Kong and Seoul. 95% of GCM's client base is institutional. GCM is management controlled and majority owned, and has been registered as an investment adviser with the United States Securities Exchange Commission under the U.S. Investment Advisers Act of 1940 since 1997. GCM is also registered as a "commodity trading advisor" and a "commodity pool operator" with the U.S. Commodity Futures Trading Commission and is a member of the U.S. National Futures Association in such capacities. *Such registrations and membership in no respects indicate any level of qualification or expertise. No U.S. regulatory or self-regulatory authority has reviewed or approved GCM, the Offer or the terms of the Trust.*

To date there have not been any adverse regulatory findings against GCM that GCM believes could reasonably be considered to be materially adverse to GCM's ability to serve as Investment Manager.

The appointment of GCM as the Investment Manager of the Trust is documented in an Investment Management Agreement ("IMA"). Further details on the IMA can be found in Section 16.3.

***GCM's past performance is not necessarily a guide to how GCM will perform managing the Trust or of the performance results the Trust may achieve.***

#### 7.1.1. KEY PERSONNEL

The key personnel for the Investment Manager spend a majority of their time on the investment strategies to be implemented for the Trust and other similar strategies. To date there have not been any adverse regulatory findings against any of the key personnel.



The Investment Manager's Investment Committee for the Trust includes senior-level representation from all investment sub-strategies relevant to the Trust's mandate and shall initially consist of Messrs. Jonathan R. Levin, Jason L. Metakis, Bradley H. Meyers, Frederick E. Pollock, and Brian W. Sullivan.

The Investment Manager has designated Frederick Pollock as the portfolio manager for the Trust. The portfolio manager is primarily responsible for managing the Trust's investments on a day-to-day basis, sourcing funds and deals from the broader GCM platform, and making recommendations to the Investment Committee for its approval or disapproval.

*GCM's key personnel are subject to change at any time.*

**Jonathan R. Levin**

**President**

**Office of the Chairman**

**Investment Committee Member for Private Equity, Real Estate, and Infrastructure**

**Member of Strategic Investments Group Investment Committee**

**Chair of the Global Investment Council**

Mr. Levin is President and is responsible for the day-to-day management of the firm. Mr. Levin is Chair of GCM's Global Investment Council and a member of the Investment Committees for GCM Private Equity, Real Estate and Infrastructure, Hedge Fund Strategies Seeding and the Strategic Investments Group. He holds an A.B. in Economics from Harvard College. Mr. Levin is a member of the Board of Directors of the Ann & Robert H. Lurie Children's Hospital of Chicago.

**Frederick E. Pollock, J.D.**

**Chief Investment Officer**

**Investment Committee Member for Private Equity, Real Estate, and Infrastructure**

**GCM Hedge Fund Strategies Investment Committee Member**

**Head of the Strategic Investments Group**

**Member of the Global Investment Council**

Mr. Pollock is the Head of the Strategic Investments Group (SIG), a member of the GCM Private Equity, Real Estate, and Infrastructure Investment Committee and the Hedge Fund Strategies Investment Committee, Co-Head of GCM Research and serves on GCM's Global Investment Council. He received his Bachelor of Science summa cum laude in Economics from the University of Nevada in 2001 and his Juris Doctor magna cum laude from Harvard Law School in 2004.

**Jason L. Metakis**

**Managing Director**

**Investment Committee Member for Private Equity, Real Estate, and Infrastructure**

**Member of Strategic Investments Group Investment Committee**

**Member of the Global Investment Council**

Mr. Metakis is a member of the Private Equity, Real Estate, and Infrastructure Investment Committee and serves on GCM's Global Investment Council. He focuses on private equity Co-investments and direct investments and is responsible for deal sourcing, due diligence, and managing client relationships. Mr. Metakis received an A.B. with honours in Economics from Harvard College in 1999 and a Master of Business Administration from Harvard Business School in 2004.

**Bradley H. Meyers, CPA**

**Managing Director**

**Head of Hedge Fund Strategies Portfolio Management**

**GCM Hedge Fund Strategies Investment Committee Member**

**Member of Strategic Investments Group Investment Committee**

**Member of the Global Investment Council**

Mr. Meyers is Head of GCM Portfolio Management, a member of the GCM Hedge Fund Strategies Investment Committee, and serves on GCM's Global Investment Council. Mr. Meyers is also a member of the GCM Seeding and Special Opportunities Investment Committees. Mr. Meyers is responsible for overseeing certain portfolio management processes. Mr. Meyers received his Bachelor of Science in Accountancy from the University of Illinois at Urbana-Champaign in 1997 and his Master of Business Administration from the University of Chicago Booth School of Business, with a concentration in Finance, in 2003. Mr. Meyers is a Certified Public Accountant.

**Brian W. Sullivan, CFA**

**Managing Director**

**Head of GCM Private Equity Secondaries**

**Member of Strategic Investments Group Investment Committee**

Mr. Sullivan leads the Secondaries practice and is focused on deal sourcing and executing secondary fund investments. He received his Bachelor of Science in Mechanical Engineering from the United States Naval Academy and his Master of Business Administration from the Wharton School at the University of Pennsylvania. Mr. Sullivan holds the Chartered Financial Analyst® designation.

## 7.2. THE RESPONSIBLE ENTITY AND MANAGER

Pengana Investment Management Limited ("Responsible Entity") is the Trust's responsible entity and is ultimately responsible to Unitholders for all aspects of the Trust. The Responsible Entity has engaged Pengana Capital Limited ("Manager") as manager of the Trust. The Manager has experience in managing outsourced investment management relationships with U.S. based fund managers having entered into investment management agreements with Lizard Investors LLC in March 2015 (which manages the investments of the Pengana Global Small Companies Fund) and PanAgora Asset Management Inc. in June 2015 (which managed the investments of the Pengana PanAgora Absolute Return Global Equities Fund).

The Responsible Entity and Manager are together responsible for supervising the Trust and its overall investment policy. In addition, the Responsible Entity and Manager together provide a range of distribution, marketing, compliance and client service functions associated with the Trust. The Manager has appointed GCM as the investment manager of the Portfolio of the Trust with responsibility for making investment decisions in respect of the Portfolio.

The Responsible Entity and the Manager are both members of the Pengana Group of Companies which consists of Pengana Capital Group Limited (ASX: PCG) ("PCG") and its wholly-owned subsidiaries, the oldest company in the group having been incorporated in 1993. PCG is principally focused on offering investors actively managed investment strategies with non-benchmark focused mandates and which have an emphasis on delivering superior long-term risk adjusted returns. PCG is headquartered in Sydney and listed on the ASX.

### 7.2.1. THE BOARD OF THE RESPONSIBLE ENTITY

The Board of the Responsible Entity comprises of 2 executive directors, 1 non-executive director, and 1 independent chairman (having the casting vote). The directors have a broad range of experience in financial services combined with financial and commercial expertise. Brief biographies of the current directors are set out below:

#### **Ellis Varejes**

##### **Non-Executive Chairman**

Ellis has degrees in commerce and law, and is a member of the Australian Institute of Company Directors and the Law Society of New South Wales. Currently Ellis is also a director of Equity Trustees Superannuation Limited, and consults to the financial services sector. He was for over a decade until 2017 the chief operating officer of Abacus Property Group (ASX: ABP). Before that Ellis was a lawyer in private practice in Sydney, working in corporate advisory, capital markets and financial services law. He was a partner of Abbott Tout (since merged with HWL Ebsworth) and of Rosenblum & Partners (since merged with Ashurst).

#### **Ilan Zimerman**

##### **Non-Executive Director**

Ilan Zimerman is a solicitor of over 30 years standing. He is currently Special Counsel at Reid & Vesely. Ilan commenced his legal career in South Africa in 1990 and has also held several in house counsel roles. He holds a Bachelor of Arts and Laws as well as an MBA all from the University of the Witwatersrand, South Africa. He also holds an Applied Diploma in Corporate Governance.

#### **Russel Pillemer**

##### **Executive Director (CEO, Pengana Capital Group Limited)**

Russel Pillemer co-founded Pengana in 2003. He has been Pengana's Chief Executive Officer since inception. Prior to founding Pengana, Russel worked in the Investment Banking Division of Goldman Sachs in New York where he specialised in providing advice to funds management businesses. Before moving to New York, he was responsible for leading Goldman Sachs' Australian Financial Institutions Group. Russel was previously Chairman of Centric Wealth Group and a Principal of Turnbull Pillemer Capital. He is a member of the Institute of Chartered Accountants in Australia and has a Bachelor of Commerce (Hons) from the University of New South Wales.

#### **Katrina Glendinning**

##### **Executive Director (CFO, Pengana Capital Group Limited)**

Katrina is the Chief Financial Officer of Pengana and has held this role since inception in 2003. She is also an Executive Director of Pengana Capital Limited and is a member of Pengana's Compliance and Risk Management Committees. Katrina is a financial services executive with over 25 years' experience across a diverse range of products, investors and regulatory regimes. Prior to joining Pengana, Katrina was an Executive Vice President at BT Funds Management where she held a number of roles in the nine year period. Prior to that she worked for Price Waterhouse specialising in banking and financial services audit. Katrina has a Bachelor of Economics from the University of Sydney, is an Australian Chartered Accountant, a Fellow of FINSIA and a Graduate of the Australian Institute of Company Directors.

### 7.2.2. THE BOARD OF THE MANAGER

The board of the Manager comprises of 3 executive directors. The directors have a broad range of experience in financial services combined with financial and commercial expertise. Brief biographies of the current directors are set out below:

**Russel Pillemer**

**Executive Director (CEO, Pengana Capital Group Limited)**

Refer to Section 7.2.1 for Russel's biography.

**Katrina Glendinning**

**Executive Director (CFO, Pengana Capital Group Limited)**

Refer to Section 7.2.1 for Katrina's biography.

**Nick Griffiths**

**Executive Director (CIO, Pengana Capital Group Limited)**

As Chief Investment Officer, Nick is responsible for manager monitoring, performance analysis and risk management across PCG's investment strategies. He also chairs Pengana's Risk Management Committee. Nick has more than 20 years' experience in the actuarial and investment industries in the UK and Australia. Prior to his current role, Nick was Head of Investment Research within Aon's Investment Consulting Practice in Sydney. Nick is a qualified Actuary and CFA Charterholder. He was educated in England and holds a Law and Economics degree from the University of Durham.

### 7.3. THE ADMINISTRATOR

The Responsible Entity has outsourced the Trust's valuation and accounting to BNP Paribas Securities Services ("Administrator"). The Administrator performs certain administrative and accounting services for the Trust, subject to the overall supervision of Pengana. The Administrator calculates the NAV at each month-end and, as soon as it is practical, provides these calculations to the Responsible Entity. Pengana publishes the monthly NAV per Unit on the Trust website ([www.pengana.com/pe1](http://www.pengana.com/pe1)) and notifies ASX of the monthly NAV per Unit for release by the ASX on the ASX website.

### 7.4. THE CUSTODIAN

BNP Paribas Securities Services ("Custodian") provides custody services to the Trust. The role of the Custodian is limited to holding assets of the Trust; the Custodian has no supervisory role in relation to the operation of the Trust. The Custodian does not make investment decisions in respect of the assets held or manage those assets. Cash may also be held on deposit with one or more Australian authorised deposit-taking institutions. The Responsible Entity may change the appointed custodian from time to time, without prior notice.

### 7.5. THE REGISTRY PROVIDER

The Responsible Entity has appointed Computershare Investor Services Pty Limited ("Unit Registry") to maintain the Unit register for the Trust. The Unit Registry also provides transaction confirmation statements, regulatory reporting and distribution processing and payments.

### 7.6. THE AUDITOR

Ernst & Young is the independent auditor of the Trust.

## 8

## HOW THE TRUST INVESTS

**8.1. INVESTMENT OBJECTIVE**

The Trust seeks to generate, over an investment horizon of at least 10 years, attractive returns and capital growth through a selective and diversified approach to private markets investments, including private equity, private credit, and other opportunistic investments.

The total return of the Trust may rise or fall based on, amongst other things, the performance of the underlying Trust investments. Investors should read Section 10 which sets out some of the key risks and conflicts of interest of an investment in the Trust. Investors should be aware that because the Trust is listed on the ASX, the market price of Units on the ASX may be greater or less than the NAV per Unit, and as such the performance of the market price of Units on the ASX may differ from the performance of the NAV per Unit. In addition, as an investor in Underlying Funds, the NAV per Unit is largely based on valuations the Responsible Entity receives from these funds. The frequency with which valuations are provided by the Underlying Funds, and accordingly incorporated into the NAV per Unit will vary. Credit funds will tend to release valuations monthly, however it is standard industry practice for private equity funds to release valuations quarterly, and such valuations may contain information that may be more than three months old. As such, there is a risk that the NAV per Unit will be different, perhaps materially, than the current value of the Units as of any particular day on which the Units are traded on the ASX.

The Investment Objective is not guaranteed and is not a forecast, and may not be achieved. Investors should also note that it may take 2 to 3 years following the issue of Units pursuant to this Offer until the Portfolio is invested in accordance with the long-term guidelines of the target Portfolio by the Investment Manager.

None of the Responsible Entity, the Manager or the Investment Manager guarantees the performance of the Trust. Investors' capital is not guaranteed. Like all investments, the Trust's investments carry risks, and if these risks eventuate, you may lose some or all of your capital invested in the Trust.

**8.2. INVESTMENT STRATEGY**

In seeking to achieve the Trust's Investment Objective, GCM will construct a customised portfolio consisting of Primaries, Co-investments, Secondaries and direct investments. The Trust may invest either directly or indirectly through investments in one or more GCM Funds or other Underlying Funds. Such a strategy can allow for flexible implementation across private equity and private credit asset classes while helping to mitigate the J-curve impact – see Section 6.2 for an explanation of the J-curve.

The Trust utilises strategies employed across GCM Group's investment platform and seeks to provide diversification across Underlying Investment Managers, Vintages, geographies, sectors, and strategies. GCM generally seeks to invest with Underlying Investment Managers who have historically managed investment vehicles which have generated upper Quartile returns, and whom GCM believes have the potential to continue to do so due to strong deal sourcing capabilities, superior structuring and execution skills, and the ability to add value at an operating level. GCM believes that these factors may contribute to attractive investment returns. The Investment Manager expects to leverage its extensive network of relationships with private equity fund managers as well as its knowledge of the underlying investments through existing fund and co-investing activities. As a global leader in private equity investing, GCM employs a comprehensive and proactive deal sourcing process that provides the firm with access to deal flow in key areas of the private equity

industry, leveraging its information and relationship advantages for superior sourcing and market intelligence. With multiple investment offices located in the U.S., Europe and Asia, GCM maintains a global footprint and perspective, allowing GCM to source deal flow from local markets. GCM focuses on opportunities involving managers (and/or management teams) with whom it has already invested or with whom it is otherwise familiar.

GCM is an active investor across the spectrum of both market size and fund manager size. GCM maintains an extensive network of relationships and is able to gain access to many of the industry's well-known, oversubscribed, and difficult-to-access private equity managers, as well as compelling emerging managers and spin-offs.

GCM typically seeks investment exposure to middle market Portfolio Companies, which GCM believes are generally more attractive because they represent a larger set of opportunities, often have lower entry valuations and more conservative capital structures. In addition, middle market Portfolio Company investments can offer fund managers more opportunity for organic value creation and increased exit opportunities, resulting in the potential for higher returns. GCM's approach to the middle market seeks to provide investors with superior, risk-adjusted returns.

GCM believes middle market Portfolio Companies are well positioned in this environment to benefit from pro-business regulation in the U.S. Boosts from tax reform also disproportionately benefit companies of this scale, given their higher effective corporate tax rates as compared to larger companies. U.S. middle market Portfolio Companies are often more insulated from volatility caused by USD currency movements, as production and sales tend to be domestically-focused. Within the middle market, GCM seeks quality sector specialists, particularly within industries with major cyclical and secular influences, including financials, healthcare, and aerospace and defence. The criticism against sector specialists has always been that they are less nimble than generalists to move across sectors opportunistically. However, GCM's view is that access and industry expertise offer outsized benefits in particularly competitive environments.

GCM, GCM CFG and potentially other members of the GCM Group are the managers of the GCM Funds in which the Trust will invest. Although GCM is not limited to investing Trust capital in GCM Funds, a significant portion of the Portfolio not invested in cash management accounts will be invested in such GCM Funds. GCM has an inherent conflict of interest in doing so, as it receives management fees and/or incentive compensation from the GCM Funds in which the Trust invests and, accordingly, incentives to over allocate to GCM Funds. Refer to Section 17.2 of this PDS for information on how GCM, the Responsible Entity and the Manager manages conflicts of interest.

### 8.3. INVESTMENT CONSIDERATIONS AND KEY BENEFITS

The Trust seeks to provide Investors with a diversified set of exposures to private equity, including private credit, and opportunistic strategies. In constructing and monitoring the Portfolio, the Investment Manager utilises a flexible approach that can adapt to evolving market and general economic conditions. *There can be no assurance that the Trust will achieve its objectives.*

In evaluating a potential investment in the Trust, prospective Investors may wish to consider the following:

**Simplicity** – The Trust serves as a single point of entry to a well-diversified portfolio of private equity investments in accordance with the long-term target guidelines for the Portfolio.

**Institutional investment management** – The Trust allows the Responsible Entity to deliver an investment management capability typically accessed by institutional clients.

**Liquidity** – Private equity investments typically involve the Investors' capital being locked up for a number of years. The structure of the Trust allows small and large Investors to gain exposure to private equity with the flexibility to buy and sell Units on the ASX so long as an active market exists.

**Bespoke solution** – GCM has created a solution tailored specifically to the requirements and objectives of the Trust.

**Experienced team** – The Trust's investments are sourced and due diligence is conducted by professionals across GCM Group, an experienced and major allocator to global private equity investments, with 27 senior professionals devoted to private equity.

**Differentiated deal flow** – GCM Group's established and extensive network of relationships with managers can lead to differentiated deal flow across private equity Co-investments and Secondaries.

**Access** – Private equity investments can be difficult to access for individual Investors. The Trust seeks to provide Investors with direct exposure to oversubscribed and difficult-to-access middle market managers globally via the GCM Group platform.

**Middle market focus** – GCM Group believes that Middle Market Buyouts (MMBOs) represent an area with compelling investment opportunities due in part to potentially attractive investment entry valuations and capital structures.



**J-curve mitigation** – The Trust is managed with the specific goal to mitigate the J-curve with an accelerated deployment of capital through Co-investments, Secondaries, Short Duration Credit strategies, investments into partially invested private equity Co-investment and opportunistic commingled funds (i.e., those that have had initial Closes, but which are still accepting subscriptions and have already deployed initial capital).

**Preferred economics** – GCM seeks to leverage GCM Group’s size, scale, and reputation in the industry in an effort to negotiate preferred economics for investments made by the Trust.

**Fee efficiency** – In constructing the Portfolio, one of GCM’s objectives is to achieve a competitive total fee cost by incorporating Co-investments, Secondaries and opportunistic implementation styles, which generally are more fee efficient private equity strategies when compared to Primary fund investments. The Trust is subject to the Trust level and Underlying Fund level fees as described in Section 11.

**Global presence with local knowledge** – GCM seeks to source deal flow for the Trust from GCM Group’s local investment presence across the world.

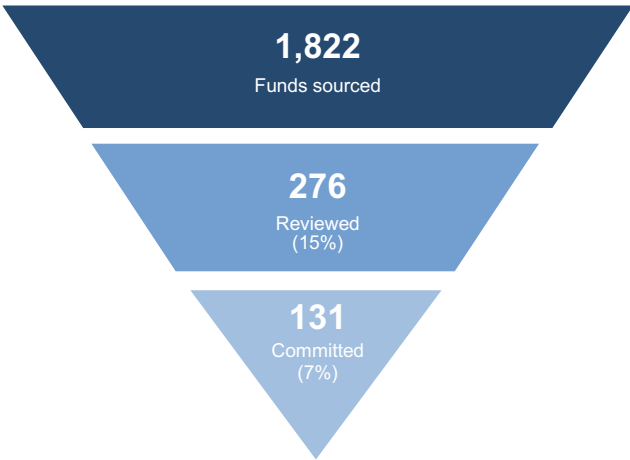
**Comprehensive due diligence and monitoring** – GCM performs independent investment and operational due diligence processes in selecting investments for the Trust. GCM monitors and manages investments in the Trust from inception through exit.

8.4. INVESTMENT PHILOSOPHY

The cornerstone of GCM’s investment philosophy is the sourcing of, and investment with, fund managers that it believes have an identifiable competitive advantage to execute and exit successful investments. As a global leader in private markets investing, GCM leverages its information and relationship advantage for sourcing and market intelligence to screen and select investments for the Trust. The data below illustrates the number of GCM Group’s private equity fund investments and Co-investments sourced, reviewed and executed from 2014 to 2018.

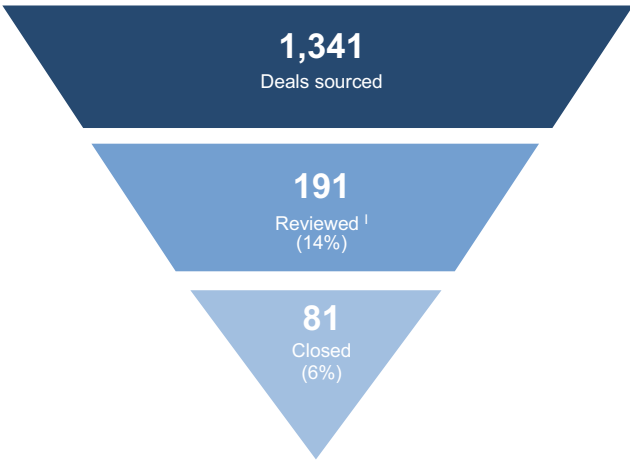
Private Equity Fund Investments and Co-investments Sourcing

Robust Primary and Secondaries deal flow  
2014 – 2018



GCM Group sources 350+ fund investments per year, on average.

Robust Co-Investment deal flow  
2014 – 2018



GCM Group sources 250+ co-investments per year, on average.

i Prior to 2017, represents deals where a Preliminary Investment Memorandum was presented to the Investment Committee. Beginning in 2017, represents deals where a memorandum was written and/or presented to the Private Equity Co-Investments Sub-Committee.



Key tenets of GCM's private equity philosophy include:

#### **Research based approach**

- An integrated top-down, bottom-up research approach to GCM's investment activities.
- Extensive analysis of target industries, sectors and regions, including economic conditions, investment environment and the state of private equity.
- Focus on factors particularly significant to private equity investments, such as investment opportunities in private companies, growth rates and the exit market.
- Comprehensive bottom-up due diligence on potential investments and managers to evaluate the merits of a manager's value creation in sourcing, valuation and exit.

#### **Focus on fewer, better external managers**

- Seek to enhance returns by investing in a portfolio of fund managers identified by GCM as top-tier.
- Source managers which GCM believes have an identifiable competitive advantage in their target markets in executing and exiting successful investments.
- Target managers that GCM believes have strong deal sourcing capabilities, superior structuring and execution skills, and the ability to add value at an operating level that is likely to generate strong investment returns.
- Rigorous, dual-track due diligence of both operational and investment capabilities leads to Commitments to managers in whom GCM has high conviction.

#### **Diversification**

- Seek an appropriate level of diversification across investment type, strategy, stage, Vintage, industry, sector and geography.
- Diversification can help mitigate the risks to a portfolio, as lower performance of one investment can be offset by superior performance in others.

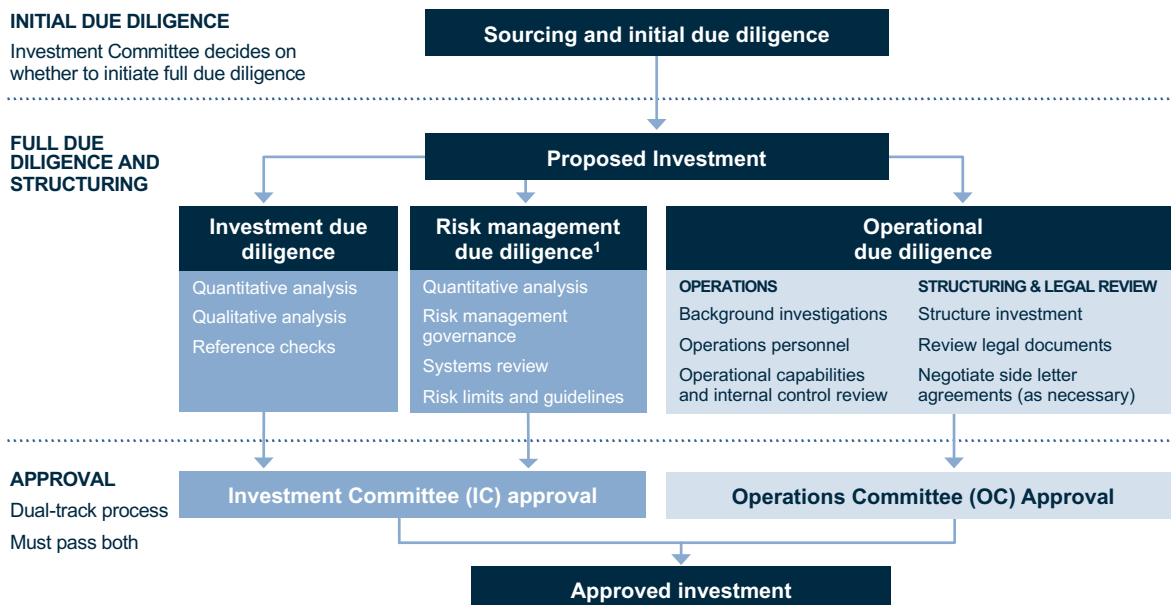
## **8.5. INVESTMENT PROCESS**

### **8.5.1. OVERVIEW**

The Investment Manager believes its structured and rigorous investment process represents a core strength and competitive advantage. GCM has developed a multi-stage process that draws upon its extensive resources in sourcing, analysing and ultimately investing in a fund or direct investment. By leveraging the experience within its Investment and Operational Due Diligence Teams, GCM seeks to assess each manager's potential for value creation at different stages of the investment process (i.e., sourcing, due diligence, structuring, execution, monitoring, and exit) in an attempt to gain an in-depth understanding of the opportunities and risks associated with each investment.

GCM's due diligence process for Underlying Funds utilises a bottom-up approach involving multiple teams seeking to maximise efficiencies and ensure appropriate checks and balances in order to select and approve investments. All potential Underlying Fund investments undergo an initial screening process to determine whether the transaction warrants additional analysis. If a decision is made to move forward, the deal team proceeds with due diligence and conducts detailed analysis of the key risks, merits and suitability of the proposed investment. GCM relies on a dual track approval process for Underlying Fund investments that requires approval from both the Investment Committee and Operations Committee which both have the ability to veto an investment independently.

## Multi-Track Due Diligence and Approval Process



Certain investments made directly, not through a third-party investment manager, may not be subject to Operational Due Diligence or require Operations Committee approval.

<sup>1</sup> Risk management due diligence is separate and distinct from investment due diligence in Hedge Fund Strategies.

For illustrative purposes only. Due diligence seeks to mitigate, but cannot eliminate, risk. No assurance can be given that any investment will achieve its objectives or avoid losses.

### 8.5.2. PORTFOLIO CONSTRUCTION PROCESS

For the Trust, GCM seeks to construct a private equity portfolio that it believes will generate early cash flows and mitigate the J-curve, provide downside risk mitigation, and commit to investments with appropriate risk/return profiles for their respective sub-asset classes.

While there can be no assurance as to which specific factors will be considered in evaluating an investment for the Trust, the portfolio construction process incorporates both top-down and bottom-up elements. As part of GCM's portfolio construction process, GCM conducts extensive analysis of target industries, sectors and regions, including an analysis of the economic conditions, investment environment, and the state of the private equity markets. These top-down analyses guide the team's sourcing, due diligence and portfolio construction decisions. This approach takes into consideration a number of factors, such as deal flow, team expertise, market conditions, long-term value creation opportunities, and risk mitigation.

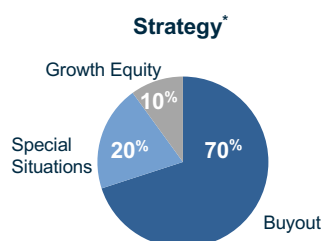
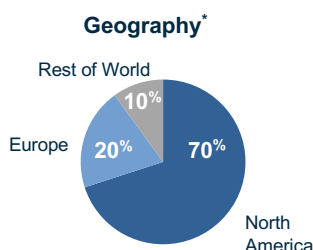
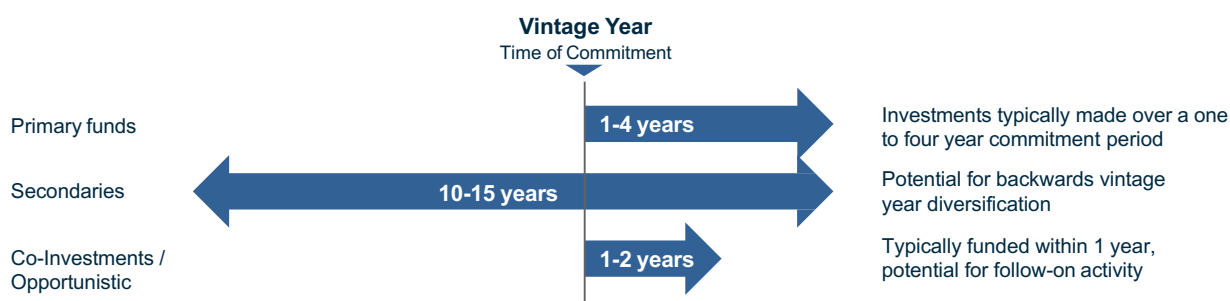
#### Diversification

GCM's approach is to enhance returns by investing in a portfolio diversified by investment type, strategy, stage, Vintage, industry, sector and geography.

- **Investment type diversification** – The Investment Manager believes that it is important to diversify a private equity portfolio across Primaries, Secondaries, and Co-investments in seeking to mitigate the J-curve and enhance returns. Primary fund investments are long-term and enable forward-looking diversification by time (Vintage), manager and sector. Capital is called down over time by managers as Portfolio Companies are selected and capital is deployed. Exits are typically through an initial public offering ("IPO") or sale process. Co-investments provide the opportunity for out-performance through more concentrated positions, reduced costs and potentially more efficient fee structures. Capital invested in Co-investments and Secondaries is deployed and returned over a shorter timeframe, potentially mitigating the J-curve effect of the Portfolio.
- **Strategy diversification** – Within the private equity Primaries and Co-investments allocation, the Investment Manager favours a focus on buyout investment transactions, with additional exposure to special situations and growth equity opportunities. A focus of the allocation will be on Middle Market Buyouts ("MMBO"), which GCM believes are generally more attractive because they make up a large set of opportunities with lower entry valuations, more conservative capital structures, and a greater ability for the fund managers to add value through pursuing an active role in Portfolio Companies.

- **Sector diversification** – The Investment Manager typically constructs portfolios by investing with fund managers that represent diverse industries such as: communications, consumer products, healthcare and select areas within manufacturing, industrial goods, technology and business/financial services. Exposure to a broad set of industries seeks to ensure that significant underperformance in certain sectors is balanced with relative outperformance in other industries.
- **Geographic diversification** – The Investment Manager seeks geographic diversification with the majority of capital allocated to the most developed and established private equity in North America and Western Europe. The Investment Manager may enhance diversification with opportunistic exposures to other geographies.
- **Vintage diversification** – The Investment Manager seeks to pace the deployment of new capital to funds in roughly equal proportions to help ensure that the portfolio achieves appropriate Vintage exposure. The Investment Manager seeks to invest with a diversified set of managers that have experiences and expertise in various investment types and sectors.

### Example Long-Term Target Portfolio Diversification Characteristics



\* Represents diversification only for PE Primaries and PE Co-Investments.

For illustrative purposes only. No assurance can be given that any investment will achieve its objectives or avoid losses.

### Focus on downside mitigation

GCM's focus on downside protection is reflected in GCM's risk mitigation approach to sourcing investments and constructing portfolios. GCM seeks to identify, evaluate and mitigate material risks of Underlying Funds prior to making a Commitment by, among other things:

- Conducting due diligence and confirming facts about the manager – team, strategy, track record, benchmarking, fundraising status and legal terms
- Understanding the manager's value add and differentiation relative to the market
- Understanding the manager's competitive advantage and ability to generate returns over various market cycles
- Assessing the manager's operational risks
- Assessing the manager's organisational stability
- Assessing strategy relative to market opportunity
- Assessing competitive dynamics
- Determining portfolio fit relative to strategy

Actions such as those listed below seek to address these issues:

- Evaluating risks and exploring competing fund offerings/comparable transactions
- Reviewing performance – benchmark analysis, attribution analysis, covenant analysis, value creation breakdown, cash flow analysis, cash burn rate analysis, loss analysis
- Revaluation of unrealised investments
- Reference calls and background investigations
- Conducting on-site visits to managers

- Evaluating portfolio asset performance from multiple sources (co-investors, limited partners, portfolio assets)
- Reviewing potential for counterparty risk and FX risk
- Reviewing legal and economic terms
- Evaluating operational capabilities and internal control environment
- Obtaining approval for investment from Investment Committee and Operations Committee independently

### 8.5.3. PORTFOLIO CONSTRUCTION IMPLEMENTATION

The Investment Manager's Investment Committee for the Trust includes senior-level representation from all investment verticals relevant to the Trust's mandate. Members of the Investment Committee guide the overall investment management of the Trust. This may entail responsibilities such as:

- Reviewing and approving Investments for the Trust, and
- Making decisions with respect to the Trust's portfolio construction

The Investment Manager has designated a portfolio manager for the Trust. The portfolio manager is primarily responsible for managing the Trust's investments on a day-to-day basis, sourcing funds and deals from the broader GCM platform, and making recommendations to the Investment Committee for its approval or disapproval. Frederick Pollock is the Trust's portfolio manager.

Members of the Trust Investment Committee (including the Trust's portfolio manager) have an average tenure at the GCM Group of 9 years and average investment experience of 19 years (see 7.1.1).

GCM's Legal and Compliance Department is responsible for providing independent governance to GCM's investment allocation policy. The Legal and Compliance Department's oversight involves, among other things:

- Periodic review of documentation supporting allocation decisions;
- Regular discussions with the operational teams on allocation issues and questions;
- Escalation of unusual matters to senior legal and compliance professionals;
- Administration of allocation conflicts protocol; and
- Annual testing of allocations, including testing for favouritism of certain funds or clients, as part of the annual compliance review.

### 8.5.4. LIQUIDITY MANAGEMENT PROTOCOLS

Through GCM's system, GCM monitors investments and capital calls on a "real time" basis. GCM determines a prudent plan for pacing Commitments utilising cash flow modelling that reflects the desirability of liquidity. Drawing from its experience in hedge fund and private equity strategies, GCM actively manages unfunded Commitments and direct/Co-investment reserve obligations.

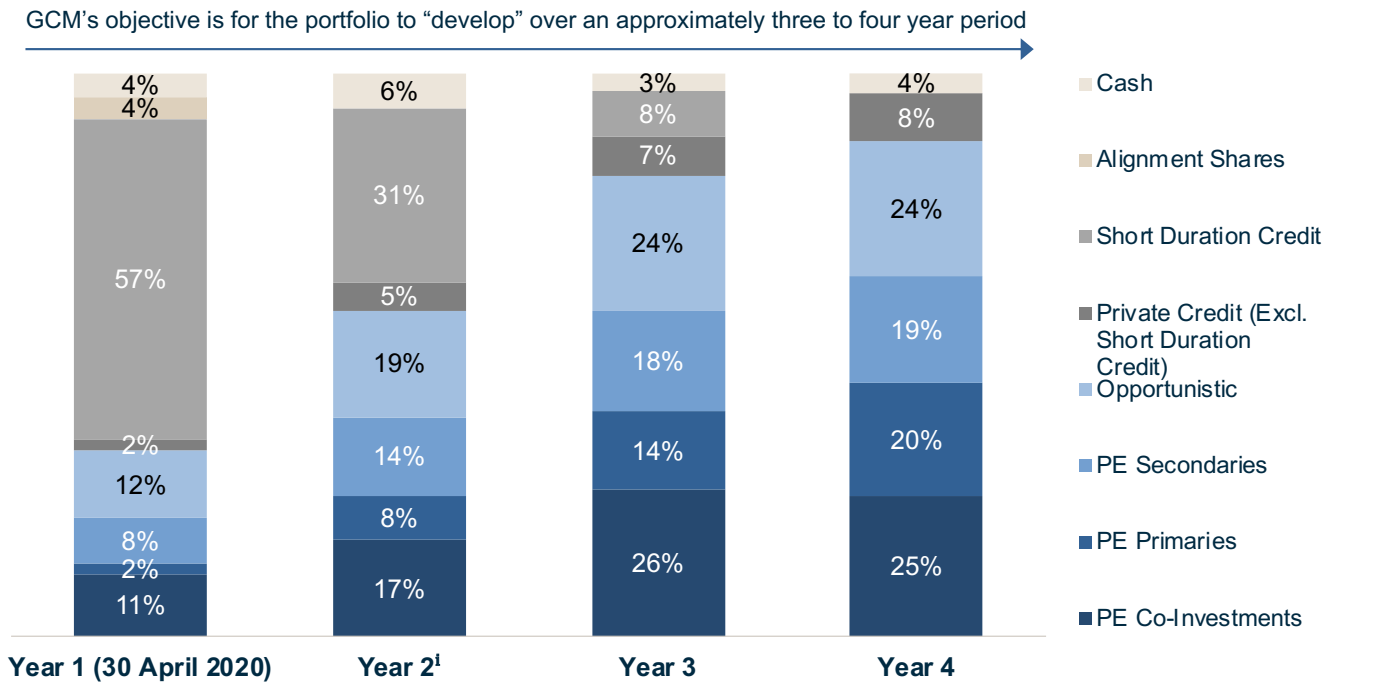
As the Trust becomes fully invested in more illiquid investments, GCM monitors distributions from the Underlying Funds to effectively recycle and rebalance capital. GCM models and tracks the cash flow requirements of the underlying Commitments to seek to ensure that the Trust has ample flexibility to fund capital calls.

The liquidity of the individual Underlying Funds and investments is monitored as well as the aggregate liquidity of the total Portfolio.

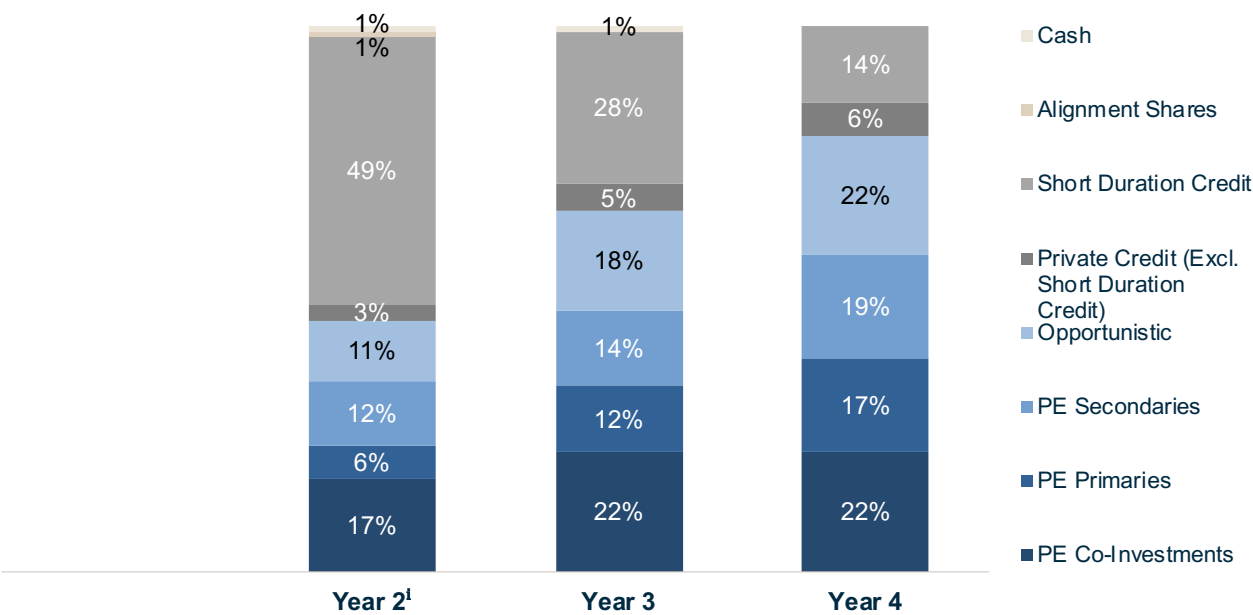
### 8.5.5. PORTFOLIO DEVELOPMENT STRATEGY AND CURRENT DEPLOYMENT

The nature of private equity – sourcing appropriate opportunities and the gradual draw down of capital – means that the Portfolio is being developed over time. The Trust currently has a focus on funding and liquidity management with an emphasis on low volatility, yield generation and J-curve mitigation that will enable capital to be deployed quickly and efficiently to construct a Portfolio that generates income, while at the same time facilitating a progressive transition to a Portfolio that seeks higher returns in the long term.

Set forth below is the example of the potential progression of the Portfolio, from its initial composition to the long-term target Portfolio (as at each year end following the initial public offering of Units), which was illustrated in the Trust’s IPO PDS dated 22 February 2019 . As was noted in the IPO PDS, it could take up to 3 to 4 years following the initial public offering of Units to achieve the long-term target Portfolio asset allocation.



Below is an example of how this potential progression may be affected by the Maximum Subscription being raised pursuant to this Offer. Under this scenario, it is still estimated that the long-term target Portfolio asset allocation in respect of having a minimum private equity allocation of at least 70% may take up to 3 to 4 years following the initial public offering of Units, or up to 2 to 3 years following the issue of Units pursuant to this Offer.



<sup>i</sup> The above illustrative percentage allocations of the Portfolio are as of 31 March 2021 (Year 2), 31 March 2022 (Year 3) and 31 March 2023 (Year 4).

The chart shown above is for illustrative purposes only. The actual composition of the Portfolio may differ from expectations based on factors including, but not limited to, the total amount raised under the Offer, the availability of investment opportunities over the life of the Trust, the performance of the Trust's investments and their lifecycles. The Portfolio may "develop" to its long-term target asset allocation over a period that is shorter or longer than has been assumed, and GCM may change such long-term target asset allocation in response to changes in market conditions. **No assurance can be given that any investment will achieve its objective or avoid losses.**

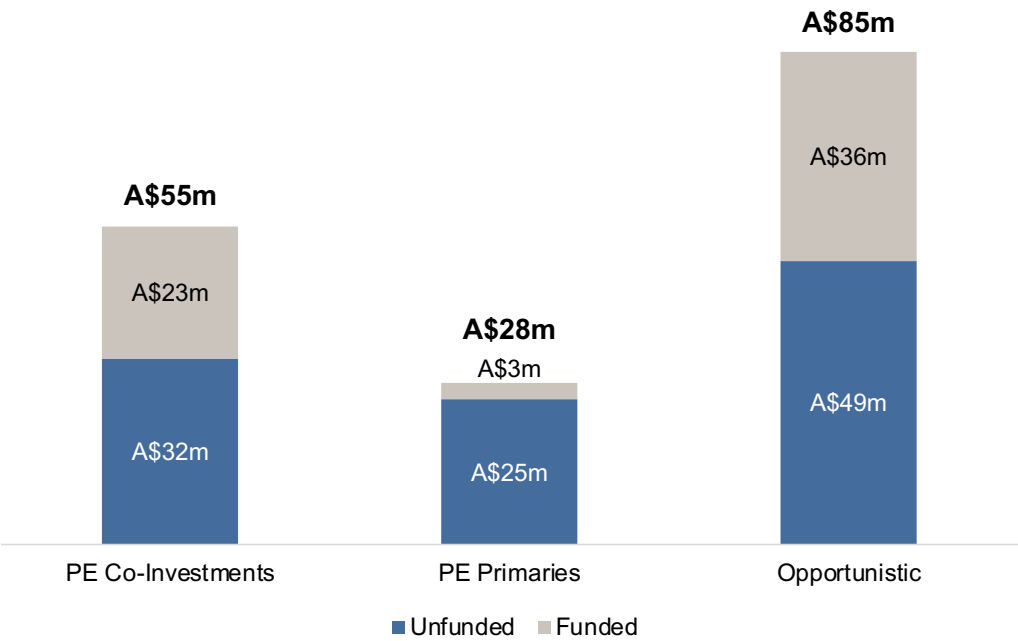
Currently, in the early stage of the Trust, rather than holding the amounts the Trust has committed to invest in private equity investments in cash until the capital is called, the Investment Manager has allocated cash held by the Trust to Short Duration Credit fund investments to seek to produce a return and mitigate the J-curve. The strategy for the Short Duration Credit allocation has been to partner with two large, experienced third-party managers with demonstrable track records of strong, uncorrelated performance through different market cycles to create a credit portfolio (with daily liquidity) for the Trust. Capital preservation is prioritised as the Trust will, to the extent practicable, seek to redeem its Short Duration Credit investments as needed in order to fund the investment Commitments of the Trust to private equity investments as capital is called by such investments. Allocations are across credit assets and the risk spectrum, although the substantial majority of the Short Duration Credit assets are investment grade.

In the early stage, the Investment Manager has accelerated the Trust's exposure to private equity by committing to partially invested private equity Co-investment, opportunistic and Primary commingled funds (i.e., funds that have had initial closes, but which are still accepting subscriptions and have already deployed a portion of their capital at the time of the Trust's investment therein). The Trust's Commitments to these funds, GCM Grosvenor Co-Investment Opportunities Fund II, GCM Grosvenor Multi-Asset Class Fund II and Carlyle Credit Opportunities Fund, have all been drawn down more than 20% to date as illustrated in Section 8.5.6. The Investment Manager also intends to accelerate its private equity exposure by investing in Secondaries. This strategy has the potential to allow capital to continue to be deployed quickly and efficiently, facilitating a progression into the higher returning long-term target Portfolio.



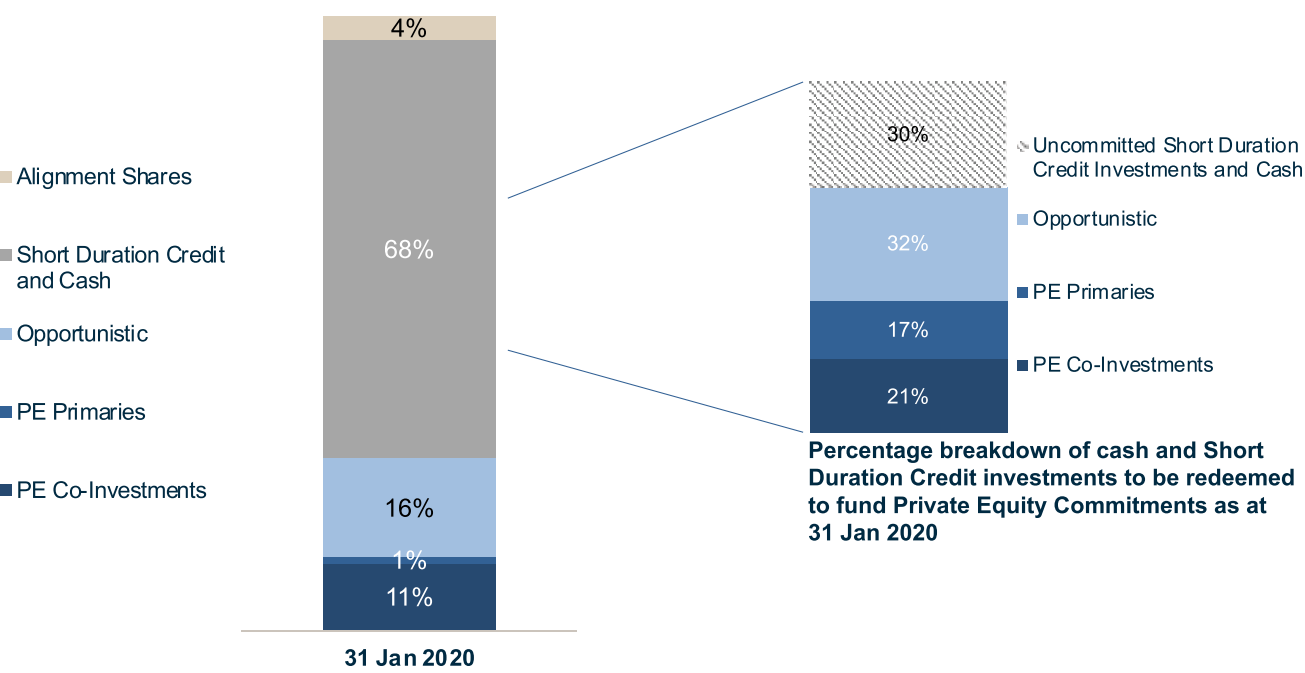
As at 31 January 2020, 78% of the Trust’s Portfolio (excluding Alignment Shares) has been committed across private equity Co-investments, Primaries, and opportunistic investments and 36% of these Commitments (totalling \$61.1 million) have already been called.

Breakdown of private equity commitments as at 31 January 2020



\$153.2 million has been invested in Short Duration Credit investments; these Short Duration Credit investments will be redeemed as needed to fund the unfunded Commitments to the investments currently in the Trust’s private markets portfolio (which unfunded Commitments totalled \$107.6 million or 70% of the total amount invested in Short Duration Credit as at 31 January 2020), as well as future Commitments to investments made by the Trust.

Portfolio Allocation as at 31 January 2020



Please refer to Section 8.5.6 for a breakdown of the Trust’s Portfolio (including Commitments and investments) as at 31 January 2020.

In terms of the long-term target Portfolio, GCM believes diversification is critical and is therefore seeking to implement a portfolio that blends different private equity implementation styles so that the Trust's performance is not concentrated in any single fund, manager or underlying Portfolio Company. It is estimated, based on the \$205 million raised under PE1's initial public offering and the Maximum Subscription being raised under the Offer, that the long-term target Portfolio may contain greater than 500 Portfolio Companies at any time as illustrated below.

Strategy	Long Term Target Allocation Range of Portfolio	Illustrative Number of Underlying Funds	Illustrative Number of Underlying Portfolio Companies
Private equity Co-investments	15% – 30%	2 <sup>†</sup>	21
Private equity Primaries	15% – 30%	18	117
Private equity Secondaries	15% – 30%	61	254
Opportunistic	10% – 25%	2 <sup>†</sup>	25
Private credit	5% – 15%	8	87
Cash <sup>††</sup>	2% – 10%	n/a	n/a
<b>Total</b>		<b>91</b>	<b>504</b>

<sup>†</sup> Figures represent the number of GCM Funds the Trust is estimated to invest in; they do not reflect underlying investments in sub-portfolios.

<sup>††</sup> GCM expects to also utilise Short Duration Credit as a cash management tool in the long-term target Portfolio.

Based on the \$205 million raised under PE1's initial public offering and the Maximum Subscription being raised under the Offer. The actual composition of the Portfolio may differ from expectations based on factors including, but not limited to, the total amount raised under the Offer, the availability of investment opportunities over the life of the Trust, the performance of the Trust's investments and their lifecycles. **Changes in the assumptions may have a material impact on the information presented.**

The long-term target asset allocation of the Portfolio has been designed by GCM in an effort to meet the objectives of the Trust, including income and capital growth, while simultaneously providing a diversified risk-controlled private equity portfolio. GCM's long-term objective is for more than 70% of the NAV to be invested in private equity and the remainder in private credit investments and cash/Short Duration Credit investments.

Consistent with the Trust's stated Investment Strategy and Investment Objectives, GCM will seek diversification for the Portfolio by strategy, manager, sector, geography and Vintage, primarily in the established markets of North America and Western Europe, with opportunistic exposure to other regions.

GCM has been investing the initial public offering proceeds as quickly as reasonably practicable in order to avoid a cash drag on the Portfolio, including, for example, in Short Duration Credit fund investments that have the potential to earn higher returns than cash but retain the flexibility to redeploy the assets as needed to fund private equity fund capital calls.

Cash may also be held to facilitate capital calls to Underlying Investments and pending reinvestment. Cash management of this nature is regarded as incidental to the management of the Trust. GCM has long provided "incidental" cash management service to its fund-of-funds' portfolios; however, GCM's expertise is in the management of private equity investments, not in cash management.

The Trust is denominated in Australian dollars. The investments of the Trust may be denominated in any currency although they will be predominantly denominated in U.S. dollars. In certain limited circumstances the Trust may engage in foreign exchange hedging transactions, primarily to hedge capital calls or known Commitments. The hedging activity, if any, will be implemented by GCM. To the extent GCM engages in any currency hedging activities, it generally will adjust hedging positions only once a month and ordinarily will not attempt to hedge the exchange-rate risk attributable to intra-month profit and loss. Consequently, while the Trust may incur potentially material exchange-rate hedging costs, it will nevertheless be subject to potentially material exchange-rate risk. Further, to the extent any currency hedging activities are undertaken, GCM also anticipates there will be "tracking error" between any hedge and the currency exposure due to, among other things, the use of estimates to adjust hedging positions and unhedged intra-month profit and loss in respect of the relevant position. Assets of the Trust used for exchange-rate hedging purposes will not be available for investment.

### 8.5.6. PORTFOLIO BREAKDOWN AS AT 31 JANUARY 2020

Investment Name	Vintage Year	Earliest Commitment Date	Committed Amount (\$m)	Funded Amount (\$m)	Portfolio Value (\$m)
<b>Private Equity</b>					
<b>Private Equity Primary Funds</b>					
Vista Equity Endeavor Fund II, L.P.	2019	Jun-19	6.0	0.5	0.5
Carlyle Credit Opportunities Fund, L.P.	2017	Jun-19	7.5	2.0	2.2
H.I.G. Middle Market LBO Fund III, L.P.	2019	Jul-19	4.3	-	-
The Veritas Capital Fund VII, L.P.	2019	Aug-19	10.5	-	-
<b>Private Equity Co-Investments</b>					
GCM Grosvenor Co-Investment Opportunities Fund II	2018	May-19	55.3	22.5	25.7
<b>Opportunistic Investments</b>					
GCM Grosvenor Multi-Asset Class Fund II	2018	Jun-19	85.2	36.0	35.9
<b>Total</b>			<b>168.7</b>	<b>61.1</b>	<b>64.3</b>
<b>Short Duration Credit</b>					
PIMCO GIS Global Investment Grade Credit Fund		Apr-19	n/a	n/a	63.2
TCW's MetWest Unconstrained Bond Fund		Apr-19	n/a	n/a	90.0
<b>Total</b>			<b>n/a</b>	<b>n/a</b>	<b>153.2</b>
<b>Alignment Shares</b>					
Pengana Capital Group Limited (ASX: PCG)		Apr-19	n/a	n/a	7.9
<b>Total</b>			<b>n/a</b>	<b>n/a</b>	<b>7.9</b>
<b>Cash and Receivables</b>					
Cash and receivables		Apr-19	n/a	n/a	2.5
<b>Total</b>			<b>n/a</b>	<b>n/a</b>	<b>2.5</b>

Subtotals may not exactly aggregate to the total amount due to rounding.

*No assurance can be given that any investment detailed in this Section 8.5.6 will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.*

## Private Equity Primary Funds

### Vista Equity Endeavor Fund II, L.P. ("VEEF II")

Vista Equity Partners ("Vista") was founded in 2000 by Robert Smith and Brian Sheth. Vista is a U.S.-based private equity investment firm with more than US\$52 billion of cumulative capital commitments.

VEEF II focuses on acquiring controlling interests in emerging and lower-middle-market enterprise software, data, and technology-enabled solutions companies with significant value-creation opportunities.

VEEF II targets companies that:

- provide mission-critical software and technology-enabled solutions,
- demonstrate recurring revenues and strong top-line growth,
- have a stable client base, and
- are primed to benefit from operational improvement.

Vista's investment strategy is to acquire companies that meet this profile and then apply its proprietary set of operational best practices that are specifically designed to rapidly and aggressively implement change, enhance revenue growth, create value, and generate positive returns.

### Carlyle Credit Opportunities Fund, L.P. ("Carlyle COF")

The Carlyle Group is a U.S.-based global private equity and alternative asset investment firm with US\$222 billion of AUM across 365 investment vehicles.

Carlyle COF provides privately negotiated capital solutions to corporates, assets or family/entrepreneur-owned businesses.

Carlyle COF targets investments across private credit solution, special situation, and market dislocation strategies. Carlyle COF will seek to invest at least US\$50 million per investment, with target companies having an EBITDA of between US\$50-\$150 million. Carlyle COF will invest in North America and Europe.

### H.I.G. Middle Market LBO Fund III, L.P. ("Fund III")

Founded in 1993 and headquartered in Miami, FL, H.I.G. Capital, LLC is a global private equity investment firm with over US\$34 billion of capital under management across a number of credit, private equity, growth equity and real estate strategies.

Fund III focuses on undermanaged and stressed companies and opportunities characterised by complex business models, operations and/or transaction dynamics (which is the same strategy employed by Fund III's predecessor funds, H.I.G. Middle Market LBO Fund II and H.I.G. Middle Market Fund I).

Fund III makes the following types of investments:

1. Acquisitions of privately-held and publicly-traded companies and non-core subsidiaries of larger companies;
2. Investments in companies requiring recapitalisation or growth capital; and
3. Restructurings and special situations.

Investments are typically controlling equity investments in companies with EBITDA of US\$35 million to US\$150 million across a variety of industries including business services, consumer/retail, healthcare, industrials, natural resources and energy, and technology, media and telecoms (TMT) / financials.

### The Veritas Capital Fund VII, L.P. ("Veritas VII")

Founded in 1992 and based in New York, Veritas Capital Fund Management, L.L.C. ("Veritas") is a U.S.-based private equity investment firm with US\$17 billion of AUM.

Veritas VII was established to make control investments in companies that provide critical products and services – primarily involving technology or technology-enabled solutions – to governments, government-influenced markets and commercial customers worldwide. Specifically, Veritas invests in industries such as aerospace, communications, energy, government services, healthcare and technology.

Veritas' key differentiator is an in-depth knowledge and understanding of these markets and customers, and the policy and regulatory environment affecting these industries. Veritas seeks to transform its investments by assisting them to target larger markets and high-growth niches. Veritas also seeks to identify add-on acquisitions that enable its Portfolio Companies to pursue new business opportunities and generate additional growth.

Veritas VII primarily focuses on businesses with enterprise values of US\$250 million to US\$7.5 billion. Veritas expects to invest between US\$400 million and US\$800 million of equity per investment, ultimately building a portfolio of 10 to 12 investments.

## Private Equity Co-Investments

### GCM Grosvenor Co-Investment Opportunities Fund II ("GCF II")

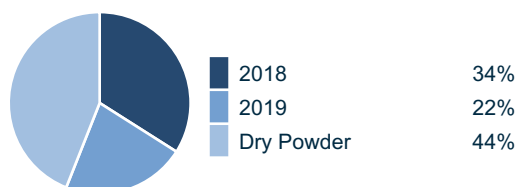
GCF II is GCM's second institutional commingled private equity Co-investment fund. GCF II seeks to generate compelling, risk-adjusted returns by investing in a diversified portfolio of Middle Market Buyout Co-investments and select structured equity transactions. GCF II is intended to offer its investors a diversified and cost-efficient private equity solution through a single Commitment. GCF II seeks to invest in transactions on a no-fee / no-carry basis.

GCF II targets investments in middle market Portfolio Companies, focusing on cash-flow positive companies with established revenue models. GCM defines middle market Co-investments as transactions in companies with total enterprise values less than or equal to US\$1.5 billion (often having US\$20 million to US\$100 million of EBITDA) at entry. GCM intends to leverage its platform of relationships in the middle market – developed over many years and fund Vintages – to source attractive opportunities from what it believes to be high-quality, difficult-to-access managers.

As of 31 December 2019, GCF II has committed US\$213 million to 11 co-investments. As illustrated more fully below, the portfolio is already well-diversified, with exposure to nine different sponsors and six different industries.

### GCF II Portfolio Details as at 31 December 2019

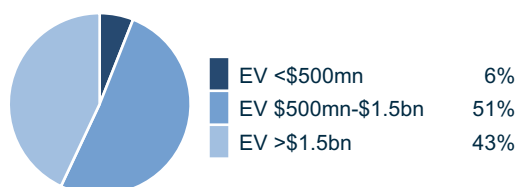
**Vintage Year**



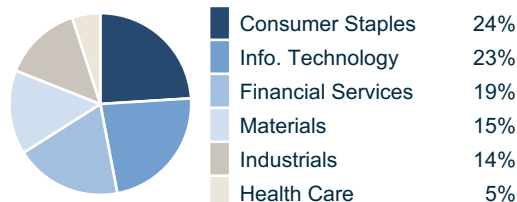
**Geography <sup>i</sup>**



**Transaction Size <sup>i</sup>**



**Industry <sup>i</sup>**



i. Based on committed capital. Excludes reserves for fees and expenses and "Dry Powder".

The term "EV" refers to enterprise value which is a measure of a company's total value.

The term "Dry Powder" refers to capital committed to the fund by investors that has yet to be invested or reserved for fees and expenses of the fund.

Source: GCM.

## Opportunistic Investments

### GCM Grosvenor Multi-Asset Class Fund II ("MAC II")

MAC II is the second fund in a series of funds managed internally by GCM that seeks to capitalise on attractive investment opportunities sourced from GCM's global, open architecture alternative investments platform. The objective of MAC II is to deploy capital tactically, seeking to exploit the most compelling risk-adjusted return opportunities across less liquid asset classes, primarily using Co-investments and direct investments.

MAC II is targeting 20 to 30 investments and seeks to be diversified across asset classes, strategies, sectors and regions. The portfolio is managed to avoid reliance on any single risk factor in an attempt to generate returns. MAC II seeks to mitigate the J-curve typically associated with private markets investment vehicles. MAC II leverages GCM's global alternative investment platform and over 590 manager relationships to source high conviction investment opportunities.

As of 30 September 2019, MAC II has committed US\$467.9 million to 17 opportunistic investments. Details on the portfolio, which is already well-diversified, are set forth below.

### MAC II Portfolio Details as at 30 September 2019 <sup>i</sup>

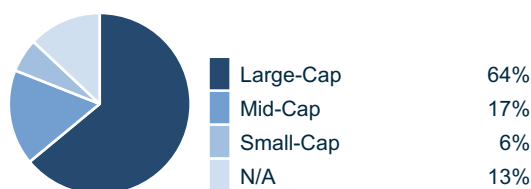
#### Implementation Type



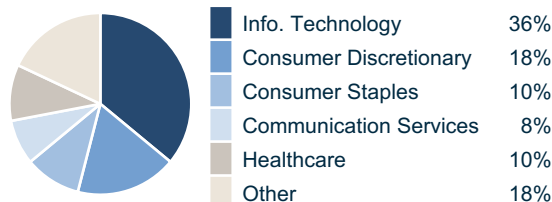
#### Geography



#### Market Capitalisation <sup>ii</sup>



#### Industry



i. Based on investment net asset value.

ii. The terms "Large-cap", "mid-cap", and "small-cap" refers to investment exposures in Portfolio Companies with a market capitalisation greater than US\$10 billion, between US\$1 billion and US\$10 billion, and less than US\$1 billion respectively. The term "N/A" refers to Secondary and specialty finance trades.

Source: GCM.

## Private Equity Secondaries

Within the PE Secondary allocation, GCM seeks to generate attractive private equity-like returns through a focused and highly selective approach to Secondary fund investing. GCM is targeting mid-sized transactions comprising interests in private equity funds where GCM believes information may be less readily available and pricing may be less efficient relative to some of the larger funds. GCM believes these transactions are typically below the radar screen of the larger secondary investors and less likely to garner significant time and attention from intermediaries. In addition, GCM generally focuses on niche sectors outside of the large-cap buyout sector (e.g., middle market buyouts, special situations and growth equity). Finally, GCM seeks to leverage GCM's extensive relationships with its existing stable of private markets fund managers, as well as its knowledge of the underlying investments through existing fund and co-investing activities, to give GCM an information and relationship advantage that results in superior sourcing and market intelligence.

GCM has a number of secondary transactions in the late stages of due diligence that are currently being considered for the Trust. Although the Trust has not yet executed a Secondary transaction out of the portion of the Trust's Portfolio specifically allocated to PE Secondaries (due in part to the fact that an unusual number of deals in the last 6 months of 2019 ended in the late stages of evaluation), GCM saw robust secondary deal flow during 2019, screening over 269 deals during the course of the year (over 10% more deals than GCM screened in 2018) and expects to continue to see robust deal flow in 2020. Moreover, the Trust does have exposure to several secondary transactions through its Opportunistic allocation (MAC II).



## Short Duration Credit Investments

### PIMCO GIS Global Investment Grade Credit Fund ("PIMCO Fund")

The PIMCO Fund is a US\$17 billion publicly-traded (Institutional Share Class Ticker: PIMGIID), actively-managed non-U.S. mutual fund (UCITS Fund) that was launched in August 2003. The Investment Grade Credit strategy is the largest dedicated strategy within PIMCO's Global Credit platform, which currently has approximately US\$340 billion in AUM and invests across liquid opportunities in Investment Grade Credit<sup>13</sup>, High Yield Credit<sup>14</sup>, Securitised<sup>15</sup> assets, Municipal Credit<sup>16</sup>, and insurance in both developed and emerging markets. The PIMCO Fund has daily liquidity with a one day settlement period and seeks to achieve 1.0% to 1.5% of excess return versus the Bloomberg Barclays Global Aggregate Credit Index while exhibiting a similar level of volatility by employing a global fixed income strategy focused on high quality government and corporate issuers. The portfolio of the PIMCO Fund consists primarily of high quality corporate bonds diversified broadly across industries, issuers, and developed regions. The Investment Grade strategy has US\$145.2 billion in AUM.

Mr. Mark Kiesel, PIMCO's Global Credit Chief Investment Officer, serves as the lead portfolio manager of the PIMCO Fund. He is supported by co-portfolio managers Mr. Mohit Mittal and Mr. Jelle Brons. In addition to these three portfolio managers, who lead investment decision-making, the PIMCO Fund has access to the firm's entire Global Credit team which includes 20+ portfolio managers dedicated to investment grade credit, 65+ global research credit analysts, 65+ global mortgage credit portfolio managers, 23 emerging market portfolio managers, 14 distressed credit portfolio managers/credit analysts, and 7 municipal portfolio managers.

### TCW's MetWest Unconstrained Bond Fund ("TCW Fund")

The TCW Fund (ticker: MWCIX) was launched on October 31, 2011 and manages over US\$3 billion. The TCW Fund seeks to maximise long-term absolute returns utilising all sectors of the global fixed income marketplace. The TCW Fund employs a flexible approach that allocates investments across a range of global investment opportunities and actively manages exposure to interest rates, credit sectors and currencies. The portfolio is constructed with a macroeconomic overlay reflecting the portfolio manager's market views and individual security selection to identify names that are undervalued and that TCW believes offer a superior risk/return profile.

TCW believes that outperformance can be achieved through disciplined implementation of multiple fixed income strategies, application of fundamental value-driven research process, and focus on sector management and issue selection.

Historically, 75-90% of the TCW Fund's exposure at any point during the credit cycle had been Investment Grade Credit, Securitised credit, and cash.

<sup>13</sup> The term "Investment Grade Credit" refers to a borrower or credit instrument that has a relatively low risk of default and is typically representative of a borrower that has high to medium credit quality. External credit rating agencies view investment grade as equivalent to a rating between AAA and BBB- or Aaa and Baa3.

<sup>14</sup> The term "High Yield Credit" refers to a borrower or credit instrument that has a relatively higher risk of default and is typically representative of a borrower that has medium to low credit quality. External credit rating agencies view Sub-Investment Grade as equivalent to a rating below BBB- or below Baa3.

<sup>15</sup> The term "Securitised" refers to pools of credit instruments that have been repackaged into marketable financial instruments. These securities are backed by several different types of assets and can range in credit quality.

<sup>16</sup> The term "Municipal Credit" refers to a credit instrument issued by a state, municipality, or county to finance its capital expenditures, including the construction of highways, bridges or schools.

As at 31 December 2019, the Trust has \$150.3 million of aggregate exposure to the PIMCO Fund and the TCW Fund. These investments will continue to be redeemed when necessary so that the Trust can fund capital calls received from the Trust's underlying private equity, opportunistic and private credit investments. Set forth below are details on the Short Duration Credit portfolio as at 31 December 2019.

**Snapshot of the Trust's Short Duration Credit Exposure as at 31 December 2019**

	PIMCO GIS Global Investment Grade Credit Fund	TCW's MetWest Unconstrained Bond Fund	PE1's Blended Allocation
<b>Allocation</b>			
Allocation	41%	59%	100%
<b>Fund Statistics</b>			
Effective Duration	6.9	1.9	3.9
Effective Maturity	9.6	4.8	6.7
<b>Sector Exposure</b>			
Government	40%	0%	16%
Corporate	73%	28%	46%
Securitised	16%	59%	42%
Municipal Credit	0%	0%	0%
Other	-29%	13%	-4%
<b>Credit Quality</b>			
AAA	26%	44%	36%
AA	7%	3%	5%
A	19%	9%	13%
BBB	40%	25%	31%
<i>Investment Grade Subtotal</i>	<b>92%</b>	<b>81%</b>	<b>85%</b>
BB	6%	5%	5%
B	2%	4%	3%
Below B	0%	10%	6%

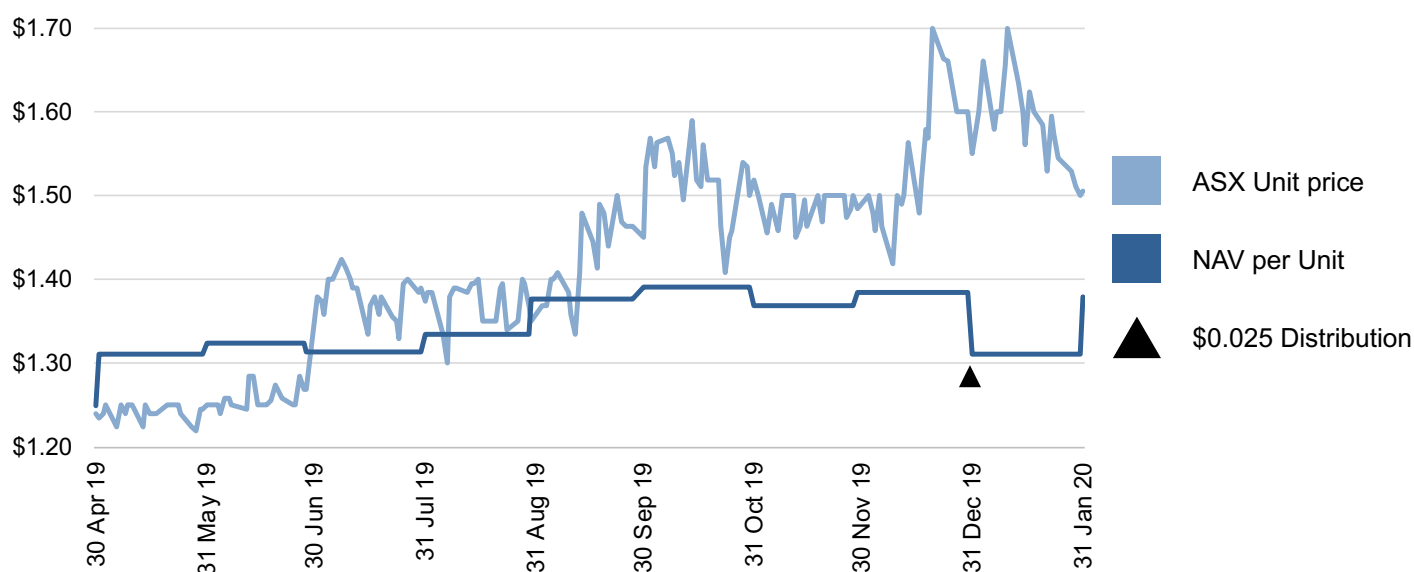
## 8.6. TRUST PERFORMANCE

In line with the Trust's early stage yield generation and J-Curve mitigation focus, the majority of the Trust's performance has been derived from the Trust's Short Duration Credit investments and the initial issuance of Alignment Shares to the Trust. In addition, the accelerated deployment of capital into private equity Co-investments has also contributed to the Trust's return.

Since the Trust's listing on the ASX on 30 April 2019 to 31 January 2020, the net return of the Trust was 12.4%. The net return has been determined with reference to the increase in the Net Asset Value per Unit since listing, as well as of the reinvestment of a Unit's distribution back into the Trust pursuant to the Trust's distribution reinvestment plan ("DRP").<sup>17</sup>

The chart below illustrates the trading price of a Unit on the ASX and the NAV per Unit since the Trust's listing on the ASX to 31 January 2020. It is important to note that the NAV per Unit is determined monthly with reference to the Net Asset Value as at the end of a month, and the Trust made its first half-yearly distribution of \$0.025 per Unit for the period ending 31 December 2019.

### Performance since Listing on the ASX to 31 January 2020



*Past performance is not a reliable indicator of future performance, the value of investments can go up and down. Investors should read Section 10 in full, which sets out some of the key risks associated with an investment in the Trust. The NAV per Unit on the Trust's listing on the ASX is based on the initial public offering subscription price, which was \$1.25.*

<sup>17</sup> Investors should read Section 10 in full, which sets out some of the key risks associated with an investment in the Trust. The initial Net Asset Value per Unit for the purpose of determining the net return of the Trust is determined with reference to the initial public offering ("IPO") subscription price, which was \$1.25. The net return is net of fees and costs within the Trust, and is also based on a reinvestment of distributions back into the Trust (i.e. it shows the total return, being the aggregate of capital growth and income). 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 distributions reinvested in additional Units. Please refer to Section 8.10 for more information in respect of the DRP.

## 8.7. INVESTMENT GUIDELINES

GCM aims to invest the Portfolio within the following guidelines:

Guidelines																	
Permitted investments	<p>The Trust may invest in the following: private equity, private credit, opportunistic investments and cash.</p> <p>The Trust may invest either directly or indirectly through investments in one or more vehicles either managed by the Investment Manager (“GCM Funds”) or managed by third-party investment managers.</p> <p>Investments may be in Private Investment Funds on a Primary basis or Secondary basis, as well as Co-investments and direct investments.</p>																
Allocation ranges	<p>The allocation ranges for the long-term target Portfolio are:</p> <table> <tr> <td>Minimum aggregate allocation to private equity</td><td>70%</td></tr> <tr> <td>Private equity Primaries</td><td>15% to 30%</td></tr> <tr> <td>Private equity Co-investments</td><td>15% to 30%</td></tr> <tr> <td>Private equity Secondaries</td><td>15% to 30%</td></tr> <tr> <td>Opportunistic investments</td><td>10% to 25%</td></tr> <tr> <td>Private credit</td><td>5% to 15%</td></tr> <tr> <td>Cash<sup>18</sup></td><td>2% to 10%</td></tr> <tr> <td>Maximum Commitment to any single Underlying Fund</td><td>20%</td></tr> </table>	Minimum aggregate allocation to private equity	70%	Private equity Primaries	15% to 30%	Private equity Co-investments	15% to 30%	Private equity Secondaries	15% to 30%	Opportunistic investments	10% to 25%	Private credit	5% to 15%	Cash <sup>18</sup>	2% to 10%	Maximum Commitment to any single Underlying Fund	20%
Minimum aggregate allocation to private equity	70%																
Private equity Primaries	15% to 30%																
Private equity Co-investments	15% to 30%																
Private equity Secondaries	15% to 30%																
Opportunistic investments	10% to 25%																
Private credit	5% to 15%																
Cash <sup>18</sup>	2% to 10%																
Maximum Commitment to any single Underlying Fund	20%																
Geography	Globally, with an emphasis on established North American and Western European private equity markets and with opportunistic exposures to other geographies.																
Borrowing policy	The Trust may borrow directly or through an intermediate entity to fund investments or pay fees and expenses or to address the timing issues associated with the acquisition of Investments and re-investment of proceeds. The Trust has not borrowed to date and does not currently expect to borrow, although it is permitted to do so and may at any time. The Trust requires the consent of the Manager to borrow in excess of 15% of NAV and may not borrow in excess of 25% of NAV, calculated at the time of borrowing, excluding short term borrowing, deferred purchase price obligations (i.e., when a portion of the purchase price for an Investment is paid after closing rather than up-front) and guarantees. See Section 8.15 for further information.																

Each of the foregoing guidelines or limitations is to be applied only at the time that a new investment is made in, or in certain limited circumstances a voluntary redemption is made from, an Underlying Fund. Market movements, distributions and mandatory redemptions will not result in non-conformity with any of the above guidelines or limitations even if as a result the Portfolio no longer conforms to certain of the foregoing guidelines or limitations.

In the event that the Portfolio no longer conforms to one of the above guidelines or limitations in any material respect, then the Investment Manager shall use reasonable best endeavours to attempt to bring the Portfolio back into material conformity with the guidelines or limitations within a reasonable period following the Investment Manager becoming aware of such nonconformity. The Investment Manager’s ability to do so will be subject to the limited liquidity of the Portfolio’s investment in Underlying Funds.

## 8.8. GCM COMMINGLED FUND INVESTMENTS

The Trust will invest in GCM Funds and GCM Group will receive advisory fees from these GCM Funds. Section 16.3.11 contains further information on the minimum requirements before an investment in a GCM Fund is permitted.

<sup>18</sup> GCM expects to also utilise Short Duration Credit investments as a cash management tool in the long-term target portfolio.

As at the date of this PDS, the Trust has invested indirectly through GCM Grosvenor Co-Investment Opportunities Fund II, L.P. and indirectly through GCM Grosvenor Multi-Asset Class Fund II, L.P., which are detailed in Sections 8.8.2 and 8.8.3, respectively.

Investments in GCM Funds typically involve long-term Commitments of between 8 and 10 years (or longer). However, in certain circumstances the Trust may be excused or excluded from new investments made by GCM Funds (see Section 16.3.11), and/or secondary sale procedures may be undertaken to dispose of the Trust's interest in one or more GCM Funds (see Section 8.8.4).

#### 8.8.1. INVESTMENT RATIONALE

In private equity investing, scale generally provides significant advantages. Investing in commingled GCM Funds (in which Trust capital is invested together with the capital of other investors) may provide Investors with numerous scale-related advantages:

- **Efficiency** – GCM Funds provide a single point of entry and accelerated speed of capital deployment to access a particular strategy or ideas generated across the GCM Group platform, implemented by dedicated teams with flexible mandates.
- **Costs** – In addition to the reduction in operational, investment and administrative costs per dollar invested, GCM Funds may benefit from preferential fee arrangements with underlying third party managers – particularly where underlying managers structure fees on a tiered-basis that favours larger investments by granting them lower fee rates. Any cost savings will result in reduced costs to the Trust.
- **Diversification** – By pooling investor capital, GCM Funds are able to consider and potentially participate in a wider range of opportunities. Diversification has the potential to reduce risk without necessarily compromising investment returns. When considering private equity investments, diversification relates not only to the number of deals in which an investor may participate but also to the geographical diversification, industry diversification, underlying manager diversification, and the Vintage of such deals.
- **Access to larger deals** – GCM Funds are able to consider and potentially participate in larger transactions which for various reasons may be unavailable to smaller investors without sufficient scale.

In addition to the above advantages that may apply to GCM Funds generally, GCF II and MAC II have already received capital Commitments from early investors and have commenced investment activities. By investing in these vehicles the Trust gained access to Underlying Funds whose assets have been at least partially deployed in Portfolio Companies. This provided the Trust with private equity exposure from inception as well as helping to potentially mitigate the J-curve via reduced fee drags and an accelerated return of capital.

#### 8.8.2. GCM GROSVENOR CO-INVESTMENT OPPORTUNITIES FUND II, L.P.

##### Description

As at the date of this PDS, Co-investments for the Trust have been implemented through an allocation to GCF II. Further information on GCF II can be found in Section 8.5.6.

*No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performance.*

##### Term

GCF II, which held its most recent close on 20 December 2019, has raised US\$382 million to date, and will dissolve 10 years after the final Closing date. The term may be extended in the sole discretion of the GP for up to two successive one-year periods, and thereafter with the consent of the fund's advisory committee.

##### Fees

Management Fee payable to the GCM Group	Management fees are charged on cost basis of investments then held by GCF II and specified investment reserves based on the following: Commitments of US\$50 million or greater: 0.95% per annum
Carried Interest payable to the GCM Group	10.0% of the return on the fund where the return exceeds the Preferred Return, with full return of fees and expenses
Preferred Return	8.0% per annum, compounded annually on all capital contributions (including fees and expenses of the fund)
Transaction, Monitoring and Other Fees	100% of GCF II's share of any fees received by the GCM Group from Portfolio Companies, if any, will be applied to offset the management fee payable to the GCM Group.

### 8.8.3. GCM GROSVENOR MULTI-ASSET CLASS FUND II, L.P.

#### Description

As at the date of this PDS, opportunistic investments of the Trust have been implemented through an allocation to MAC II. Further information on MAC II can be found in Section 8.5.6.

*No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily a guide to future performances.*

#### Term

MAC II, which held its final close on 6 November 2019, raised an aggregate of US\$983 million in commitments and will dissolve eight years after the first Closing date (which occurred on May 8, 2018). The MAC II investment period may be extended in the sole discretion of the general partner for one additional one-year period and thereafter with the consent of the advisory committee or a majority-in-interest of the LPs.

#### Fees

Management Fee payable to the GCM Group	Assessed on the aggregate Commitment through the investment period and on invested and reserved capital thereafter Commitments of US\$25 million or greater: 1.00% per annum
Carried Interest payable to the GCM Group	15.0% of the return on the fund where the return exceeds the Preferred Return, with full return of fees and expenses
Preferred Return	8.0% per annum, compounded annually on all capital contributions
Transaction, Monitoring and Other Fees	100% of MAC II's share of any fees received by the GCM Group from Portfolio Companies, if any, will be applied to offset the management fee payable to the GCM Group.

### 8.8.4. SECONDARY SALE PROCEDURE FOR GCM FUNDS IF GCM IS TERMINATED AS INVESTMENT MANAGER OF THE TRUST

Private Investment Funds commonly do not provide investors with voluntary liquidity in respect of their investments. However, as detailed in Section 16.3.11, in the event GCM is terminated as Investment Manager of the Trust:

- after the initial term pursuant to Unitholders passing an ordinary resolution to terminate the Investment Manager; or
- pursuant to default by the Investment Manager as described in Section 16.3.9.2,

GCM agrees to introduce the Manager to Secondary investment firms and/or other potential parties (including affiliates of GCM) that are in the market to purchase Secondary interests in GCM Funds and to facilitate sharing of information relating to the Trust's interests in the GCM Funds with suitable parties on a confidential basis. This Secondary sale assistance, combined with the requirement that any GCM Fund investment by the Trust must have a mechanism to permit the transfer of such interests held by the Trust in a GCM Fund with the consent of any applicable GCM Party, such consent not to be unreasonably withheld, delayed or conditioned, provides the Trust with a potential liquidity opportunity in the event the Trust wants to dispose of any of its interests in any GCM Funds upon the Investment Manager being terminated.

### 8.9. THE INVESTMENT MANAGER'S RELEVANT EXPERIENCE IN THE INVESTMENT STRATEGY

Founded in 1971, GCM Group is one of the longest continuously operational alternative asset managers globally and possesses a track record in private equity, real estate and infrastructure investing dating back to 1999.



A summary of GCM Group's private equity experience in respect of the various underlying investment strategies to be employed by the Trust is illustrated below.

Investments <sup>19</sup> As of 30 September 2019 (in USD millions)	Number of Underlying Investments	Year of Initial Investment	Commitment Amount
<b>Private Equity</b>			
Core Primary Funds <sup>20</sup>	500	2000	\$16,151.5
Secondaries <sup>21</sup>	132	2003	\$2,932.6
Buyout Co-Investments	158	2003	\$3,738.6
<b>Credit</b>			
GCM Credit Opportunities Investments	116	2009	\$6,796.2

In addition when evaluating a potential investment in the Trust, prospective Investors may wish to consider the following:

- (a) **Established presence in industry** – GCM Group has been investing in alternatives since 1971, and has been a capital partner to leading private equity managers since 1999. GCM Group is a globally recognised alternative asset manager with more than US\$57 billion of AUM and over US\$29 billion in private equity, real estate and infrastructure AUM.
- (b) **Manager relationships** – GCM Group has in excess of 470 underlying investment manager relationships with Commitments in approximately 800 underlying funds and investments in over 275 Co-investment opportunities.
- (c) **Customised solutions** – GCM Group has been providing customised portfolios since 1996, and has the industry knowledge and relationships to deliver a customised solution. Approximately 87% of GCM Group's private equity, real estate and infrastructure AUM is managed through customised mandates.
- (d) **Due diligence** – GCM Group employs a rigorous manager screening, selection, and monitoring process to invest in underlying funds and Co-investment opportunities alongside top-tier private equity managers. Investors in the Trust benefit from the Investment Manager's investment and operational due diligence processes.

Investors should note that while the Investment Manager has significant experience in respect of the various underlying investment strategies for its institutional clients, the Investment Manager has not acted as investment manager of a managed fund available to retail investors. The Trust is the first private equity-focused fund managed by GCM that invests for an indefinite period of time.

## 8.10. DISTRIBUTION POLICY

With the exception of the Special Distribution, Pengana intends that the Trust will make distributions to Investors semi-annually (as at 30 June and 31 December of each year) but it may do so more or less frequently at Pengana's discretion. The Trust made its first distribution of \$0.025 per Unit on 15 January 2020 for the period ending on 31 December 2019.

Pengana intends that the Trust will make a special distribution of \$0.0125 per Unit ("Special Distribution") for the period from 1 January 2020 to 20 March 2020. A Unitholder must have purchased Units before the 'ex' distribution date, being 23 March 2020, to be entitled to the Special Distribution in respect of those Units. The Responsible Entity will close its unit register to determine which Unitholders are entitled to receive the Special Distribution at 7:00 pm on the record date for the Special Distribution, being 24 March 2020.

Pengana also intends that the Trust will make a cash distribution after the Offer of \$0.0125 per Unit for the period from 21 March 2020 to 30 June 2020.

<sup>19</sup> Data does not include investments that were transferred at the request of investors prior to liquidation and no longer managed by GCM. **No assurance can be given that any investment will achieve its objectives or avoid losses.**

<sup>20</sup> GCM Group's "Core" products include GCM Group's diversified investment programs as well as strategies with broad enough focus, such as middle-market buyouts, small and emerging managers, aged primaries, European-focused funds, etc. Data does not include performance of investments made by non-core programs where GCM Group's investment decisions are limited by specific client-imposed restrictions, special strategy focus, narrow geographic region, or target industry sector.

<sup>21</sup> Secondaries include private equity and infrastructure investments. Commitment amount for Secondaries represents interest acquired from the selling investor in the underlying fund.

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 "Target Cash Distribution").

Pengana had previously intended, as stated in the IPO PDS, that the Trust make a cash distribution of \$0.025 per Unit in respect of the period 1 July 2020 to 31 December 2020 and a further cash distribution of \$0.025 per Unit in respect of the period 1 January 2021 to 30 June 2021. Pengana's revised distribution policy in respect of the period 1 July 2020 to 30 June 2021, as stated in this PDS, would provide for a higher cash distribution yield for the period 1 July 2020 to 30 June 2021 if the price of a Unit tradeable on the ASX and the NAV per Unit is higher than \$1.25<sup>22</sup>.

The Trust has an initial focus on funding and liquidity management with an emphasis on yield generation through investments in Short Duration Credit. The Trust also provides early exposure to private equity by investing in partially invested Primary, Co-investment and opportunistic investment commingled funds, as well as Secondaries (all of which generally involve an accelerated deployment of capital). Notwithstanding, any shortfall in net income generated or shortfall in net capital gains may result in a distribution payment made out of the capital invested.

Even where the income of the Trust earned in a particular year for tax purposes exceeds, for income years commencing from 1 July 2020, the Target Cash Distribution, Pengana may determine to only make a cash distribution for the particular year equal to the Target Cash Distribution. Likewise, even where the income of the Trust earned for tax purposes exceeds the intended cash distributions in respect of the year ending 30 June 2020 (as detailed above) (the "Early Years Intended Cash Distribution"), Pengana may determine to only make a cash distribution for the particular year equal to the Early Years Intended Cash Distribution. In both events, the distribution a Unitholder receives in cash may or may not be sufficient to meet their tax obligation.

The distribution Unitholders may receive will be based on the number of Units they hold at the nominated record date. The distribution is not calculated on a pro-rata basis according to the time that Unitholders have held their Units.

Distributions paid in cash will be paid directly into Unitholders' Australian or New Zealand bank accounts. Unitholders who have not provided an Australian or New Zealand bank account will be deemed to have elected to reinvest all their distributions in additional Units. Unitholders should contact their stockbroker or financial adviser to ask how they can provide bank account details.

Pengana retains the discretion to amend the distribution policy of the Trust.

The targeted distributions are only targets and may not be achieved. Investors should review the Risks summary set out in Section 10 of this PDS.

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 distributions reinvested in additional Units. If participation in the DRP is elected, Investors will be allocated Units in accordance with the DRP Rules, which provide detail on the methodology for determining the price at which Units are issued to Unitholders and can be found at the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1). The DRP is be offered to Australian and New Zealand investors on the following basis:

- At the time the price of the Units allotted pursuant to the DRP is set, the Responsible Entity will not have any information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Units if the information were publicly available.
- The right to acquire, or require the Responsible Entity to issue, Units will be offered to all Unitholders of the same class, other than those resident outside Australia and New Zealand who are excluded so as to avoid breaching overseas laws. Every Unitholder to whom the right is offered will be given a reasonable opportunity to accept it.
- Units will be issued on the terms disclosed, and will be subject to the same rights as Units issued to all Unitholders of the same class.
- The Responsible Entity reserves the right to suspend at any time.

A DRP election form will be sent to successful new Investors in the Trust under the Offer on or around 1 April 2020. An election to participate in the DRP in respect of the distributions must be made by the election date announced by Pengana in respect of each relevant distribution.

## 8.11. TRUST STRUCTURE

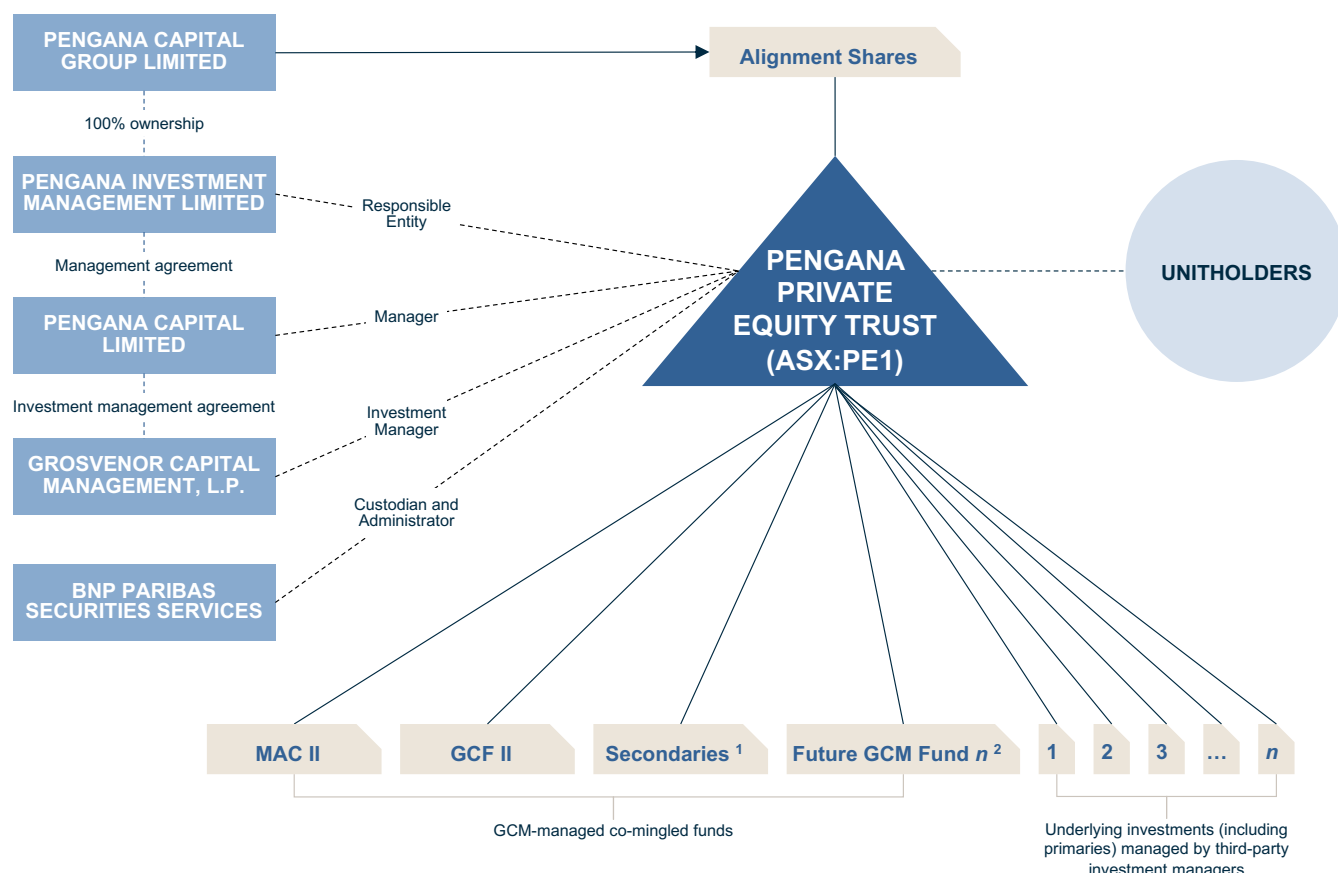
The Trust is an Australian registered managed investment scheme structured as a unit trust and governed by its Constitution, which has been registered with ASIC and was listed on the ASX on 30 April 2019.

<sup>22</sup> This is not a forecast and past performance is not a reliable indicator of future performance.

Pengana Investment Management Limited is the responsible entity of the Trust. The Responsible Entity has appointed Pengana Capital Limited, also a member of the Pengana Group of Companies, as the manager of the Trust. The Manager has appointed GCM as the investment manager of the Portfolio of the Trust:

- GCM invests the Trust's capital primarily by allocating capital through GCM Funds and Underlying Funds managed by third-party managers who invest in a wide range of different Portfolio Companies.
- GCM also makes investments directly on behalf of the Trust.

On 23 April 2019, Pengana Capital Group Limited (ASX: PCG) ("PCG"), of which Pengana Investment Management Limited and Pengana Capital Limited are wholly owned subsidiaries, issued convertible preference shares in PCG ("Alignment Shares") to the Trust. Refer to Section 9 for more information.



- (1) The Trust's allocation to Secondaries is initially principally intended to be executed directly ("Secondaries Sub-Portfolio") since the GCM Grosvenor Secondary Opportunities Fund II, L.P. is closed to new investors. Once GCM's next vintage Secondaries fund launches, allocations to Secondaries are expected to be predominantly made through such GCM Fund, but may continue to be made, in whole or in part, through one or more additional Secondaries Sub-Portfolios with fees payable in a substantially similar manner to those described below.
- (2) As GCM launches next generation and new multi-investor funds that conform to the Trust's Investment Guidelines (i.e., GSF III, MAC III, GCF III, etc.), the Trust will invest in such GCM Funds.

Pengana has engaged a number of professional service providers to provide a range of services to the Trust including Unit registry, custody, administration and audit. Pengana has entered into service agreements with the service providers and will, with the assistance of GCM as applicable, regularly monitor the performance of the service providers against the service standards set out in the relevant agreements. Service providers to the Trust may change without prior notice to Investors. Refer to Section 7 for a detailed description of the Trust's key service providers.

## 8.12. VALUATION, LOCATION AND CUSTODY OF ASSETS

The Responsible Entity has outsourced the valuation of the Trust and the preparation of statutory financial reports to the Administrator who is reliant in turn on valuations from third parties. These third parties may include the Investment Manager, Underlying Investment Managers, Underlying Fund administrators or third party valuation agents.

Typically, valuation of the Trust's assets utilises the most recent net asset value provided for the Underlying Funds by Underlying Investment Managers and/or third party administrators and, to the extent it is determined to be appropriate, will be adjusted for subsequent cash flow activity (i.e., contributions and distributions) through the date of any particular report.

The Responsible Entity seeks to ensure that it receives unaudited Underlying Fund financial statements typically on a quarterly basis (and more frequently where available), and, to the extent practicable, financial statements that have been audited by a third party accounting firm annually. Whilst the valuations will generally be obtained quarterly, given the nature of the investments, the process of completing the valuations can take up to three months, or longer in some cases.

As of the date of this PDS, there is no Secondary market in Alignment Shares (being a new class of convertible preference shares in PCG that will be issued to the Trust). Due to the nature of Alignment Shares, they are valued in line with the ordinary shares trading on the ASX in accordance with the Administrator's securities pricing policy. Refer to Section 9 for more information on Alignment Shares.

The assets of the Trust are held by a custodian. Pengana has appointed BNP Paribas Securities Services as the initial custodian of the Trust.

### **8.13. LIQUIDITY**

Whilst the Trust is listed on the ASX, Units are not able to be redeemed. However, the Responsible Entity may undertake a buyback of Units provided such buyback is estimated so as to satisfy the requirements of the Corporations Act and the ASX Listing Rules.

As at the date of this PDS, the Responsible Entity does not offer a liquidity facility to Unitholders. Unitholders are potentially able to sell their Units on the ASX, subject to there being sufficient buyers of Units at a price that is satisfactory to the selling Unitholder, the ASX being open for trading and the Units not being suspended from trading. Units may be sold on the ASX by Unitholders instructing their stockbroker.

### **8.14. FURTHER ISSUE OF UNITS**

The Responsible Entity is permitted, subject to the Constitution, the Corporations Act, the ASX Listing Rules and applicable laws, to issue further Units. This may include the issue of Units to satisfy a DRP, Unit purchase plan, rights issue, placement of Units or consideration for a takeover. Any subsequently issued Units will participate in the Trust's existing as well as future investments.

### **8.15. LEVERAGE**

The Trust may borrow directly or through an intermediate entity to fund investments or pay fees and expenses or to address the timing issues associated with the acquisition of Investments and re-investment of proceeds. The Trust has not borrowed to date and does not currently expect to borrow, although it is permitted to do so and may at any time. The Trust requires the consent of the Manager to borrow in excess of 15% of NAV and may not borrow in excess of 25% of NAV, calculated at the time of borrowing, excluding short term borrowing, deferred purchase price obligations (i.e., when a portion of the purchase price for an Investment is paid after closing rather than up-front) and guarantees.

It is anticipated that the Underlying Funds will from time to time employ leverage in a wide variety of ways. Furthermore, there generally will be no formal limitation on the amount of leverage that an Underlying Fund may use.

### **8.16. DERIVATIVES**

The Trust is denominated in Australian dollars. The Trust will make investments that are predominantly denominated in U.S. dollars, but may make investments denominated in other currencies as well. In certain limited circumstances, the Trust may engage in foreign exchange hedging transactions intended to reduce foreign exchange exposure.

In addition to the use of derivatives related to the Trust's foreign exchange exposure, the Trust and the Underlying Funds may invest in derivatives such as options, swaps, futures and warrants in an effort to effectively execute their investment strategies. Use of derivatives is not expected to be a significant component of the Trust's direct investments. Use of derivatives by an Underlying Fund will be subject to agreed guidelines and restrictions applicable to the particular Underlying Fund.

### 8.17. SHORT SELLING

The Trust does not engage in short selling as part of its Investment Strategy. However, there is no prohibition on short sales and the Underlying Funds may use short selling in an effort to effectively execute their investment strategy within the agreed guidelines and restrictions applicable to the particular Underlying Fund.

### 8.18. LABOUR STANDARDS AND ENVIRONMENTAL, SOCIAL AND ETHICAL CONSIDERATIONS

The Trust's investment criteria does not include giving additional weight to labour standards, environmental, social or ethical considerations when making or realising an investment of the Trust. However, the Investment Manager views labour standards, environmental, social and ethical issues as key elements of investment return, volatility, and risk mitigation. The Investment Manager therefore considers these factors in its investment process generally to the extent it believes such factors may have a material impact on investment performance.

Both PCG and the parent company of GCM are signatories to the United Nations-supported Principles for Responsible Investment ("UNPRI"), meaning that both Pengana and the GCM Group have undertaken to take into account environmental, social and governance considerations in their investment processes.

### 8.19. REPORTS TO UNITHOLDERS

The Trust is a disclosing entity and as such is required to meet the continuous disclosure requirements of the Corporations Act and Listing Rules. These obligations require the ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of the ASX making the information available to the financial market operated by it. In particular, Pengana will:

- (a) Prepare annual and half-yearly financial statements for the Trust which will be announced on the ASX.
- (b) Will report its NAV per Unit (including the value of the Alignment Shares) monthly to the ASX and its website.
- (c) Notify ASX of any information concerning the Trust of which it is, or becomes, aware, that a reasonable person would expect to have a material effect on the price or value of Units, subject to any exceptions in the Listing Rules.

Pengana may also release to the ASX and publish on its website certain reports prepared by Pengana from time to time, to keep Unitholders informed about the current activities of the Trust and the performance of the Portfolio.

### 8.20. TRUST ANNOUNCEMENTS

The ASX maintains a record of announcements for all entities listed on the ASX. Announcements made to ASX by the Trust may be viewed on the ASX website at [www.asx.com.au](http://www.asx.com.au). ASIC also maintains records in respect of documents lodged by the Trust with it. Copies of these documents may be obtained from or inspected at any office of ASIC. This PDS is intended to be read in conjunction with information publicly disclosed by the Responsible Entity on behalf of the Trust.

The Responsible Entity will provide, free of charge to any person who requests it during the application period under this PDS, any continuous disclosure announcement lodged with ASX since the Trust's IPO.

All requests for copies of any such documents should be addressed to Pengana, by telephone at +61 2 8524 9900, or via email at [clientservice@pengana.com](mailto:clientservice@pengana.com) (between 9:00 am and 5:00 pm (AEST) Monday to Friday).

## 9

ALIGNMENT  
SHARES**9.1. BACKGROUND**

A core tenet of Pengana's philosophy is to continually strive to align Pengana's interests with those of its investors. This alignment is sought in a number of ways and is enhanced in the Trust through the issue, by Pengana Capital Group Limited (ASX: PCG) ("PCG"), of convertible preference shares in PCG ("Alignment Shares") to the Trust. Alignment Shares were issued to the Trust on 23 April 2019, being the allotment date of Units pursuant to the IPO of the Trust. The value of the Alignment Shares issued to the Trust on the allotment of Units pursuant to the IPO was equal to 5% of the total amount raised under the IPO. The value of the Alignment Shares held by the Trust on 31 January 2020 was equal to 3.5% of the Net Asset Value of the Trust. The effect of the Alignment Shares held by the Trust is that Investors in the Trust have an economic interest in PCG similar to ordinary shareholders in PCG and could benefit from any increase in corporate profitability which may result from their subscription for Units.

The Responsible Entity intends to distribute the Alignment Shares to Unitholders in proportion to the size of their Unitholding around April to June 2021, subject to a determination by the Responsible Entity to distribute. Alignment Shares will convert into ordinary shares in PCG on such distribution.

**9.2. ABOUT THE ALIGNMENT SHARES**

A new class of convertible preference shares in PCG was created and issued to the Trust as Alignment Shares. These preference shares have the same characteristics as ordinary shares in PCG except that:

- they would rank in priority to ordinary shares upon a wind-up of PCG in respect of a return of capital;
- they have no voting rights except a right to vote in each of the following circumstances:
  - during a period which a dividend (or part of a dividend) in respect of the Alignment Shares is in arrears;
  - on a proposal to reduce the PCG's share capital;
  - on a resolution to approve the terms of a buy-back agreement;
  - on a proposal that affects rights attached to the Alignment Share;
  - on a proposal to wind up PCG;
  - on a proposal for the disposal of the whole of PCG's property, business and undertaking;
  - during the winding up of PCG; and
  - in any other circumstances in which the Listing Rules requires holders of the Alignment Shares to be entitled to vote.
- they will not be quoted or tradeable on the ASX;
- they will convert into ordinary shares on being distributed to Unitholders,

and around April to June 2021, the Responsible Entity intends to distribute the Alignment Shares to the Unitholders, subject to a determination by the Responsible Entity to distribute.



If any of:

- a takeover bid is made for ordinary shares of PCG, the Board of PCG recommends acceptance of the takeover bid, the bid has become unconditional, and a single person (or a group of persons acting in concert) has acquired a relevant interest in more than 50% of the ordinary shares in PCG (calculated as if the Alignment Shares had converted to ordinary shares); or
- the Board of PCG recommends a scheme of arrangement in respect of the ordinary shares in PCG which will result in a single person (or a group of persons acting in concert) acquiring 100% of the ordinary shares in PCG, and a court of competent jurisdiction has made orders directing PCG to convene a meeting of shareholders to consider the scheme; or
- a person or entity (other than a person or entity who, together with their associates, has a relevant interest in more than 20% of the ordinary shares in PCG as at the date of issue of the Alignment Shares to the Trust) has otherwise acquired a relevant interest in more than 50% of the ordinary shares in PCG (calculated as if the Alignment Shares had converted into ordinary shares),

then the Trust will use all reasonable endeavours to procure that all of the Alignment Shares are converted into ordinary shares in PCG as soon as possible.

Due to the nature of these Alignment Shares they will be valued at parity with the ordinary shares on the ASX. The different characteristics of the Alignment Shares compared to ordinary shares have been considered as valuation factors and any impact been deemed as immaterial.

Pengana's and the Investment Manager's fees are not payable on, or determined with reference to, the total value and Price Return of the Alignment Shares. Refer to Section 11.3 for more information.

The NAV per Unit reported to the ASX on a monthly basis includes the value of the Alignment Shares.

The full terms and conditions of the Alignment Shares are listed in Section 16.4 of this PDS.

### **9.3. DISTRIBUTION OF THE ALIGNMENT SHARES**

Pengana intends to distribute the Alignment Shares to Unitholders at that time in proportion to the size of their Unitholding around April to June 2021, subject to determination by the Responsible Entity to distribute. Alignment Shares will convert into ordinary shares in PCG on such distribution.

## 10

## RISKS

Prior to investing, you should consider the risks involved in investing in the Trust and whether the Trust is appropriate for your objectives and financial circumstances. You should read this PDS in its entirety to gain an understanding of the risks associated with an investment in the Trust.

This PDS contains forward-looking statements based on certain assumptions that are inherently uncertain. Actual events and results of the Trust's operations could differ materially from those anticipated. Some of the risks may be mitigated by the use of safeguards and appropriate systems and actions, but some are outside the control of Pengana and the Investment Manager and cannot be mitigated.

Although Pengana and the Investment Manager believe the expectations reflected in any forward-looking statements are reasonable, neither Pengana nor the Investment Manager can guarantee any rate of return in terms of income or capital or the investment performance of the Trust, nor that historic results are representative of future performance. The value of the Units will reflect the performance of the investments made by the Trust and current market conditions. There can be no certainty that the Trust will generate returns or distributions to your satisfaction.

The Trust should not be seen as a predictable, low risk investment. The Trust will be investing in private market investments, which should be considered a higher risk asset class than traditional listed equities.

Investors can undertake several steps to help minimise the impact of risk. First, seek professional advice suited to your personal investment objectives, financial situation and particular needs. Second, only make investments with a risk level and time frame recommended by your professional advisor.

This section describes certain areas the Responsible Entity believes represent risks associated with an investment in the Trust.

It is not possible to identify every risk associated with investing in the Trust. Prospective Investors should note that this is not an exhaustive or complete list of all the risks associated with the Trust.

### 10.1. RISKS RELATING TO THE PRIVATE MARKETS INVESTMENT STRATEGY

**Risks Associated with Portfolio Companies** – The Portfolio Companies in which the Trust or the Underlying Funds invests may involve a high degree of business and financial risk. These companies may be in an early stage of development, may not have a proven operating history, may be operating at a loss or have significant variations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, may have a high level of leverage, or may otherwise have a weak financial condition. In addition, these Portfolio Companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing, and other capabilities, and a larger number of qualified managerial and technical personnel.

**Lack of Portfolio Liquidity** – The Underlying Funds are not expected to provide any voluntary liquidity to their investors (including the Trust and the GCM Funds) and may, at any given time, hold significant amounts of securities and other assets issued by Portfolio Companies that are very thinly-traded, for which no market exists, or which are restricted as to their transferability. The risks of such illiquidity can be further increased by changes in the financial condition or business prospects of a Portfolio Company, changes in national or international economic conditions, and changes in laws, regulations, fiscal policies or political conditions of countries in which the Portfolio Companies' investments are made.

**Market Risk** – During periods of difficult market conditions or slowdowns in a particular investment category, industry, or region, Portfolio Companies may experience decreased revenues, financial losses, difficulty in obtaining access to financing, and increased costs. During these periods, these Portfolio Companies may also have difficulty in expanding their businesses and operations and may be unable to pay their expenses as they become due. A general market downturn or a specific market dislocation may result in lower investment returns for an Underlying Fund or a Portfolio Company in which the Trust is invested directly. The market's behaviour is unpredictable, and it is impossible to predict whether or for how long adverse conditions could continue. Therefore, it is important to understand that the value of the Trust may fall, sometimes sharply, and Investors could lose money.

**Currency Risk** – Investments will predominantly be made in U.S. dollars (as well as multiple other foreign currencies), and if these currencies change in value relative to the Australian dollar (being the functional currency of the Trust) the value of these investments can change and accordingly can negatively affect the value of the Portfolio. The Investment Manager has no obligations or duty to hedge the Trust's currency risk; however, in certain limited circumstances, the Trust may engage in foreign exchange hedging transactions intended to reduce foreign exchange exposure, primarily to hedge capital calls or known Commitments. To the extent GCM engages in any currency hedging activities, it generally will adjust hedging positions only once a month and ordinarily will not attempt to hedge the exchange-rate risk attributable to intra-month profit and loss. Consequently, while the Trust may incur potentially material exchange-rate hedging costs, it will nevertheless be subject to potentially material exchange-rate risk. Further, to the extent any currency hedging activities are undertaken, GCM also anticipates there will be "tracking error" between any hedge and the currency exposure due to, among other things, the use of estimates to adjust hedging positions and unhedged intra-month profit and loss in respect of the relevant position. Assets of the Trust used for exchange-rate hedging purposes will not be available for investment.

**Long-Term Time Horizon** – Even if the Trust's investments prove successful, they are unlikely to produce a realised return for a number of years.

**Reliance on Third-Party Underlying Investment Managers** – The Trust invests in Underlying Funds and Portfolio Companies managed by third parties. GCM, as Investment Manager of the Trust, generally does not have an active role in the management of the assets of the third-party managed Underlying Funds or Portfolio Companies, including in the valuation of investments by the third-party managed Underlying Funds. Although the Investment Manager will monitor the performance of Underlying Funds and Co-investments, GCM relies upon third-party Underlying Investment Managers to operate the third-party managed Underlying Funds and Co-investments on a day-to-day basis. GCM's ability to withdraw from or transfer interests in such funds and Co-investments is strictly limited. Further, the performance of each investment made by GCM depends significantly on decisions made by third parties, who will generally have sole and absolute discretion in structuring, negotiating and purchasing, financing, monitoring and eventually divesting investments made by such third-party managed Underlying Funds or Portfolio Companies, and such decisions, if unsuccessful, will directly adversely, perhaps materially adversely, affect the returns achieved by the Trust. GCM will often not be aware of the particular Portfolio Companies in which a third-party managed Underlying Fund is invested, and Investors themselves will have no direct dealings or contract relationship at the third-party managed Underlying Fund or Portfolio Company level.

**Substantial Costs** – The Trust is subject to substantial costs, as well as to a "layering" of fees and expenses including at the level of the Trust, the GCM Funds and at the level of the Underlying Funds. These substantial costs must be offset by Portfolio gains (after reduction for incentive compensation and other advisory fees) for the Trust's net asset value not to be depleted.

**Debt and Leverage Risk** – The Underlying Funds employ leverage from time to time in a variety of ways. The Trust may borrow directly or through an intermediate entity to fund investments, pay fees and expenses or to address the timing issues associated with the acquisition of investments and re-investment of proceeds and as otherwise set forth in the Management Agreement and the Investment Management Agreement. The use of leverage may magnify the potential gains and losses achieved by the Trust or an Underlying Fund, thus impacting the value of the Units. The use of leverage will diminish the returns to the Trust if the overall returns are less than the Trust's cost of borrowing. The utilisation of leverage will also result in fees, expenses and interest costs to the Trust. In addition, the borrowings may be secured by the assets of the Trust.

**Risks associated with credit investments** – As explained in Section 8.5.5 of this PDS, the Trust invests in private credit investments, and the Investment Manager has, for cash management purposes, allocated amounts that the Trust has committed to invest in private equity investments to Short Duration Credit fund investments rather than to hold such amounts in cash. As such, the Trust is exposed to credit risk and default risk in respect of such credit investments. Credit risk is the risk that a credit investment to which the Trust has exposure may decline in price or fail to pay interest or principle when due because the credit counterparty or borrower experiences a decline in its financial status. Losses may occur because the value of the asset is affected by the creditworthiness of the borrower or by general economic and specific industry conditions. Default risk is the risk that a borrower defaults on their obligations, for instance by failing to make a payment due or to return the principal. The taking of security or the provision of third-party guarantees may not fully mitigate the risk of credit loss. These credit and default risks may result in losses for an investor in the Trust.

**Highly Competitive Market for Investment Opportunities** – The activity of identifying, completing and realising on attractive Primary and Secondary private equity investments is highly competitive and involves a high degree of uncertainty. The Trust will be competing for investments with other investment vehicles, as well as with major financial institutions and investors.

**Third-Party Underlying Investment Manager Misconduct** – The Trust depends on the integrity and good faith of the third-party Underlying Investment Managers with which GCM places the Trust's capital. GCM has no control over, and a strictly limited ability even to monitor, the third-party Underlying Investment Managers. Misconduct, conflicts of interest and/or simple bad judgment on the part of a single or only a very small number of third-party Underlying Investment Managers could materially adversely affect the Trust.

**Interest Rate Risk** – Changes in official interest rates can directly and indirectly have an impact on investment returns. Generally, an increase in interest rates has a contractionary effect on the state of the economy and the valuation of securities. For example, rising interest rates can have a negative impact on a Portfolio Company's value as increased borrowing costs may cause earnings to decline. As a result, the company's value may fall and therefore the value of an investment of the Trust may fall.

**Foreign Investment Risk** – The Trust or Underlying Funds may invest in Portfolio Companies domiciled or operating in multiple countries. Certain risks may differ from country to country. Managing these risks may increase transaction costs and adversely impact the value of the Trust's and/or such Underlying Funds' investments in certain jurisdictions. To the extent that the Trust or an Underlying Fund invests in Co-investments that operate in emerging market countries, those investments involve certain risks not typically associated with investments in the securities of companies in more developed markets, including the direct and indirect consequences of potential political, economic, social, and diplomatic changes in those countries.

**Portfolio Valuation** – Valuations of the underlying investments are expected to involve uncertainties and discretionary determinations. Third-party pricing information may not be available regarding a significant portion of investments in certain asset classes, and in some circumstances may rely on valuation models that GCM has created in order to value the assets and calculate the account value. In addition, to the extent third-party pricing information is available, a disruption in the secondary markets for investments in Underlying Funds and Co-investments may limit the ability to obtain accurate market quotations for purposes of valuing investments and calculating net asset value. Further, the liquidation values of securities and other investments may differ significantly from the interim valuations of these securities and other investments (as may the market price of the Units on the ASX from the NAV per Unit).

**Dependence on Key Personnel** – The performance of the Portfolio may depend in substantial part on the skill and expertise of GCM and GCM's personnel, as well as the skill and expertise of the personnel of Underlying Funds. There can be no assurance that GCM or any Underlying Fund will always be in a position to continue to employ skilled and experienced personnel. The loss of key personnel by GCM or an Underlying Fund could have a material adverse effect on the Trust.

**Identification and Availability of Investment Opportunities** – The performance of the Portfolio depends on the availability of, and GCM's ability to identify, suitable investment opportunities. The availability of investment opportunities may be affected by market conditions and other factors outside the control of GCM. GCM's past returns have benefited from investment opportunities and general market conditions that may not recur, including favourable borrowing conditions in the debt markets, and there can be no assurance that Underlying Funds will be able to avail themselves of comparable opportunities and conditions. There can be no assurance that the Underlying Funds will be able to identify sufficient attractive investment opportunities to meet their investment objectives.

**Risks associated in investing with other third parties** – GCM primarily invests the Trust's capital by investing in Underlying Funds in which third parties also invest. The Trust as one of multiple participants in Underlying Funds is subject to the risk of the Trust's investments being materially adversely affected by the conduct, including possible default, of other investors in such Underlying Funds, certain of which investors may have different, if not actually opposing, interests with respect to their investments in such Underlying Funds than does GCM in acting on behalf of the Trust.

**Legal, Tax and Regulatory Risk** – Legal, tax and regulatory developments may adversely affect the Trust, Underlying Funds or Co-investments during the term of the investment. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that could affect an Underlying Fund and its trading activities, and therefore could affect the investments of the Trust.

**Access to Information from Underlying Funds** – GCM may not always receive full information from third-party managed Underlying Funds for a variety of reasons, including that certain of this information may be considered proprietary by the Underlying Investment Manager of such Underlying Fund. This lack of access to information may make it more difficult for GCM to select and evaluate Underlying Fund investments, in particular Secondaries investments.

**Follow-On Investments** – The Trust or an Underlying Fund may be called upon to provide additional funding for Co-investments in which it has an investment, or may have the opportunity to increase its investment in such Co-investments. There can be no assurance that the Trust or an Underlying Fund will wish to make additional investments or that it will have sufficient available capital or funds to do so. Any decision by the Trust not to make additional investments or its inability to make them may have a substantial negative impact on a Co-investment in need of such an investment, may diminish GCM's ability to influence the Co-investment's future development, and/or may result in substantially reduced returns from the Co-investment – even if successful – due to dilution.

**Risks Upon Disposal of Investments** – In connection with the disposal of an investment in a Co-investment company, the Trust or an Underlying Fund may be required to make representations about the business and financial affairs of the Co-investment of a type typically made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Trust or an Underlying Fund may also be required to indemnify the purchasers of such investment or the underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate, or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the Trust.

**Inside Information** – From time to time, GCM or its affiliates or an Underlying Investment Manager or its affiliates may come into possession of material, non-public information concerning an entity in which the Trust and/or an Underlying Fund has invested, or proposes to invest, and the possession of such information may limit the ability of the Trust or such Underlying Fund, as the case may be, to manage its investment in such entity as the Trust or such Underlying Fund otherwise would.

**Derivatives Risk** – Derivatives may be used by the Underlying Funds or the Trust in the attempt to efficiently execute their strategies. The value of derivatives can change in response to a range of unpredictable factors such as changes in interest rates, volatility in the value of the underlying asset, foreign exchange rates or credit rating. Since a small investment in derivatives' controls a much greater value of underlying assets, investments in derivatives can involve much greater risk than buying the derivative's underlying asset directly. This magnifies both profits and losses, as measured against the outlay. Losses from derivatives transactions can be substantial and can exceed the original amount invested. The Trust and Underlying Funds may also be exposed to counterparty risk (i.e., risk in connection with the parties on the other side of derivatives contracts entered into for the Trust). Other derivatives risks include the value of the derivatives failing to move in line with the underlying asset and the potential illiquidity of the derivatives.

**Cyber Security Breaches and Identity Theft** – Cyber security incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in both. Pengana's, GCM's, the respective Underlying Investment Managers' and their respective service providers' information and technology systems may be vulnerable. If unauthorised parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information. Breaches such as those involving covertly introduced malware, impersonation of authorised users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Pengana's, GCM's, the respective Underlying Investment Managers' – and, accordingly – the Trust's and/or Underlying Funds' operations.

**Short Selling Risk** – Short selling is not part of the Trust's Investment Strategy. However, Underlying Funds may use short selling in order to more effectively execute their investment strategies. The maximum profit from a short position is equal to the value of the asset sold short minus lending fees incurred in borrowing the asset. However, the potential loss on a short position is unlimited. Where the market price of the asset sold short rises, the costs of covering the short position also rise, theoretically without limit, although in practice the position would normally be closed out — if possible — through buying the shorted asset at some predetermined price to cap the level of potential loss. The risk of loss from short selling is greater than from holding a long position.



## 10.2. RISKS RELATING TO THE TRUST

**Conflicts of Interest Risk** – GCM, its affiliated entities, and its related persons are subject to certain actual or potential conflicts of interest in making investment decisions. Because GCM has different financial services businesses and manages and/or advises multiple funds, it is subject to a number of actual and potential conflicts of interest, greater regulatory oversight and more legal and contractual restrictions than those to which it would otherwise be subject if it had only one line of business or managed and/or advised only a single fund. GCM maintains policies and procedures that attempt to address actual and potential conflicts of interest. Refer to Section 17.2 of this PDS for information on how the Investment Manager will manage potential conflicts of interest. In the event that a conflict of interest arises, GCM will generally attempt to resolve such conflict according to its policies and procedures and in a fair and equitable manner, on a case-by-case basis. However, GCM will not be able to resolve all conflicts of interest in a manner that is equitable or favourable to all Investors. By investing in the Trust, each Investor will be deemed to have acknowledged and consented specifically to: (i) the existence of such actual, apparent and potential conflicts of interest, including, without limitations, those described herein; and (ii) the actions taken by GCM to address such conflicts and to the extent permitted by applicable law, to have waived any claims with respect to the existence of any conflicts of interest. It's a fundamental conflict of interest that GCM will allocate Trust capital to GCM Funds from which the GCM Group receives advisory fees including incentive compensation.

**Counterparty Risk** – There is a risk that the Trust may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations. Counterparty risk arises primarily from investments in cash, derivatives and currency transactions. Substantial losses can be incurred if a counterparty fails to deliver on its contractual obligations.

**Distribution Risk** – There may be circumstances when the Target Cash Distribution or Early Years Intended Cash Distribution may result in a reduction in the capital of the Trust. There also may be circumstances where a portion of the Trust's income may not be distributed and may instead be accumulated or deferred, and in such circumstances, there is a risk the distribution received by Unitholders in cash may be insufficient to cover a Unitholder's tax payable on the total distribution.

**Performance Fee Structure Risk** – Pengana and GCM may each receive a performance fee in circumstances outlined in Section 11. These arrangements may create an incentive for Pengana and GCM to take more risk with investing the Trust's capital than may otherwise be the case. In addition, GCM and its affiliates are eligible to receive or share in the performance fees paid by certain of the GCM Funds. The performance fees paid by the Underlying Funds are calculated on the basis of the performance of each Underlying Fund separately. Consequently, the Trust could pay substantial performance fees on its investment in certain Underlying Funds despite incurring material losses on its overall investment in the Underlying Funds.

**Trust Risk** – Trust risk refers to other specific risks associated with the Trust, such as termination and changes to fees and expenses. The performance of the Trust or the security of a Unitholder's capital is not guaranteed. There is no guarantee that the Investment Strategy of the Trust will be managed successfully, or will meet its objectives. Failure to do so could negatively impact the performance of the Trust. An investment in the Trust is governed by the terms of the Constitution and this PDS. The Trust is also governed by the ASX Listing Rules, and is exposed to the risks of listing on that platform, including such risks as the platform or settlements process being delayed or failing. ASX may suspend trading in the Units, or remove the Units from listing on the ASX. The Responsible Entity may elect, in accordance with the Constitution and the Corporations Act, to terminate the Trust for any reason.

## 10.3. RISKS RELATED TO THE UNITS BEING LISTED ON THE ASX

Investors should be aware there are a number of specific risks associated with the Units being listed on the ASX. These risks include:

**ASX Liquidity Risk** – Units are listed on the ASX. Although liquidity is generally expected to exist in this secondary market, there are no guarantees that an active trading market with sufficient liquidity will always exist and that such a secondary market will sustain a price representative of the NAV per Unit. As a listed investment trust, there is no redemption facility for Units. That is, if a Unitholder no longer wishes to be invested in the Trust with respect to some or all of their Units, they will not have the ability to simply redeem their Units. They will be required to sell their Units on the ASX. Whilst a listed investment trust can make a withdrawal offer from time to time, it is not the current intention of the Responsible Entity to do so.

**Price of Units on the ASX** – The trading price of any listed security may change, related to performance and matters inherent to the investment performance of the securities, but also due to external factors such as market sentiment, or a range of other factors including the presence of larger buying or selling interest in the Units. Therefore, Unitholders should expect that for periods of time, sometimes extended periods, the Units may trade below the stated underlying NAV per Unit.



**Volatility of Units** – Units listed on the ASX may at times be thinly or heavily traded, and could be very volatile, irrespective of any changes in the underlying value of the investments held by the Trust. Units may also trade at a discount or premium to the NAV per Unit. There can be no guarantee that the total number of buyers multiplied by the number of Units that each buyer wants to buy at each point in time in the market will match or exceed the total number of sellers multiplied by the number of Units each seller wants to sell, or that Unitholders will be able to buy or sell Units for a price which they or the Responsible Entity believes fairly reflects the value of their Units. In addition, the NAV per Unit will fluctuate with changes in the value of the underlying investments held by the Trust.

**Valuation Risk** - As an investor in Underlying Funds, the NAV per Unit will be largely based on valuations the Responsible Entity receives from these funds. The frequency with which valuations are provided by the Underlying Funds, and accordingly incorporated into the NAV per Unit will vary. Credit funds will tend to release valuations monthly; however, it is standard industry practice for private equity funds to release valuations quarterly, and such valuations may contain information that may be more than three months old. As such, there is a risk that the NAV per Unit will be different, perhaps materially, than the current value of the Units as of any particular day on which the Units are traded on the ASX.

**ASX Counterparty Risk** – ASX counterparty risk is the risk that when a Unitholder sells their Units on market they are relying on CHES, the central system for clearing and settling trades on the ASX, to ensure they receive their settlement proceeds as well as the risk that arises as a result of the Unitholders relying on the creditworthiness of their broker when making trades on the ASX.

#### 10.4. RISKS RELATED TO THE ALIGNMENT SHARES

The following risks relate to the Trust's investment in the Alignment Shares and may impact the performance of the Trust:

**Market Factors** – The performance of the Alignment Shares is strongly linked to the amount of FUM of the Pengana Group of Companies, which is subject to net fund flows and market performance. Market volatility can potentially diminish FUM and therefore fee income. A decline in any investment market in which the Pengana Group of Companies manages funds, or related to any asset class in which the Pengana Group of Companies manages assets, may reduce the FUM and may have a material adverse effect on the financial performance of the Pengana Group of Companies, and accordingly the value of the Alignment Shares.

**Investment Performance Risk** – A key driver of the financial performance and future growth of the Pengana Group of Companies is achieving strong investment performance for the funds managed by the Pengana Group of Companies. Any sustained period of poor investment performance (absolute, or relative to benchmarks and/or competitors) or failure to meet investment objectives for a fund could lead to a reduction in the amount of FUM and/or could lead to lower management fees, which would have a material adverse effect on the value of the Alignment Shares.

**Ability to attract new clients and retain existing clients** – The future growth prospects of the Pengana Group of Companies are determined in part by its ability to develop and launch new funds and products and retain existing clients. A reduction in the performance of its management service or appeal of its existing and future products may result in lower financial performance, which will affect the value of the Alignment Shares. The ability of the Pengana Group of Companies to successfully retain current clients and to attract new clients and grow funds under management is dependent on a number of factors including, support from investors, the success or otherwise of recently established funds and new funds and products that are launched by the Pengana Group of Companies, demand for professional funds management services, the level of competition in the market for funds management services and the quality of the customer service and administration of the Pengana Group of Companies.

**Loss of key personnel** – The investment performance, and therefore financial, performance of the Pengana Group of Companies and the value of the Alignment Shares, is highly dependent on a small number of highly skilled personnel. The future growth of the Pengana Group of Companies is also dependent on its ability to attract and retain additional skilled employees. The loss or departure of one or more key personnel, and/or the inability to hire new employees to underpin the growth of the Pengana Group of Companies, may have a material adverse effect on the performance of the Pengana Group of Companies and could result in the loss of existing clients and an inability to attract new clients.

**Compliance with and changes to legislation and regulation** – The financial services industry is highly regulated in Australia. If the Pengana Group of Companies does not or cannot comply with the necessary laws and regulations it may be exposed to fines, penalties or loss of the AFSs held by the members of the Pengana Group of Companies, namely Pengana Investment Management Limited and Pengana Capital Limited, who are the Responsible Entity and Manager of the Trust respectively, and are the responsible entities and managers of the other managed investment schemes operated by the Pengana Group of Companies. These may have a material adverse effect on the ability of the Pengana Group of Companies to operate as a fund manager and on its financial performance and reputation. These factors, as a consequence, may have a material adverse effect on the value of the Alignment Shares.

The financial services industry has undergone significant legislative change in recent years. Legislation or regulation restricting the operations of the Pengana Group of Companies, or increasing the compliance and reporting obligations of the Pengana Group of Companies, and therefore increasing its compliance costs and its risk of non-compliance, may have a material adverse effect on the financial performance and growth prospects of the Pengana Group of Companies and hence the value of the Alignment Shares.

**Competitive environment** – The Australian funds management industry is highly competitive, with a significant number of fund managers and new entrants regularly developing new products and establishing funds management businesses. Actions of current or future competitors may result in loss of FUM, fee reductions, reduced margins or lower market share, and may have a material adverse effect on the financial performance and growth prospects of the Pengana Group of Companies. In addition to actions of competitors, the growing influence of certain clients (including portfolio administration services, master trusts and other distribution platforms) may exert commercial pressure to reduce fees, which would have an adverse effect on the financial performance of the Pengana Group of Companies and hence the value of the Alignment Shares.

**Volatility and Illiquidity of the Alignment Shares** - The Alignment Shares will not be transferable on issue to the Trust. Approximately two years after the commencement of trading of the Units on the ASX, the Responsible Entity intends to distribute the Alignment Shares to Unitholders in proportion to the size of their unitholding, subject to determination by the Responsible Entity to distribute. The Alignment Shares will convert into ordinary shares in PCG on such distribution and be listed on the ASX. It is expected the Alignment Shares will be valued in parity with the PCG ordinary shares.

There is no guarantee that there will be an active market in the PCG ordinary shares. There may be few potential buyers and sellers of the PCG ordinary shares at any point in time. This may increase the volatility of the market price of PCG ordinary shares and value of the Alignment Shares.

## 10.5. INHERENT LIMITATIONS OF RISK DISCLOSURES

The discussion and summary of certain risk factors in this PDS does not in any way purport to be a complete discussion nor should it be construed to imply that it is a complete list of all of the numerous risk factors that an Investor should consider prior to deciding whether to invest in the Units.

11

FEES AND  
OTHER COSTS

The Consumer Advisory Warning below is required by law to be displayed at the beginning of the ‘Fees and Other Costs’ Section of this PDS. The example given in the warning does not relate to any investment described within this PDS.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE:

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.moneysmart.gov.au](http://www.moneysmart.gov.au)) has a managed investment fee calculator to help you check out different fee options.

11.1. WHAT ARE THE FEES AND COSTS OF THE TRUST?

This Section 11 shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Trust as a whole. Taxation information is set out in Section 15 of this PDS. You should read all of the information about fees and costs because it is important to understand their impact on your prospective investment.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the Trust		
<b>Establishment fee</b> The fee to open your investment	Nil	Not applicable
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	Not applicable

**Withdrawal fee**

The fee on each amount you take out of your investment	Nil	Not applicable
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**Exit fee**

The fee to close your investment	Nil	Not applicable
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TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<b>Management Costs<sup>†</sup></b> The fees and costs for managing your investment Total Management Costs consist of the following:		
Responsible Entity Fee and Management Fee	1.25% p.a. of NAV (in aggregate)	<p>The Responsible Entity Fee and Management Fee are payable to Pengana for the management and operational oversight of the Trust.</p> <p>Pengana will pay a portion of the Management Fee to GCM pursuant to the Investment Management Agreement.</p> <p>The total value and Price Return of the Alignment Shares is not included when calculating the Responsible Entity Fee and Management Fee payable by the Trust.</p> <p>These fees are calculated and payable monthly in arrears from the Trust. The fees are paid directly from the Trust and reflected in the NAV per Unit.</p>
Performance Fee	20%	<p>A performance fee is potentially payable by the Trust equal to 20% of the Trust Outperformance, namely of the Trust Total Return in excess of the Hurdle Return (being 8% p.a.) and subject to the NAV being greater than the Trust's HWM.</p> <p>The Performance Fee is calculated and accrued monthly and payable to Pengana from the Trust each half-year period ending 30 June or 31 December.</p> <p>The total value and Price Return of the Alignment Shares are not included when calculating the Performance Fee payable.</p>
Estimated Secondaries Management and Carried Interest Fees <sup>††</sup>	0.17% p.a. of NAV	<p>The Trust's principal allocation to Secondaries is planned to initially be effected directly within the Trust ("Secondaries Sub-Portfolio"). In the future, it is expected that the Trust will predominantly seek Secondaries exposure through a GCM Fund; however, the current GCM Fund focused on Secondaries is Closed to new investors. It is estimated as of the date of this PDS that the Trust's exposure to Secondaries that are directly held will be approximately 6.0% by the end of the current financial year ending 30 June 2020. The Secondaries Management Fee is payable to the Investment Manager quarterly in advance from the Trust and reflected in the NAV per Unit.</p>
Estimated Indirect Costs <sup>†††</sup>	1.24% p.a. of NAV	<p>This figure is calculated on the basis of Pengana's reasonable estimate of such costs attributable to the Trust or interposed vehicle's assets once the cost is incurred and reflected in the NAV per Unit.</p>

**Service Fees**

**Investment switching fee**

The fee for changing investment options	Nil	Not applicable
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<sup>†</sup> See 'Additional explanation of fees and costs' paragraphs later in Section 11.3 of this PDS for further details. The management costs are quoted inclusive of Goods and Services Tax ('GST') and net of any reduced input tax credits ('RITC') at the prescribed rates.

<sup>††</sup> The quoted amount reflects Pengana's reasonable estimate at the date of this PDS for the current financial year ending 30 June 2020 (adjusted to reflect a 12 month period). The quoted amount is an estimate only and is not a forecast. The amount may be higher or lower.

<sup>†††</sup> This estimated amount is Pengana's reasonable estimate of the indirect costs for the current financial year ending 30 June 2020 (adjusted to reflect a 12 month period). The quoted amount is an estimate only and is not a forecast. The amount may be higher or lower.

## 11.2. EXAMPLE OF ANNUAL FEES AND COSTS

The following table gives an example of how the fees and costs applicable to Units can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

EXAMPLE		
<i>Balance of \$50,000 with a contribution of \$5,000 during the year<sup>1</sup></i>		
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0.
<b>PLUS</b>		
Management Costs comprising:		And, for every \$50,000 you have in the Trust you will be charged \$1,324 each year:
- Estimated Responsible Entity and Management Fees payable to Pengana <sup>2</sup>	1.23% p.a.	\$616
- Estimated Performance Fee <sup>3</sup>	0% p.a.	\$0
- Estimated Secondaries Management Fee and Carried Interest <sup>4</sup>	0.17% p.a.	\$87
- Estimated Indirect Costs <sup>5</sup>	1.24% p.a.	\$621
<b>EQUALS</b>		If you had an investment of \$50,000 at the beginning of the year and you invested an additional \$5,000 during that year, you would be charged fees of: \$1,324 <sup>6</sup>
Cost of Trust		What it costs you will depend on the fees you negotiate.

<sup>1</sup> This example assumes the Management Costs are calculated using the \$50,000 balance only. It does not take account of the Management Costs that would be charged on the additional \$5,000 contributed during the year nor any movements in the value of an Investor's Units that may occur over the course of the year. If you had invested the additional \$5,000 for the full 12 months, the additional management costs would be \$133 (comprising \$62 Responsible Entity and Management Fee, \$0 estimated Performance Fee, \$9 estimated Secondaries Management and Carried Interest Fees, and \$62 estimated indirect costs).

<sup>2</sup> The Trust includes Alignment Shares on which the Responsible Entity and Management Fees are not charged. This causes the Responsible Entity and Management Fee rate to be lower than 1.25% p.a. of the NAV in the current financial year. The fee amount is an estimate only and is not a forecast. The fee may be higher or lower.

<sup>3</sup> The Performance Fee amount is an estimate only and is not a forecast. The Manager did not earn any Performance Fee for the Trust's first Performance Fee Payment Period from the commencement of the Trust up to 31 December 2019. If a Performance Fee is payable the percentage of Management Costs and the dollar amount charged will increase to reflect the amount of the Performance Fee.

<sup>4</sup> The quoted amount reflects Pengana's reasonable estimate at the date of this PDS for the current financial year of the Trust ending on 30 June 2020 (adjusted to reflect a 12 month period). The fees are an estimate only and not a forecast. The fee may be higher or lower.

<sup>5</sup> Indirect costs include an estimate as at the date of this PDS of the anticipated management fees and incentive fees in the current financial year of the Trust ending on 30 June 2020 (adjusted to reflect a 12 month period) to either GCM as manager of GCM Funds or the Underlying Investment Managers of other Underlying Funds. The indirect costs amount is an estimate only and is not a forecast. The indirect costs may be higher or lower.

<sup>6</sup> Additional fees may apply. Please refer to Section 11.3 on "Additional explanation of fees and costs".

### 11.3. ADDITIONAL EXPLANATION OF FEES AND COSTS

#### 11.3.1. MANAGEMENT COSTS

The management costs of the Trust as set out in the PDS are comprised of the Responsible Entity Fee, Management Fee, Performance Fee, expenses and indirect costs. The management costs do not include transactional and operational costs or any abnormal expenses (such as defending or bringing litigation proceedings).

Pengana will pay a portion of the Management Fee it receives to GCM. GCM also receives management fees and/or incentive compensation from the GCM Funds in which the Trust invests (but will not receive fees from both sources with respect to the same investment).

#### 11.3.2. RESPONSIBLE ENTITY AND MANAGEMENT FEE

The Trust pays Pengana Investment Management Limited a responsible entity fee of 0.05% p.a. ("Responsible Entity Fee") and pays Pengana Capital Limited a management fee of 1.20% p.a. ("Management Fee"). These fees are expressed as a per annum percentage of the Trust's NAV as at the end of the month (which 1. is adjusted for capital flows into and out of the Trust including distributions, 2. is before the Management Fee and Responsible Entity Fee being calculated and any accrued and unpaid Performance Fee, and 3. excludes the total value of the Alignment Shares).

The Responsible Entity and Management Fee are calculated and payable monthly in arrears by the Trust. The Responsible Entity and Management Fee are paid directly from the Trust and reflected in the NAV per Unit.

If a Unit is purchased during a month on the ASX, it will nevertheless be subject to a full monthly Responsible Entity Fee and monthly Management Fee at month-end.

##### 11.3.2.1. Example of the annual Responsible Entity and Management Fee

Assuming the Offer is fully subscribed, allowing for the issue of the Loyalty Units and assuming the NAV of the Trust is equal to the multiple of the Subscription Price and the Units then on issue, as well as assuming the total value and Price Return of the Alignment Shares remains as at its value as at 31 December 2019, the annual Responsible Entity and Management Fee of the Trust would be as follows:

Average of monthly NAVs of the Trust for 1 year (excluding the total value and Price Return of the Alignment Shares)	\$702,709,407
Responsible Entity and Management Fee	1.25% p.a.
Total Responsible Entity and Management Fee payable	\$8,783,868

#### 11.3.3. PERFORMANCE FEE

Depending on the Trust's performance, a performance fee may be payable to the Manager ("Performance Fee"). The total value and Price Return of the Alignment Shares are not included when calculating the Performance Fee payable.

The Performance Fee is calculated and accrued monthly. The Performance Fee is paid directly from the Trust and reflected in the NAV per Unit.



### 11.3.3.1. Performance Fee Calculation Methodology

The Performance Fee is 20% of the Trust Outperformance (in excess of the Hurdle Return of 8% p.a.):

- The “Trust Outperformance” is expressed in dollars and is equal to the Trust Total Return less the Hurdle Return.
- The “Trust Total Return” is equal to the dollar change in the NAV (which 1. is adjusted for capital flows into and out of the Trust including distributions, 2. is before any accrued and unpaid Performance Fee but after the Management Fee and Responsible Entity Fee, and 3. excludes the total value of the Alignment Shares) over a Performance Fee Payment Period.
- The “Hurdle Return” is equal to 8% p.a., prorated (on a non-compounded basis) of the NAV as at the beginning of the relevant Performance Fee Payment Period (which 1. is adjusted for capital flows into and out of the Trust over the Performance Fee Payment Period, including distributions, 2. is before any accrued and unpaid Performance Fee but after the Management Fee and Responsible Entity Fee, and 3. excludes the value of Alignment Shares) for the number of days in a Performance Fee Payment Period.
- “Performance Fee Payment Period” means each half-year period or part period ending 30 June or 31 December.

The Performance Fee is calculated and accrued monthly and reflected in the NAV per Unit. The Performance Fee is paid directly from the Trust.

The Trust will only pay a Performance Fee to the extent that the NAV less the value of the Alignment Shares at the end of a Performance Fee Payment Period is greater, after accruing such Performance Fee, than the high-water mark (“HWM”). The HWM is equal to the NAV less the value of the Alignment Shares at the end of the latest Performance Fee Payment Period in which the Trust paid a Performance Fee (“Last Payment Period”). The initial HWM is equal to the initial NAV less the initial value of the Alignment Shares. The HWM will be adjusted for capital flows into and out of the Trust (including from distributions) following the Last Payment Period.

A portion of any negative Performance Fee accrual will be extinguished if there is a net monthly capital outflow (including from distributions) from the Trust. The negative Performance Fee accrual will be reduced in proportion to the size of the net monthly capital outflow relative to the Trust’s opening gross asset value. When applicable, the adjustment is made for the purpose of calculating Performance Fees and reduces the amount in dollars that the Trust has to recover before the Manager earns Performance Fees (given the Trust’s assets have been reduced).

If the accrued Performance Fee is negative at the end of a Performance Fee Payment Period, then it will be carried forward into the next Performance Fee Payment Period and form part of the Performance Fee for that Performance Fee Payment Period. Negative Performance Fee accruals resulting from underperformance in previous Performance Fee Payment Period(s) are required to be made up before a Performance Fee is payable.

The Performance Fee does not take account of the position of individual investors.

The Manager did not earn any Performance Fee for the Trust’s first Performance Fee Payment Period from the commencement of the Trust up to 31 December 2019. The Responsible Entity does not consider there is any reasonable basis on which it can forecast future performance related fees because it would involve speculation about the future performance of the Trust. The Responsible Entity therefore considers providing an estimate solely of performance fees may potentially be misleading.

### 11.3.3.2. Example of Performance Fee

The following worked example is intended only to demonstrate the Performance Fee calculation methodology and does not reflect Pengana’s or the Investment Manager’s view of the expected performance of the Trust. As such, and for simplicity, the Trust’s illustrative example returns are net of all fees and costs (including the Responsible Entity Fee and the Management Fee) except for the Performance Fee. It is not a guarantee of future performance and Trust returns will differ from those used in the example below.

Further, if the Trust has generated returns in excess of the Hurdle Return, it is expected that certain of the Underlying Investment Managers, including the GCM Group in respect of GCM Funds, will also be entitled to receive performance based compensation. The extent of the fees paid to these Underlying Investment Managers as well as the number of Underlying Investment Managers who are entitled to receive performance based fees will vary and cannot be predicted at this time.

This example assumes that at the start of year 3 of the Trust the NAV of the Trust is \$750 million<sup>23</sup>, the Alignment Shares have been distributed in a prior period, all cash distributions are reinvested by Unitholders on an ongoing basis, no Performance Fee has been levied in prior years and there is no accrued negative Performance Fee as the Trust’s past return during each part Performance Fee Payment Period has equalled the Hurdle Return (8% p.a.).

<sup>23</sup> This is not a forecast. The numbers have been chosen solely to illustrate the Performance Fee calculation methodology. The Trust’s future performance and returns will differ from the performance numbers used in this solely illustrative example of the Performance Fee calculation methodology.

Example returns used for this worked example <sup>23</sup>	Calculation	Year 3	Year4	Year 5
(a) Opening NAV of the Trust	Prior year (j)	750,000,000	829,500,000	889,638,750
(b) Trust Return <sup>24</sup> (% of Opening NAV of the Trust)		11.25% <sup>23</sup>	7.25% <sup>23</sup>	11.50% <sup>23</sup>
(c) Trust Return <sup>24</sup> in \$ value	(a) x (b)	84,375,000	60,138,750	102,308,456
(d) Closing NAV of the Trust before charging Performance Fees (if any)	(a) + (c)	834,375,000	889,638,750	991,947,206
(e) Hurdle Return for the Year	(a) x 8%	60,000,000	66,360,000	71,171,100
(f) Trust Outperformance / (underperformance) for the Year with reference to the Hurdle Return	(c) – (e)	24,375,000	-6,221,250	31,137,356
(g) Potential Performance Fee amount (20%) calculated just with reference to the performance of the Year. This amount is only payable if the amount is positive and there is no prior Year negative Performance Fee accruals.	(f) x 20%	4,875,000	-1,244,250	6,227,471
(h) Performance Fee actually payable, derived also with reference to any prior Year underperformance relative to the Hurdle Return	(g) if positive less any prior negative Performance Fee accruals	4,875,000	0	4,983,221
(i) Trust return net of Performance Fee	(c) – (h)	79,500,000	60,138,750	97,325,235
(j) Year end NAV of the Trust	(a) + (i)	829,500,000	889,638,750	986,963,985

In practice:

- the Performance Fee is actually calculated and accrued monthly, and paid each half-year period ending 30 June or 31 December. The above worked Performance Fee example has instead been calculated by determining Performance Fees each 12 months; and
- it is not expected that 100% of investors will elect to have all of their distributions reinvested in additional Units,

however we have applied the above assumptions to the worked Performance Fee example with the intent of providing a clearer explanation of the calculation methodology of the fee.

#### 11.3.4. FEES IN RESPECT OF DIRECTLY HELD SECONDARIES

The Trust's allocation to Secondaries is initially principally planned to be effected directly within the Trust ("Secondaries Sub-Portfolio") since the GCM Grosvenor Secondary Opportunities Fund II, L.P. is Closed to new investors. Once GCM's next vintage Secondaries fund launches, allocations to Secondaries are expected to be predominantly made through such GCM Fund, but may continue to be made, in whole or in part, through one or more additional Secondaries Sub-Portfolios with fees payable in a substantially similar manner to those described below. Two types of fees are payable from the Trust to the Investment Manager in respect of the Investment Manager's investment management of this Secondaries Sub-Portfolio, namely the Secondaries Management Fee and the Secondaries Carried Interest Fee.

##### 11.3.4.1. Secondaries Management Fee

Until 31 May 2022, the Secondaries Management Fee is 1.0% p.a. of the Secondaries Management Fee Base. The "Secondaries Management Fee Base" is the sum of the aggregate purchase price (including any deferred purchase obligations) of all investments in the Secondaries Sub-Portfolio *plus* the aggregate unpaid capital Commitments with respect to all investments in the Secondaries Sub-Portfolio calculated at the time of investment and not subsequently adjusted.

After 31 May 2022, the Secondaries Management Fee for each twelve month period ending 31 May is 90% of the Secondaries Management Fee paid for the immediately preceding twelve month period.

Investment banking fees, consulting or management fees, monitoring fees, break-up fees or transaction fees received by the Investment Manager from an external source in respect of investments in the Secondaries Sub-Portfolio is offset by reductions of future payments of the Secondaries Management Fee.

Following the liquidation (or permanent write down to zero) of all investments in any Secondaries Sub-Portfolio, the Secondaries Management Fee is no longer payable.

The Secondaries Management Fee is payable quarterly in advance.

<sup>24</sup> The illustrative example return of the Trust is net of all fees and costs except for the Performance Fee.

#### 11.3.4.2. Secondaries Carried Interest Fee

Proceeds attributable to the disposition of investments in the Secondaries Sub-Portfolio together with any current income earned on investments in the Secondaries Sub-Portfolio available for distribution (together, the "Secondaries Proceeds") will either (i) be retained by the Trust; or (ii) paid to the Investment Manager (or its designee) in accordance with the following order:

- Firstly, 100% of the Secondaries Proceeds will be retained by the Trust until the cumulative amount retained by the Trust is equal to the aggregate capital contributions of the Trust in respect of investments in the Secondaries Sub-Portfolio ("Secondaries Return of Capital").
- Secondly, 100% of the Secondaries Proceeds (after the retention of the Secondaries Return of Capital) is retained by the Trust until the Trust has retained a preferred return of 8% p.a. of the Secondaries Return of Capital Retention ("Secondaries Preferred Return").
- Thirdly, 100% of the Secondaries Proceeds (after the retention of the Secondaries Return of Capital and the Secondaries Preferred Return) is paid to the Investment Manager until the Investment Manager has received amounts equal to 10% of the aggregate of the Secondaries Preferred Return retained by the Trust and the amounts paid to the Investment Manager under this paragraph ("Secondaries Catch Up").
- Lastly, after the retention of the Secondaries Return of Capital and the Secondaries Preferred Return, and payment of the Secondaries Catch Up to the Investment Manager, 90% of the Secondaries Proceeds is retained by the Trust, while the remaining 10% is paid to the Investment Manager ("Secondaries Excess Proceeds Payment").

The "Secondaries Carried Interest Fee" is made up of the Secondaries Catch Up and the Secondaries Excess Proceeds Payment.

If, upon the completion of the liquidation of all of the investments in the Secondaries Sub-Portfolio, either:

- (i) the aggregate amount of Secondaries Carried Interest Fee received by the Investment Manager (or its designee) exceeds an amount equal to 10% of the difference of the aggregate amount of Secondaries Proceeds less the amount of the Secondaries Return of Capital Retention; or
- (ii) the Investment Manager (or its designee) has received any amount of the Secondaries Carried Interest Fee, but the Trust did not retain a portion of the Secondaries Proceeds equal to the sum of the Secondaries Return of Capital Retention and the Secondaries Preferred Return (computed by treating all investments in the Secondaries Sub-Portfolio as a single investment),

then the Investment Manager has to pay the Trust an amount equal to the greater of the excess described in (i) or the shortfall described in (ii) ("Secondaries Clawback"), provided that the Secondaries Clawback does not exceed the amount of Secondaries Carried Interest Fee received by the Investment Manager, net of assumed income taxes with respect to allocations of income representing the Secondaries Carried Interest Fee or payments of the Secondaries Carried Interest Fee.

#### 11.3.5. MORE THAN ONE LEVEL OF FEES

The Trust is subject to more than one level of fees:

1. The Responsible Entity Fee, the Management Fee, the Performance Fee, the Secondaries Management Fee and the Secondaries Carried Interest Fee paid at the Trust level, and
2. The management fees and incentive fees paid at the level of the Underlying Funds invested in by the Trust and payable by such Underlying Funds to the Underlying Investment Managers, and, in respect of GCM Funds, to the GCM Group.

#### Underlying Funds

The actual fees paid to Underlying Investment Managers in respect of Underlying Funds invested in by the Trust are affected by factors including, but not limited to, the Underlying Funds and direct investments that the Trust holds, the size of their allocations or Commitments, their actual fee structures, and their actual performances, and stage in the investment lifecycle.

The ongoing management fees charged by Underlying Investment Managers varies depending on the investment strategy deployed by the manager and other factors. It is expected that such management fees will typically range from approximately 0.45% to 2.00% per annum of net asset value of or commitments to an Underlying Fund.

The performance compensation paid to Underlying Investment Managers varies depending on the investment strategy of the manager and other factors and are paid on the basis of the performance of the individual Underlying Funds regardless of the overall performance of the Trust. The performance compensation rate varies however the performance rate is expected to typically vary between 0% to 20% of profits by the Underlying Fund, assuming an annualised internal rate of return is exceeded, which is commonly 8%.

The fees incurred in the Underlying Fund level are indirect costs. These indirect costs are reflected in the Estimated Indirect Costs listed in Sections 11.1 and 11.2.

#### **11.3.6. INDIRECT COSTS**

In general, indirect costs are any amounts that directly or indirectly reduce the returns on the Units that are paid from the Trust, or the amount or value of the income or assets of the Trust (including any underlying investment of the Trust). The amount of indirect costs set out in the fees and costs table are an estimate in respect of the current financial year ending 30 June 2020 (adjusted to reflect a 12 month period). Indirect costs may differ from the amount set out in the table.

Indirect costs are deducted from the returns on Investors' investment in the Trust or the Trust's assets as a whole. They are reflected in the NAV per Unit and are not an additional cost to you.

Indirect costs include advisory compensation paid to the GCM Group as manager of GCM Funds and the Underlying Investment Managers of other Underlying Funds. The total indirect costs that are paid from the income or assets of the Trust are affected by the composition of the Portfolio including the amount allocated between the various asset types, and the selection, allocation and performance of the Underlying Funds and direct investments. For more information on the Trust's two levels of expenses refer to Section 11.3.5.

#### **11.3.7. REIMBURSABLE EXPENSES**

Pengana Investment Management Limited is entitled to be reimbursed from the Trust for all costs and expenses incurred in acting as responsible entity or in relation to the administration and management of the Trust. The expenses may include, but are not limited to, audit fees, PDS preparation and printing costs, and registry services. While as at the date of this PDS Pengana does not intend to recover any such costs from the Trust (except for transactional and operational costs, indirect costs and potentially any abnormal expenses that may arise), Pengana may do so in the future, in which case Pengana will give Investors 90 days' notice. Examples of abnormal expenses could include termination of the Trust or defending or bringing litigation proceedings.

#### **11.3.8. TRANSACTIONAL AND OPERATIONAL COSTS**

Transactional and operational costs are a broad category of costs incurred by the Trust that relate to managing the assets of the Trust including buying and selling Trust investments. Some of these costs are brokerage, settlement costs, settlement charges and clearing costs.

The Responsible Entity estimates the Trust's transaction and operational costs to be approximately 0.63% of the Trust's NAV for the current financial year ending 30 June 2020 (adjusted to reflect a 12 month period). This estimate of transactional and operation costs would translate to \$315 per annum incurred within the Trust and the Underlying Funds for every \$50,000 you have invested in the Trust.

Transactional and operational costs may vary as the turnover in the underlying assets may change substantially as investment and market conditions change. Further, there are highly variable drivers upon which such transactional and operational costs are dependent.

#### **11.3.9. ALTERATION OF FEES**

All fees in this PDS can change. Reasons might include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Trust. Furthermore, as the Trust is newly established, any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time. The Constitution sets the maximum amount the Responsible Entity can charge. The Responsible Entity is not currently permitted under the Trust's Constitution to charge a higher fee than provided for in this PDS, namely 0.05% p.a. of NAV. If the Responsible Entity wishes to raise its fee, the Responsible Entity would need to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution. The Responsible Entity will give Unitholders at least 30 days' advanced notice of any proposed change to the fees detailed in this PDS where practicable.

#### **11.3.10. TAXATION**

For further information, refer to Section 15.

All fees and costs specified in this PDS are quoted on a GST inclusive basis net of reduced input tax credits unless otherwise stated.

The fees and expenses set out in this 'Additional Explanation of Fees and Costs' Section are paid out of the Trust's assets. Services supplied to the Trust are generally taxable supplies for GST purposes and therefore usually include a GST component (being 1/11 of the total amount of the fees and expenses). Generally, the Trust cannot claim full input tax credits for these services but is usually entitled to claim reduced input tax credits at the prescribed rates of the GST payable on those services.

#### **11.3.11. COMMISSION SHARING**

GCM does not currently participate in “commission sharing” arrangements. However, GCM may in the future select service providers, including affiliates of GCM, that furnish GCM with proprietary or third-party brokerage and research services that provide, in GCM's view, appropriate assistance to GCM in its investment advisory process. As a result, GCM may pay for such brokerage and research services with “soft” or commission dollars.

The Underlying Investment Managers may, and certain of them do, make extensive use of “soft dollar” services.

#### **11.3.12. DIFFERENTIAL FEES**

The Responsible Entity or the Manager may from time to time negotiate a different fee arrangement (by way of a rebate of fees) with certain 'wholesale clients' (as defined by the Corporations Act) in accordance with ASIC requirements. Any fee rebates will be paid out of the assets of the Responsible Entity or the Manager (as applicable) and will not be paid from the assets of the Trust. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at the discretion of the Responsible Entity and the Manager (as applicable).

## 12

## GOVERNANCE

**12.1. CORPORATE GOVERNANCE FRAMEWORK**

Responsibility for the Trust's proper corporate governance rests with the Responsible Entity. The Responsible Entity's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of Unitholders of the Trust.

The Responsible Entity has entered into a Management Agreement with the Manager pursuant to which the Manager provides certain management services to the Trust. The Manager, in turn, has entered into an Investment Management Agreement with the Investment Manager pursuant to which the Investment Manager provides certain investment management services to the Trust. The Responsible Entity, with reliance upon the Manager and the Investment Manager, monitors the operational and financial position, and performance of the Trust.

The Directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust. Accordingly, the Responsible Entity has created a framework for managing the Trust, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Trust's business and which are designed to promote the responsible management and conduct of the Trust.

The Responsible Entity is a wholly-owned subsidiary of PCG. The Responsible Entity is reliant on PCG for access to adequate resources, including management, staff, functional support (such as legal, compliance and risk, finance) and financial resources. PCG has made such resources available to the Responsible Entity.

**12.2. CORPORATE GOVERNANCE POLICIES**

The Responsible Entity has adopted the following policies and charters, which have been prepared having regard to the ASX Corporate Governance Principles and Recommendations, 3rd Edition ("ASX Principles").

**Audit and Risk Charter** – The Board has adopted an Audit and Risk Charter to assist and advise the Board in fulfilling its corporate governance and oversight responsibility in relation to the integrity of the Trust's financial reporting and internal control structure and reviewing the Trust's compliance, risk management systems and external audit functions.

**Board Charter** – The Board Charter sets out the role, responsibilities, structure and processes of the Board.

**Code of Conduct** – PCG's Code of Conduct sets out the standards of ethical behaviour and integrity that PCG expects from directors, officers and employees of the Pengana Group of Companies.

**Compliance Plan** – Sets out the procedures for the Responsible Entity to comply with the Corporations Act and the Constitution. The Responsible Entity's compliance with the Compliance Plan is audited annually.

**Conflicts of Interest Policy** – PCG's Conflicts of Interest Policy sets out the arrangements in place to manage conflicts of interest that may arise wholly, or partially, in relation to activities undertaken by PCG and its wholly owned subsidiaries in the provision of financial services as part of the financial services business of PCG and its wholly owned subsidiaries.



**Continuous Disclosure Policy** – The Responsible Entity must comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act with respect to the Trust, namely that it must disclose to the ASX any information concerning the Trust which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Units. The Responsible Entity's policy sets out the procedures and measures designed to ensure that it complies with its continuous disclosure obligations with respect to the Trust.

**Risk Management Framework** – PCG's risk management framework is designed to assist to identify, evaluate, monitor and manage risks.

**Securities Trading Policy** – This policy is designed to maintain investor confidence in the integrity of the Responsible Entity's internal controls and procedures and in particular to provide guidance to directors, executives and any employees on avoiding any conflicts of interest or breaches of insider trading laws.

### 12.3. ASX CORPORATE GOVERNANCE PRINCIPLES

The ASX Corporate Governance Council has developed and released the ASX Principles for Australian listed entities in order to promote investor confidence and assist entities to meet stakeholder expectations. The ASX Principles are not prescriptions, but guidelines. Nonetheless, the Responsible Entity conducts itself with respect to its operation of the Trust in accordance with the ASX Principles to the extent they apply to externally managed entities. The Responsible Entity has developed the Trust's corporate governance policies and practices having regard to the ASX Principles. Under the ASX Listing Rules, the Trust is required to provide a statement in its annual report or on its website disclosing the extent to which it has followed the ASX Principles in the reporting period. Where the Trust does not follow a principle, it must identify the principle that has not been followed and give reasons for not following it.

A brief summary of the approach adopted by the Trust is set out below:

#### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Responsible Entity is responsible for the operation and management of the Trust.

The Board has been appointed to ensure that both the Responsible Entity and the Trust are properly managed and that the interests of Unitholders are enhanced and protected. This includes monitoring the Trust's performance, viewing and overseeing the risk management framework, approval of annual and half year financial reports, monitoring and reviewing service providers, ensuring compliance with the Trust's Constitution, the Responsible Entity's Constitution and with the continuous disclosure requirements of the Listing Rules and the Corporations Act and monitoring the Responsible Entity's affairs in order to ensure that it acts in the best interests of all Unitholders.

To this end the Board has adopted appropriate corporate governance policies and practices to lay solid foundations for management and oversight. The Board has formalised its role and responsibilities into a Board Charter, which is available in the Responsible Entity's Corporate Governance section of the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1).

The Board delegates to the Responsible Entity's management team all matters not reserved to the Board, including the day-to-day management of the Responsible Entity and the operation of the Trust. Directors, management and staff are guided by Pengana's Code of Conduct which is designed to assist them in making ethical business decisions.

#### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board consists of two independent non-executive directors (one of which is the chair) and two directors who are executives of Pengana. The chair has the casting vote. The Responsible Entity ensures each director has the necessary skills, experience and expertise, and the mix remains appropriate, for the Board to function effectively. See Section 7.2.1 for brief biographies for each of the directors.

#### PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY

PCG has a Code of Conduct which sets out the expectations placed on directors, officers, employees and contractors of the Pengana Group of Companies in their business dealings. A copy of the Code of Conduct is available on the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1).

The Code of Conduct requires high standards of personal integrity and honesty in all dealings, a respect for the privacy of Unitholders and others and observance of all relevant laws.

Under the Code of Conduct the standards expected include:

- acting honestly, fairly and ethically in all business dealings;
- acting to prevent bribery and corruption;
- protecting assets, resources and information;
- working with others including showing proper courtesy, consideration and sensitivity in their dealings with clients and colleagues; and
- acting in the best interest of Pengana, its clients, shareholders, unitholders and other stakeholders.

**PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

The Responsible Entity does not have an audit committee. Given the small size of the Board (comprising four directors), the functions that would be performed by an audit committee are undertaken by the Board, with assistance from management of Pengana. This is also in line with ASX's position (explained in the ASX Principles) which recognises that "ultimate responsibility for a listed entity's financial statements rests with the full Board".

The declarations under section 295A of the Corporations Act provide formal statements to the Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Manager, which assist the Responsible Entity's Chief Executive Officer and Chief Financial Officer in making the declarations provided under section 295A of the Corporations Act.

The Responsible Entity manages the engagement and monitoring of independent external auditors for the Trust. The Board receives periodic reports from the external auditors in relation to financial reporting and the Compliance Plans for the Trust.

In relation to recommendation 4.3 (External Auditor Attends AGM), the Trust does not intend to hold an annual general meeting and accordingly this recommendation is not applicable. If the Trust were to hold an annual general meeting this recommendation would be followed.

**PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

The Responsible Entity has in place a Continuous Disclosure Policy to ensure it meets its disclosure obligations under the Corporations Act and the ASX Listing Rules in relation to the Trust. The policy requires timely disclosure of information to be reported to the Responsible Entity's management and/or directors to ensure that information that a reasonable person would expect to have a material effect on the Unit price or would influence an investment decision in relation to the Trust, is disclosed to the market. The Responsible Entity's Company Secretary assists management and/or the Board in making disclosures to the ASX after appropriate Board consultation. The Responsible Entity requires service providers, including the Manager and the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

**PRINCIPLE 6: RESPECT THE RIGHTS OF UNITHOLDERS**

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to Unitholders via the Trust Website. All ASX announcements will be promptly posted on the Trust Website: [www.pengana.com/pe1](http://www.pengana.com/pe1). The annual and half-year financial results statements and other communication materials will also be posted on the Trust Website.

In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to communications from Unitholders and convenes formal and informal meetings of Unitholders, as required. The Responsible Entity handles any complaints received from Unitholders in accordance with the Pengana Group of Companies' Complaints Handling Policy. The Responsible Entity is a member of Australian Financial Complaints Authority, an independent dispute resolution body, which is available to Unitholders.

**PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

Given the small size of the Board (comprising four directors), the Responsible Entity does not have a separate risk committee. The functions that would be performed by a risk committee are undertaken by the Board.

The Responsible Entity's Board recognises the importance of prudent identification of and management of risk factors as part of its responsibility to the Trust's unitholders and other significant stakeholders

Due to the nature of the Trust's business, the Trust and its unitholders are exposed to risk and uncertainty. The Responsible Entity has established various corporate governance, compliance and risk systems to mitigate the risks but the Responsible Entity cannot guarantee that these safeguards and systems will be effective. Additionally, some risks are outside the control of the Responsible Entity.

The Responsible Entity's Board conducts an annual review of assessment of risks and reviews the Group's risk management framework every two years or as required to satisfy itself that it continues to be sound. A review took place during the last reporting period and the Responsible Entity is satisfied that the framework remains sound.

**PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

The Board does not have a remuneration committee.

Given that the Responsible Entity has no employees and the small size of the Board (comprising four directors), the Board as a whole has responsibility for setting the level and composition of remuneration of Directors. From time to time the Board will engage external remuneration consultants to review Directors' remuneration levels.

The fees and expenses which the Responsible Entity is permitted to pay out of the assets of the Trust are set out in the Constitution. The Trust's financial statements will provide details of all fees and expenses paid by the Trust during a financial period.

## 13

FINANCIAL  
INFORMATION  
OF THE TRUST**13.1. PROCEEDS OF THE ISSUE**

The Trust intends to use the funds raised from the Offer for investment consistent with the Investment Objectives and investment process set out in Section 8.

**13.2. FINANCIAL INFORMATION**

The Trust is an Australian managed investment scheme that was registered on 18 January 2019. The Financial Information of the Trust set out below comprises of:

- Historical statements of financial position as at 30 June 2019 and 31 December 2019;
- Historical statements of profit or loss and other comprehensive income for the period from 18 January 2019 to 30 June 2019 and half-year ended 31 December 2019; and
- Historical statements of cash flows for the period from 18 January 2019 to 30 June 2019 and half-year ended 31 December 2019.  
(Hereafter the “Historical Financial Information”)
- Pro forma historical statement of financial position as at 31 December 2019 based on a notional lower subscription amount of \$100 million (“Notional Lower Subscription”); and
- Pro forma historical statement of financial position as at 31 December 2019 based on the Maximum Subscription of \$473 million.  
(Hereafter the “Pro Forma Historical Financial Information”)

(The Historical Financial Information and Pro Forma Historical Financial Information are collectively referred to as the “Financial Information”)

The Financial Information (as defined above) has been reviewed by Ernst & Young in accordance with the Australian Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information* as stated in its Independent Limited Assurance Report set out in Section 14. Investors should note the scope and limitations of the Independent Limited Assurance Report.

**13.2.1. BASIS OF PREPARATION**

The Directors of Pengana are responsible for the preparation and presentation of the Financial Information included in this Section.

The Historical Financial Information as at and for the period from 18 January 2019 (date of registration) to 30 June 2019 has been derived from the annual financial report, which was audited by Ernst & Young and on which an unmodified audit opinion was issued. The Historical Financial Information for the half-year ended 31 December 2019 has been derived from the interim financial report, which was reviewed by Ernst & Young and on which an unmodified review opinion was issued.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS"), issued by the Australian Accounting Standards Board (AASB), which are consistent with International Financial Reporting Standards.

The financial reports of the Trust for the periods ended 30 June 2019 and 31 December 2019 are available from the Trust Website ([www.pengana.com/pe1](http://www.pengana.com/pe1)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The Pro Forma Historical Financial Information has been derived from the reviewed Historical Financial Information of the Trust as at 31 December 2019 and adjusted for the effects of pro forma adjustments described in Section 13.2.7 of the PDS.

It is intended to be illustrative only and it neither reflects the actual position of the Trust as at the date of this PDS nor at the conclusion of the Offer.

The Pro Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in AAS, other than that it includes adjustments which have been prepared in a manner consistent with AAS that reflect the impact of certain transactions as if they occurred as at 31 December 2019.

Significant accounting policies in respect of the Financial Information are set out in Section 13.3 below.

The Financial Information is presented in an abbreviated form insofar as it does not include all the presentation, disclosures, statements or comparative information as required by AAS applicable to annual financial reports prepared in accordance with the Corporations Act.

The information in this Section should also be read in conjunction with the risk factors set out in Section 10 and other information contained in this PDS.

### 13.2.2. HISTORICAL AND PRO FORMA HISTORICAL STATEMENTS OF FINANCIAL POSITION

(A\$'000)	Historical		Pro Forma Historical	
	30 June 2019 (Audited)	31 December 2019 (Reviewed)	Notional Lower Subscription (\$100 million) <sup>25</sup>	Maximum Subscription (\$473 million) <sup>25</sup>
<b>Assets</b>				
Cash and cash equivalents	1,220	462	100,462	473,641
Receivables	44	498	498	498
Financial assets at fair value through profit or loss	214,398	218,498	218,498	218,498
<b>Total assets</b>	<b>215,662</b>	<b>219,458</b>	<b>319,458</b>	<b>692,637</b>
<b>Liabilities</b>				
Distributions payable	-	4,101	4,101	4,101
Payables	230	241	241	241
<b>Total liabilities</b>	<b>230</b>	<b>4,342</b>	<b>4,342</b>	<b>4,342</b>
<b>Total Unitholders' equity</b>	<b>215,432</b>	<b>215,116</b>	<b>315,116</b>	<b>688,295</b>
<b>Unitholders' equity</b>				
Issued units	205,026	205,026	305,026	678,205
Other equity reserve	10,251	10,251	10,251	10,251
Retained earnings	155	(161)	(161)	(161)
<b>Total Unitholders' equity</b>	<b>215,432</b>	<b>215,116</b>	<b>315,116</b>	<b>688,295</b>

<sup>25</sup> The Loyalty Units which are to be issued to Unitholders subject to the conditions contained in Section 5.10 do not form part of the "Notional Lower Subscription (\$100 million)" and "Maximum Subscription (\$473 million)" capital proceeds shown above. Readers of the PDS should refer to Section 13.2.7 for a discussion on the assumptions used in preparing the Pro Forma Historical Statement of Financial Position.



## 13.2.3. HISTORICAL STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(A\$'000)	Historical	
	From 18 January 2019 to 30 June 2019 (Audited)	From 1 July 2019 to 31 December 2019 (Reviewed)
<b>Investment Income</b>		
Interest income	98	5
Net gains on financial instruments at fair value through profit or loss	1,619	5,607
Net foreign exchange losses	-	(5)
Other operating income	-	286
<b>Total investment income</b>	<b>1,717</b>	<b>5,893</b>
<b>Expenses</b>		
Responsible Entity fees and Management fees	485	1,376
Transaction costs	1,077	732
<b>Total operating expenses</b>	<b>1,562</b>	<b>2,108</b>
<b>Profit for the period</b>	<b>155</b>	<b>3,785</b>
Other comprehensive income for the period	-	-
<b>Total comprehensive income for the period</b>	<b>155</b>	<b>3,785</b>

## 13.2.4. HISTORICAL STATEMENTS OF CASH FLOWS

(A\$'000)	Historical	
	From 18 January 2019 to 30 June 2019 (Audited)	From 1 July 2019 to 31 December 2019 (Reviewed)
<b>Cash flows from operating activities</b>		
Proceeds from sale of investments	26,601	39,042
Payments for purchase of investments	(229,129)	(37,965)
Transaction costs paid	(1,077)	(732)
Interest received	90	12
GST paid	(36)	-
Management fees paid	(255)	(1,365)
Other income received	-	255
<b>Net cash outflow from operating activities</b>	<b>(203,806)</b>	<b>(753)</b>
<b>Cash flows from financing activities</b>		
Issue of units	205,026	-
<b>Net cash inflow from financing activities</b>	<b>205,026</b>	<b>-</b>
Net increase in cash and cash equivalents	1,220	(753)
Cash and cash equivalents at the beginning of the period	-	1,220
Translation of foreign cash held	-	(5)
<b>Cash and cash equivalents at the end of the period</b>	<b>1,220</b>	<b>462</b>
In kind contribution - Alignment Shares	10,251	-

### 13.2.5. CAPITAL STRUCTURE

The anticipated capital structure of the Trust on completion of the Offer is set out below:

	Historical		Pro Forma Historical	
	30 June 2019	31 December 2019	Notional Lower Subscription (\$100 million) <sup>26</sup>	Maximum Subscription (\$473 million) <sup>26</sup>
Units on Issue (000's)	164,021	164,021	237,271	509,664

### 13.2.6. PRO FORMA CASH

A reconciliation of the cash included in the Pro Forma Historical Financial Information is set out below:

(A\$'000)	Pro Forma Historical	
	Notional Lower Subscription (\$100 million) <sup>27</sup>	Maximum Subscription (\$473 million) <sup>27</sup>
As at 31 December 2019	462	462
Proceeds of Offer	100,000	473,179
<b>Estimated cash position</b>	<b>100,462</b>	<b>473,641</b>

### 13.2.7. ASSUMPTIONS

The Pro Forma Historical Financial Information has been prepared on the basis of the following assumptions by the Directors of the Responsible Entity:

- Application of the significant accounting policies set out in Section 13.3
- The column "Notional Lower Subscription (\$100 million)", has been prepared on the basis of subscriptions for 73 million Units by Applicants under this PDS at an Offer Price of \$1.37 per Unit;
- The column "Maximum Subscription (\$473 million)", has been prepared on the basis of subscriptions for 345 million Units by Applicants under this PDS at an Offer Price of \$1.37 per Unit; and
- All costs of the Offer and the costs associated with the issue of Loyalty Units (as determined by the Subscription Price for Units under the Offer multiplied by the number of Loyalty Units that will be issued on the Loyalty Unit Issue Date) are to be paid by PCG. The Trust's contractual obligation to issue Loyalty Units has not been reflected in the Pro Forma Historical Financial Information.
- The effect of the Loyalty Units to be issued at the Loyalty Unit Issue Date and the corresponding cash proceeds to be received from PCG in accordance with the PCG Commitment Deed have not been reflected in the Pro Forma Historical Financial Information. Further details on the issue of Loyalty Units are set out in Section 5.10.
- The effect of any distributions to be paid on 31 March 2020 or reinvestments arising from the distribution have not been reflected in the Pro Forma Historical Financial Information.

<sup>26</sup> The Loyalty Units which are to be issued to Unitholders subject to the conditions contained in Section 5.10 do not form part of the "Notional Lower Subscription (\$100 million)" and "Maximum Subscription (\$473 million)" capital proceeds shown above. Readers of the PDS should refer to Section 13.2.7 for a discussion on the assumptions used in preparing the Capital Structure.

<sup>27</sup> The Loyalty Units which are to be issued to Unitholders subject to the conditions contained in Section 5.10 do not form part of the "Notional Lower Subscription (\$100 million)" and "Maximum Subscription (\$473 million)" capital proceeds shown above. As described in Section 5.10, the above proforma cash balances do not include cash proceeds to be received from PCG in connection with the PCG Commitment Deed described in Section 16.6.

### 13.3. SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies that have been adopted in the preparation of the Financial Information set out below, and which will be adopted in preparation of the financial statements of the Trust for each reporting date is set out as follows. The Financial Information presented in this PDS is presented in an abbreviated form and does not contain all of the presentation and disclosures that are usually provided in an annual report prepared in accordance with the AAS. The Financial Information has been prepared on the basis of assumptions outlined in Section 13.2.7.

All amounts disclosed in this section are presented in Australian dollars.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied, unless otherwise stated in the following text.

#### 13.3.1. BASIS OF PREPARATION

The Financial Information has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

#### 13.3.2. FINANCIAL INSTRUMENTS

##### (i) Classification

In accordance with AASB 9 Financial Instruments, the Trust classifies its financial assets and financial liabilities at initial recognition into the categories of financial assets and financial liabilities discussed below.

##### Assets

The Trust classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets and whether or not such cash flow constitute solely payments of principal and interest on principal amount outstanding. The Trust's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust uses fair value information to assess performance of the portfolio and to make decisions to rebalance the portfolio or to realise fair value gains or minimise losses through sales or other trading strategies. The Trust's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

##### Derivatives not designated in accounting hedges

Derivatives are initially recognised at fair value, and subsequently measured at fair value through profit or loss.

##### (ii) Recognition/derecognition

The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

##### (iii) Measurement

Financial assets and liabilities at fair value through profit or loss:

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss and other comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of profit or loss and other comprehensive income within 'change in fair value of investments at fair value through profit or loss' in the period in which they arise. Gains and losses do not include interest or dividend income.

#### 13.3.3. UNITHOLDERS' EQUITY

Under the Constitution, the Trust has no obligation to distribute income. The Units issued by the Trust are classified as equity as they satisfy the below criteria under AASB 132 Financials Instruments Presentation:

- the Units entitle unitholders to a pro-rata share of the net assets in the event of the Trust's liquidation;
- all Units have the same rights and features;
- all Units have an identical contractual obligation for the Trust to deliver a pro rata share of its net assets on liquidation; and
- the total expected cash flows attributable to the Units over their life are based substantially on the Trust's net profit/(loss).

Units are recognised at the value of consideration received by the Trust. Where the Trust purchases its own issued Units under a buyback, the consideration paid, including any directly attributable transaction costs, is deducted from Unitholders' equity.

#### **13.3.4. REVENUE AND OTHER INCOME**

Interest income on cash and cash equivalents is recognised in the statement of profit or loss and other comprehensive income using the accruals method.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense in the statement of profit or loss and other comprehensive income.

All revenue is stated net of the amount of Goods and Services Tax (GST).

#### **13.3.5. EXPENSES**

All expenses are recognised on an accrual basis.

#### **13.3.6. DISTRIBUTIONS**

The Trust has elected into the Attribution Managed Investment Trust ("AMIT") regime. The Units in the Trust have been classified as equity. Under the Constitution the Trust does not have an obligation to make distributions to Unitholders by cash and/or reinvestment in accordance with AASB 132 Financial Instruments: Presentation (AASB 132).

Distributions to unitholders are recognised directly in equity, and presented in the Statement of Changes in Equity. A distribution payable is recognised in the Statement of Financial Position where the distribution has been declared but remains unpaid at reporting date.

#### **13.3.7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash held at custodian.

#### **13.3.8. RECEIVABLES**

Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment in accordance with the policy set out in Section 13.3.4. Amounts are generally received within 30 days of being recorded as receivables.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a significant deterioration in credit risk has occurred. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on a credit adjusted effective interest rate. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

#### **13.3.9. PAYABLES**

Payables are initially recognised at fair value. They are subsequently measured at amortised cost.

#### **13.3.10. FOREIGN CURRENCY TRANSLATION**

##### **(i) Functional and presentation currency**

Items included in the Trust's financial information are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Trust competes for capital and is regulated. The Australian dollar is also the Trust's presentation currency.

##### **(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in the statement of comprehensive income on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

#### **13.3.11. INCOME TAX**

Under current legislation, the Trust is not subject to income tax provided it attributes the entirety of its taxable income to its Unitholders.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain would be included in taxable income. Realised capital losses can only be utilised to offset any realised capital gains. Net realised capital losses are retained in the Trust to be offset against any future realised capital gains. If realised capital gains exceed realised capital losses, the excess may be distributed to Unitholders.

#### **13.3.12. GOODS AND SERVICES TAX**

The GST incurred on the costs of various services provided to the Trust by third parties such as custodial services and investment management fees have been passed onto the Trust.

The Trust qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%, hence responsibility entity fees and management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the balance sheet.

Cash flows relating to GST are included in the statement of cash flows on a gross basis.

#### **13.3.13. USE OF ESTIMATES AND JUDGMENTS**

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trust uses fair value valuation techniques in valuing private equity investments and unlisted managed investment funds. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the responsible entity, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Responsible Entity has applied judgment in determining the functional currency of the Trust and considered the primary and secondary indicators in AASB 121. The currency in which funds from issuing equity instruments are generated is considered to be a key factor. The Responsible Entity has determined that the functional currency of the Trust is the Australian dollar.

#### **13.3.14. ROUNDING OF AMOUNTS**

Unless otherwise shown in the financial information, amounts have been rounded to the nearest thousand dollars and are shown in A\$'000. Pengana Private Equity Trust is a trust of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

### **13.4. SUBSEQUENT EVENTS**

In an ASX release dated 7 February 2020, the Trust reported an unaudited NAV per Unit of \$1.3793 as at 31 January 2020.



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**INDEPENDENT  
LIMITED  
ASSURANCE  
REPORT**



**Building a better  
working world**

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11 February 2020

The Board of Directors  
Pengana Investment Management Limited  
In its capacity as Responsible Entity for Pengana Private Equity Trust  
Level 12, 167 Macquarie Street  
Sydney NSW 2000

Dear Directors

## **INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION**

### **1. Introduction**

We have been engaged by Pengana Investment Management Limited ("PIML"), as Responsible Entity for Pengana Private Equity Trust ("the Trust"), to report on the historical financial information and the pro forma historical financial information of the Trust for inclusion in the product disclosure statement to be dated on or about 11 February 2020 ("PDS"), and to be issued by PIML. The Responsible Entity is seeking to raise up to \$473.2 million for the Trust at a Subscription Price per Unit equal to \$1.37 under an Entitlement Offer, Shortfall Offer and Discretionary Offer (collectively the "Offer").

Expressions and terms defined in the PDS have the same meaning in this report.

### **2. Scope**

#### ***Historical Financial Information***

You have requested Ernst & Young to review the following historical financial information of the Trust:

- ▶ the historical statements of profit or loss and other comprehensive income for the period from 18 January 2019 (date of registration) to 30 June 2019 and half-year ended 31 December 2019 as set out in Section 13.2.3 of the PDS;
- ▶ the historical statements of financial position as at 30 June 2019 and 31 December 2019 as set out in Section 13.2.2 of the PDS; and
- ▶ the historical statements of cash flows for the period from 18 January 2019 to 30 June 2019 and half-year ended 31 December 2019 as set out in Section 13.2.4 of the PDS.

(Hereafter "the Historical Financial Information")



The Historical Financial Information as at and for the period from 18 January 2019 to 30 June 2019 has been derived from the financial report, which was audited by Ernst & Young and on which an unmodified audit opinion was issued.

The Historical Financial Information as at and for the half-year ended 31 December 2019 has been derived from the interim financial report, which was reviewed by Ernst & Young and on which an unmodified review opinion was issued.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS"), which are consistent with International Financial Reporting Standards.

### ***Pro Forma Historical Financial Information***

You have requested Ernst & Young to review the following pro forma historical financial information of the Trust:

- ▶ the pro forma historical statement of financial position as at 31 December 2019 based on the notional lower subscription of \$100 million as set out in Section 13.2.2 of the PDS; and
- ▶ the pro forma historical statement of financial position as at 31 December 2019 based on the maximum subscription of \$473.2 million as set out in Section 13.2.2 of the PDS.

(Hereafter the "Pro Forma Historical Financial Information").

(The Historical Financial Information and Pro Forma Historical Financial Information are collectively referred to as the "Financial Information").

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Trust and adjusted for the effects of pro forma adjustments described in Note 13.2.1 Section 13.2.7 of the PDS.

The Pro Forma Historical Financial Information have been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards ("AAS") other than that it includes adjustments which have been prepared in a manner consistent with AAS, that reflect the impact of certain transactions as if they occurred 31 December 2019.

Due to its nature, the Pro Forma Historical Financial Information do not represent the Trust's actual or prospective financial position.

The Financial Information is presented in the PDS in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.



### 3. Directors' Responsibility

The directors of Pengana Investment Management Limited, as the Responsible Entity of the Trust, are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Historical Financial Information, including the basis of preparation, selection and determination of pro forma adjustments made and included in the Historical Financial Information and Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

### 4. Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Financial Information.

### 5. Conclusion

#### ***Historical Financial Information***

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Trust comprising:

- ▶ the historical statements of profit or loss and other comprehensive income for the period from 18 January 2019 (date of registration) to 30 June 2019 and half-year ended 31 December 2019 as set out in Section 13.2.3 of the PDS;
- ▶ the historical statements of financial position as at 30 June 2019 and 31 December 2019 as set out in Section 13.2.2 of the PDS; and
- ▶ the historical statements of cash flows for the period from 18 January 2019 to 30 June 2019 and half-year ended 31 December 2019 as set out in Section 13.2.4 of the PDS



are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 13.2.1 of the PDS.

#### ***Pro Forma Historical Financial Information***

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Trust comprising:

- ▶ the pro forma historical statement of financial position as at 31 December 2019 based on the notional lower subscription of \$100 million as set out in Section 13.2.2 of the PDS; and
- ▶ the pro forma historical statement of financial position as at 31 December 2019 based on the maximum subscription of \$473.2 million as set out in Section 13.2.2 of the PDS

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 13.2.1 of the PDS.

#### **6. Restriction on Use**

Without modifying our conclusions, we draw attention to Section 13.2 of the PDS, which describes the purpose of the Financial Information. As a result, the Financial Information may not be suitable for use for another purpose.

#### **7. Consent**

Ernst & Young has consented to the inclusion of this limited assurance report in the PDS in the form and context in which it is included.

#### **8. Independence or Disclosure of Interest**

Ernst & Young does not have any interests in the outcome of this Offer other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully

Ernst & Young

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## TAXATION

This section provides an overview of the likely Australian income tax, Goods and Services Tax ("GST") and stamp duty consequences for Investors in the Trust, based on the laws of the Commonwealth of Australia in force as at the date of this PDS. These laws are subject to reform/change periodically as are their interpretation by the courts and the Australian Taxation Office ("ATO"). This overview outlines the Australian taxation position of Investors in the Trust who hold their Units as long term investments on capital account. It is not intended to apply to Investors who hold their Units as trading stock or acquire Units for the principal purpose of making a profit from a future disposal of those Units.

Information provided in this overview is of a general nature and is not intended to be legal advice. Potential Investors should obtain their own independent professional advice on the tax implications of holding or disposing of Units based on their own specific circumstances.

### 15.1. TAXATION OF THE TRUST

The Trust is generally be treated as a "flow-through" entity for Australian income tax purposes and is not subject to income tax. Rather, Investors should be taxed on their share of the taxable income of the Trust each year. The taxable income of the Trust may include:

- Distributions paid to the Trust or credited to the account of the Trust;
- Foreign exchange gains and losses attributable to Australian currency exchange rate movements in respect of assets of the Trust;
- Interest income on deposits and cash equivalent investments held by the Trust; and
- Net capital gains.

In the event the Alignment Shares are distributed in-specie to Unitholders, a taxable disposal event will arise for the Trust for capital gains tax purposes. Any capital gain arising from such distribution will also be included in the calculation of the taxable income of the Trust for the financial year in which the disposal occurs.

If the Trust makes a loss for Australian income tax purposes in a financial year, the tax loss may not be distributed to Investors but may be carried forward by the Trust to be offset against taxable income of the Trust in future financial years, subject to the satisfaction of certain tax loss recoupment rules. Similarly, any net capital losses can be carried forward by the Trust to be utilised to offset future capital gains.

For income tax purposes, the Trust may be taxed like a company if it is a 'public trading trust'. However, provided that the Trust and any entities that the Trust controls (or has the ability to control, either directly or indirectly) do not carry on a 'trading business', the Trust should not be treated as a public trading trust. Based on the investment structure and strategy of the Trust it is not expected that the Trust will be a public trading trust.

#### 15.1.1. MANAGED INVESTMENT TRUST STATUS

The Trust qualifies as a managed investment trust ("MIT") for Australian income tax purposes and it is proposed to make an irrevocable election to apply deemed capital account treatment (referred to as the 'capital account election') to the extent it derives any gains and losses on the disposal of certain eligible assets (such as shares in companies and units in unit trusts but excluding assets that are derivatives, foreign exchange contracts or any other investments that are subject to the Taxation of Financial Arrangements ("TOFA") provisions). The capital account election does not apply to dividends, interest or gains derived from non-eligible assets.



### 15.1.2. ATTRIBUTION MANAGED INVESTMENT TRUST STATUS

The Trust has made an irrevocable election to apply the Attribution Managed Investment Trust ("AMIT") provisions. The Responsible Entity intends to attribute the taxable income of the Trust to the Investors in accordance with the AMIT rules each financial year. If there is taxable income of the Trust that is not attributed to an Investor, the Trust will be subject to tax at the highest marginal rate (plus Medicare levy) on that non-attributed income. As discussed in Section 8.10, the Trust may determine to only make a cash distribution for each financial year equal to the Target Cash Distribution or Early Years Intended Cash Distribution, as the case may be. To that end, the Trust may determine to accumulate or defer part of the Trust's income in the Trust. In this case, the taxable income of the Trust that is attributed to an Investor (and which must be included in an Investor's income tax return) may be more than the total cash distribution received in respect of the relevant financial year.

### 15.1.3. CONTROLLED FOREIGN COMPANY PROVISIONS

The Controlled Foreign Company ("CFC") rules in Australian tax legislation can impose an accruals tax liability on Australian entities that invest in overseas entities, where certain control tests are satisfied. For example, a foreign company or limited partnership may be a CFC where the Trust (or another Australian resident entity) directly or indirectly owns 40% or more of the ownership interests in the foreign entity. In the event that the CFC rules applied to the Trust, the taxable income of the Trust may include its share of the taxable income of the CFC calculated as if the CFC were a resident taxpayer, less any assessable interim distributions paid by the CFC.

## 15.2. TAXATION OF AUSTRALIAN RESIDENT INVESTORS

Investors will include in their assessable income their share of the taxable income of the Trust that is attributed to them each financial year. The various components of the taxable income of the Trust should retain their character in the hands of the Investors for Australian tax purposes.

Investors will receive a tax statement after the end of each financial year (referred to as an AMIT Member Annual ("AMMA") Statement) that will provide them with details of the amounts that have been attributed to them by the Trust to assist them in the preparation of their tax return.

The amount of taxable income attributed to an Investor for a financial year under the AMIT rules may be more or less than the amount of cash distributed to the Investor for the financial year. In this case, an Investor's cost base in their Units held will be adjusted by the net difference between the taxable income attributed to them (inclusive of any tax free component of a discount capital gain) and the cash distributions made to the Investor in respect of their Units (also taking into account certain tax offsets that are attributed to an Investor by the Trust). If the tax cost base of a Unit is reduced to nil, the Investor should derive a capital gain on any further cash distributions that would otherwise require a reduction of cost base. Any net annual tax cost base adjustment amount will be detailed in the AMMA Statement provided to Investors.

### 15.2.1. CAPITAL GAINS

If an Investor's share of the taxable income of the Trust includes discount capital gains derived by the Trust, the Investor may be able to reduce their capital gains by any capital losses which are available to the Investor. In addition, after applying any capital loss, Investors that are an Australian resident individual, trust or complying superannuation fund, may then be entitled to apply a capital gains discount of 50% (for individuals and trusts) or 33.3% (for complying superannuation funds). Companies are not entitled to the capital gains discount.

### 15.2.2. FOREIGN INCOME TAX OFFSET

The Trust may derive foreign source income that may be subject to taxation in a foreign jurisdiction (for example, withholding tax), which is then attributed to Investors.

Investors are required to include in their assessable income their share of any foreign taxes paid by the Trust. Provided the relevant requirements are satisfied, Investors should be entitled to claim a foreign income tax offset ("FITO") in respect of the foreign taxes paid, which can be used to reduce the Australian tax payable on their share of the foreign source income of the Trust. The amount of the FITO for each financial year is generally capped at the greater of \$1,000 and the Australian tax payable by the Investor on its share of the foreign source income of the Trust (and any other assessable foreign source income derived by the Investor).

To the extent that an Investor has excess FITOs in a particular financial year (e.g., has insufficient foreign source income to utilise all of its FITOs) the excess is lost and cannot be carried forward to be utilised in future financial years.

### 15.2.3. DISPOSAL OF UNITS

Capital gains tax may arise to Investors upon a disposal of units. A capital gain will arise to an Investor where the capital proceeds from the disposal exceeds the cost base of the Units. A capital loss will arise to an Investor where the capital proceeds from the disposal is less than the reduced cost base of the Units.

Certain investors (such as Australian resident individuals, trusts and complying superannuation funds) may be entitled to a capital gains discount where they have held the Units for at least 12 months prior to disposal. Individuals and trusts may be entitled to a capital gains discount of 50% and complying superannuation funds may be entitled to a capital gains discount of 33.3%. Companies are not entitled to the capital gains discount.

### **15.3. TAXATION OF NON-RESIDENT INVESTORS**

Distributions of any foreign sourced income to non-resident investors will not be subject to Australian withholding tax.

Distributions of any Australian sourced income to non-resident investors may be subject to Australian withholding tax. The rate of withholding tax applicable to such distributions will depend on factors including the types of income being distributed and the country of residence of the Investor.

Non-residents should be exempt from Australian capital gains tax in respect of a distribution of capital gains by the Trust (including in respect of a distribution in-specie of the Alignment Shares) or on a disposal of Units on the basis that the Trust is not expected to hold material interests in Australian real estate.

### **15.4. TAX FILE NUMBER AND AUSTRALIAN BUSINESS NUMBER (AUSTRALIAN RESIDENT INVESTORS ONLY)**

It is not compulsory for Investors to provide their Tax File Number ("TFN") or Australian Business Number ("ABN") details to the Trust. However, unless an Investor is exempted, if an Investor does not provide their TFN or ABN, the Responsible Entity will be required to deduct tax from distributions to such Investor at the highest personal marginal rate plus the Medicare levy and any other applicable levies.

### **15.5. GOODS AND SERVICES TAX**

The issue or disposal of Units, and the receipt of distributions, will not trigger a GST liability for Investors. However, GST is payable by the Trust as a component of the fees and expenses incurred by the Trust. The Trust will be entitled to full input tax credits for GST incurred on certain of its costs. The Trust will also be able to claim reduced input tax credits at the prescribed rates in respect of the remainder of its costs (to the extent a full input tax credit is not available).

### **15.6. STAMP DUTY**

The issue or disposal of Units, and the receipt of distributions will not be subject to stamp duty.

### **15.7. FOREIGN ACCOUNT TAX COMPLIANCE ACT (FATCA)**

In compliance with the US income tax laws commonly referred to as the FATCA and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Trust will be required to provide information to the ATO in relation to:

- Investors that are US citizens or residents;
- entities controlled by US persons; and
- financial institutions that do not comply with FATCA.

The Trust is intending to conduct appropriate due diligence in relation to FATCA (as required). Where an Investor does not provide appropriate information to the Trust, the Trust will also be required to report such accounts to the ATO.

### **15.8 COMMON REPORTING STANDARD (CRS)**

The CRS is the global standard for the collection, reporting and exchange of financial account information of non-residents. The CRS is similar to FATCA, whereby the Responsible Entity will be required to collect and report similar financial account information of all non-resident Investors to the ATO.

The ATO may exchange this information with the participating foreign tax authorities of those non-resident Investors.

## 15.9 ANNUAL INVESTMENT INCOME REPORT (AIIR)

The Responsible Entity is required to lodge annually an AIIR to the ATO containing Investor identity details and investment income paid to Investors for the relevant financial year.

## 16

MATERIAL  
CONTRACTS**16.1. CONSTITUTION**

The Trust has been registered by ASIC as a managed investment scheme under Chapter 5C of the Corporations Act.

Pengana Investment Management Limited is the Responsible Entity of the Trust. The respective rights and obligations of the Responsible Entity and the Unitholders are determined by the Constitution and the Corporations Act, together with any exemptions and declarations issued by ASIC and the general law relating to trusts.

The Constitution is a lengthy and complex document. The following is a brief outline of the Constitution. Because the outline is brief, Investors should confirm all information by reference to the Constitution itself, which is available free of charge from the Responsible Entity. If you are unsure about anything, you should seek advice from a legal or financial advisor and examine a copy of the Constitution.

The Constitution deals with a wide range of matters, including:

- Applications for Units and the nature of a Unitholder's interest in the Trust;
- the term of the Trust and Unitholders' entitlements on winding up;
- distributions;
- further issues of Units;
- powers of the Responsible Entity;
- Unitholders' meetings;
- Unitholders' liability;
- the Responsible Entity's right to be indemnified out of the Trust, and its fees;
- how the Constitution may be amended; and
- compliance with the ASX Listing Rules.

**16.1.1. UNITS**

The beneficial interest in the Trust is divided into Units. A Unit confers an interest in the Trust's investments as a whole – it does not confer an interest in any particular asset. The Responsible Entity can issue Units in accordance with the Constitution.

The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of units. The Constitution contains provision for calculating the application price of Units, for this and any future issues. The Constitution also provides for the Responsible Entity to determine a different Application Price in relation to some Units, a class of Units or all Units to the extent it is permitted to do so by applicable ASIC relief.

When the Responsible Entity issues Units, it will exercise any discretion it has under the Constitution in relation to Unit pricing in accordance with its Unit pricing discretions documentation. You can obtain a copy of any Unit pricing discretions documentation at any time on request, at no charge, by contacting Pengana on +61 2 8524 9900.

### 16.1.2. INCOME AND DISTRIBUTIONS

The Responsible Entity will generally determine the distributable income of the Trust for each tax year as set out in Section 8.10. The Responsible Entity may also distribute capital of the Trust from time to time. Unitholders on the register on the record date for a distribution are entitled to a share of the total distributed amount based on the number of Units held.

A distribution may be paid in cash or other assets. The Responsible Entity may deduct from distributions any tax or other amount that it is required by law or authorised, to deduct, or any amount owing to it by a Unitholder.

### 16.1.3. LIABILITY OF UNITHOLDERS

As the Units are fully paid, a Unitholder's liability is limited to its investment in the Trust, however the effectiveness of such provisions has not been confirmed by superior courts.

### 16.1.4. RESPONSIBLE ENTITY'S POWERS AND DUTIES

The Responsible Entity holds the Trust's assets on trust or may have assets held by a custodian. The Responsible Entity may manage the assets as if it were the absolute and beneficial owner of them, subject only to the terms of the Constitution and its duties and obligations to Unitholders.

Examples of the Responsible Entity's powers include acquiring or disposing of any holding, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, applying for listing of the Fund, entering into derivative and currency swap arrangements, and entering into underwriting arrangements.

The Responsible Entity may appoint delegates or agents to perform any act or to exercise any of its powers as well as to assist with its duties and functions.

### 16.1.5. IN-SPECIE DISTRIBUTION OF ASSETS THAT ARE SHARES

If the Responsible Entity transfers any assets of the Trust that are shares in a company in lieu of paying cash in satisfaction of all or part of a redemption request, in payment of a distribution of income or capital, amounts owing under a buyback or as part of the winding up of the Trust or any other amounts owing to a Unitholder of the Trust, the Unitholder who is the transferee of the shares in a company is deemed to have agreed to becoming a member of the company.

## 16.2. MANAGEMENT AGREEMENT

The Responsible Entity has entered into the Management Agreement with the Manager. A summary of the material terms of the Management Agreement are set out below.

### 16.2.1. SERVICES

The Manager will invest and manage the assets and liabilities of the Trust as the agent of the Responsible Entity in accordance with the terms of the Management Agreement.

### 16.2.2. POWERS AND DISCRETIONS OF THE MANAGER

For the purpose of carrying out its functions and duties under the Management Agreement, the Manager has the powers of a natural person to deal with the assets and liabilities of the Trust and to do all things and execute all documents necessary for the purpose of managing the assets and liabilities of the Trust.

The Responsible Entity may, at any time, instruct the Manager or vary any decision of the Manager in the performance of the Manager's functions from that time, in which circumstances the Responsible Entity has the sole responsibility for the consequences of that instruction or variation. However, the Manager may complete any transaction already commenced provided it does not act contrary to any reasonable direction by the Responsible Entity.

### 16.2.3. POWERS AND DISCRETIONS OF THE RESPONSIBLE ENTITY

The Manager must not without the prior consent of the Responsible Entity:

- (a) enter into derivative contracts unless there are at all times, in the case of each derivative contract, sufficient assets in the Trust to support the underlying liability of the Responsible Entity under every derivative contract in the assets and liabilities of the Trust in the form of one or more of the following:
  - (i) assets of the kind required to be delivered under the derivative contract;
  - (ii) other derivative contracts or assets which substantially offset the underlying liability under the derivative contract; and/or
  - (iii) cash or immediately realisable assets of sufficient value either to discharge the maximum contingent liability or effect an offset as described in (ii);
- (b) delegate any of its discretionary management powers under the Management Agreement;
- (c) charge or encumber in any way (other than as arises by lien in the ordinary course of business or by statutory charge) any asset of the Trust;

- (d) perform any broking function in relation to the assets and liabilities of the Trust, but the Manager may, using reasonable care and diligence, on behalf of the Responsible Entity appoint any broker to act on behalf of the Responsible Entity in relation to the assets and liabilities of the Trust, subject to:
  - (i) reasonable monitoring of capacity and performance of the broker by the Manager; and
  - (ii) the Manager having customary assurances that the broker is aware that the Responsible Entity's liability to the broker is limited to the Responsible Entity's ability to be indemnified from the assets of the Trust. For any transaction that is a long equity transaction, the Manager's obligations only apply if the Manager considers (acting reasonably) that there is a material risk that insufficient assets of the Trust will be available to satisfy the Responsible Entity's liability to the broker in respect of such transaction;
- (e) enter into any derivative contract or any transaction involving leverage on behalf of the Responsible Entity or the Trust unless the Responsible Entity's liability in respect of the transaction is limited to the Responsible Entity's ability to be indemnified from the assets of the Trust; and
- (f) engage in securities lending in relation to the assets and liabilities of the Trust (in which case the Manager must provide a copy of the agreed policy and any set limits).

#### **16.2.4. DELEGATION**

The Manager may not delegate any of its discretionary management powers without the prior written consent of the Responsible Entity. The Responsible Entity has, as at the date of Management Agreement, consented to the Manager's sub-delegation to the Investment Manager the investment management of the Portfolio pursuant to the Investment Management Agreement (described in Section 16.3 below).

#### **16.2.5. FEES**

The Responsible Entity and the Manager are each entitled to the fees set out in Section 11 of this PDS pursuant to the Management Agreement.

#### **16.2.6. EXPENSES**

The Responsible Entity must pay all taxes, costs, charges and expenses properly incurred in connection with the investment and management of the assets and liabilities of the Trust, or the acquisition, disposal or maintenance of any investment of the assets and liabilities of the Trust (including all custodian and clearing house fees) or in acting under the Management Agreement, and the Manager may cause them to be deducted from the assets of the Trust. The Manager may allocate expenses incurred in connection with an asset acquired or to be acquired on behalf of several clients between those clients proportionately to their interest in the asset. The Manager is liable for the in-house administration costs of the Manager in the nature of rent for the Manager's premises, computer charges, salaries, research costs, the Manager's own direct legal costs in respect of the Management Agreement (if any) and like expenses. The Manager is also liable for costs incurred by the Manager's employees in the course of providing assistance with the Responsible Entity's marketing activities.

#### **16.2.7. EXCLUSIVITY**

The Manager may not perform similar investment and management services to the services performed for the Responsible Entity under the Management Agreement in respect of the Trust for any other listed investment trusts or other commingled product that utilises the same or substantially similar investment strategy as the Trust, and are registered, listed or otherwise domiciled in Australia, or are offered to retail clients in Australia. The Management Agreement does not prevent the Manager from performing similar investment and management services for itself or any managed accounts or "funds of one", or any other commingled product that are not offered to retail clients in Australia.

The Responsible Entity may not market another product that is the same or substantially similar to the Trust.

#### **16.2.8. TERM**

The initial term of the Management Agreement commences as at and from the date the Trust was commenced and ceases ten years from the first date the Units commence trading on the ASX unless terminated earlier in accordance with the terms of the Management Agreement (see below). Upon the expiry of the initial term, unless terminated earlier as described below, the Management Agreement will continue until terminated by the parties (see below).

The Responsible Entity obtained a waiver of ASX Listing Rule 15.16 to the extent necessary to permit the Manager to act as the manager of the Trust in accordance with the terms of the Management Agreement for an initial term of up to ten years from the date on which the Units in the Trust commence trading on ASX, which may be extended as described in the previous paragraph.

#### **16.2.9. TERMINATION**

##### **16.2.9.1. Automatic Termination**

After the expiry of the initial term, the Management Agreement will automatically terminate three months after an ordinary resolution of the Trust is passed to end the Management Agreement.



#### 16.2.9.2. Termination by the Responsible Entity

The Management Agreement gives the Responsible Entity the right to immediately terminate the Management Agreement and remove the Manager by written notice on the occurrence of any one of the following events:

- (a) an insolvency event occurs with respect to the Manager;
- (b) the Manager ceases to carry on business in relation to its activities as a manager;
- (c) the Manager materially breaches any provisions of the Management Agreement, or materially fails to observe or perform any representation, warranty or undertaking given by the Manager under the Management Agreement and the Manager fails to rectify such breach or failure within 10 business days of receiving notice in writing from the Responsible Entity specifying such breach or failure;
- (d) the Manager materially breaches any provision of the Management Agreement, or materially fails to observe or perform any representation, warranty or undertaking given by the Manager under the Management Agreement, and such breach of failure materially adversely affect the Trust and/or the Responsible Entity, and is incapable of being remedied;
- (e) the Manager acts or omits to act in such a manner that causes the Trust or the Responsible Entity to be in material disrepute and/or materially damages the Trust or the Responsible Entity's reputation;
- (f) the Manager ceases to be a member of the Pengana Group of Companies;
- (g) relevant law requires the Management Agreement to terminate.

#### 16.2.9.3. Termination by the Manager

The Management Agreement gives the Manager the right to terminate the Management Agreement by 3 months' written notice on the occurrence of any one of the following events:

- (a) an insolvency event occurs with respect to the Responsible Entity;
- (b) the Responsible Entity ceases to carry on business in relation to its activities as a responsible entity;
- (c) the Responsible Entity materially breaches any provisions of the Management Agreement, or materially fails to observe or perform any representation, warranty or undertaking given by the Responsible Entity under the Management Agreement and the Responsible Entity fails to rectify such breach or failure within 10 business days of receiving notice in writing from the Manager specifying such breach or failure;
- (d) the Responsible Entity materially breaches any provision of the Management Agreement, or materially fails to observe or perform any representation, warranty or undertaking given by the Responsible Entity under the Management Agreement, and such breach of failure materially adversely affects the Manager, and is incapable of being remedied;
- (e) the Responsible Entity acts or omits to act in such a manner that causes the Manager to be in material disrepute and/or materially damages the Trust or the Manager's reputation; or
- (f) relevant law requires the Management Agreement to terminate.

The Manager may also terminate the Management Agreement on not less than 6 months' written notice (or, provided that the parties agree, such lesser period that is no less than 3 months).

#### 16.2.10. MANAGEMENT AFTER TERMINATION

The Manager may deal with the assets and liabilities of the Trust for up to 30 business days from the effective date of termination of the Management Agreement in order to vest control of it in the Responsible Entity (or as the Responsible Entity may otherwise direct in writing) and during that time the Manager:

- (a) subject to the consent of the Responsible Entity, may enter transactions to settle or otherwise extinguish or offset obligations incurred by the Manager in relation to the assets and liabilities of the Trust before that date;
- (b) must, with respect to obligations not capable of settlement before transfer of the assets and liabilities of the Trust, create provision for such contingent liability as will arise, notify the Responsible Entity of that provision, and the Responsible Entity must procure that the Custodian holds sufficient assets of the assets and liabilities of the Trust to satisfy that liability;
- (c) may instruct the Custodian to deduct from the assets and liabilities of the Trust the fees, charges and expenses due to the date on which the transfer of the assets and liabilities of the Trust is effected if, after giving 10 business days' notice to the Responsible Entity of its intention to so direct the Custodian, the Responsible Entity has not objected, and all charges and expenses incurred in such actions;
- (d) must deliver to the Responsible Entity (or as the Responsible Entity reasonably directs) all records which may reasonably be required by the Responsible Entity in respect of the assets and liabilities of the Trust;
- (e) may, after consultation with the Responsible Entity, pay or cause to be paid to the Responsible Entity (or as the Responsible Entity otherwise directs) the net realisable value of any shares listed on a foreign exchange or any prescribed interest in a scheme or any interest in a managed investment scheme promoted by the Manager or the proportion of any asset which is held jointly and is indivisible; and
- (f) may deal with the assets and liabilities of the Trust in accordance with instructions from a new manager appointed by the Responsible Entity.

The Responsible Entity must take all necessary steps to facilitate the transfer of the assets and liabilities of the Trust from the Manager.

#### **16.2.11. USE OF RELATED BODIES CORPORATE**

The Responsible Entity acknowledges that the Manager may invest in, deal with or engage the services of the Manager's related bodies corporate engaged in separate business activities which are entitled to charge fees, brokerage and commissions provided that they are in the ordinary course of business and on arm's length terms. No adjustment to the fee paid under the Management Agreement is to be made for any such fee, brokerage or commission paid to a related body corporate of the Manager.

#### **16.2.12. AMENDMENT**

The Management Agreement may only be altered by the agreement of the parties to the Management Agreement, and the Investment Manager is also party to the Management Agreement. However, material changes to the Management Agreement will only be made if the Responsible Entity has obtained unitholder approval to these material changes.

#### **16.2.13. CHANGE OF CONTROL PROVISIONS**

The Manager has no right to terminate the Management Agreement in the event of a change of control of the Responsible Entity. The Responsible Entity has a right to terminate the Management Agreement in the event the Manager ceases to be a member of Pengana Group of Companies.

#### **16.2.14. RESPONSIBLE ENTITY INDEMNITY**

The Responsible Entity must indemnify the Manager against any losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the Manager or any of its officers or agents acting under the Management Agreement or on account of any bona fide investment decision made by the Manager or its officers or agents except insofar as any loss, liability, cost, charge or expense is caused by the negligence, fraud or dishonesty of the Manager or its officers or supervised agents. This obligation continues after the termination of the Management Agreement. The Responsible Entity must not fail to exercise its rights of indemnity against the Trust to meet its liabilities.

#### **16.2.15. MANAGER INDEMNITY**

The Manager must indemnify the Responsible Entity against any losses or liabilities reasonably incurred by the Responsible Entity arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any negligence, fraud or dishonesty of the Manager or its officers or supervised agents. This obligation continues after the termination of the Management Agreement.

### **16.3. INVESTMENT MANAGEMENT AGREEMENT**

The Manager has entered into the Investment Management Agreement with the Investment Manager. A summary of the material terms of the Investment Management Agreement is set out below.

#### **16.3.1. SERVICES**

The Investment Manager will invest and manage the Portfolio in accordance with the terms of the Investment Management Agreement.

The investment strategy for the Portfolio is to invest in a diversified portfolio of private market investments, with a focus on private equity, private credit and opportunistic strategies. Section 8 of this PDS outlines how the Investment Manager will invest and manage the Portfolio.

#### **16.3.2. POWERS AND DISCRETIONS OF THE INVESTMENT MANAGER**

For the purpose of carrying out its functions and duties under the Investment Management Agreement, the Investment Manager has the powers of a natural person to deal with the Portfolio and to do all things and execute all documents necessary for the purpose of managing the Portfolio.

The Manager may, at any time, instruct the Investment Manager or vary the guidelines applicable to the Portfolio and the Investment Manager in the performance of the Investment Manager's functions from that time, provided that:

- (a) the Manager may not instruct the Investment Manager to deviate from the Investment Strategy or manage the Portfolio in a manner which the Investment Manager believes not in the best interests of Investors; and
- (b) the Manager may not instruct the Investment Manager concerning investments in and/or redemptions/reallocations from any specific Underlying Funds.

The Manager has sole responsibility for the consequences of that instruction or variation. However, the Investment Manager need not comply with any such instruction which the Investment Manager reasonably believes would violate any relevant law, require the Investment Manager to unreasonably obtain any additional registration or approval, make any

additional filing or be subject to any additional tax, or result in the Investment Manager deviating from the Investment Strategy or managing the Portfolio in a manner which the Investment Manager believes is not in the best interests of Investors, or acting on any of the Manager's instructions concerning investments in and/or redemptions/reallocations from any specific Underlying Funds. The Investment Manager may complete any transaction already commenced provided it does not act contrary to any reasonable direction by the Manager.

### 16.3.3. POWERS AND DISCRETIONS OF THE MANAGER

The Investment Manager must not without the prior consent of the Manager:

- (a) enter into derivative contracts unless the Investment Manager reasonably believes there are sufficient assets in the Portfolio to support the underlying liability of the Responsible Entity under every derivative contract under normal market conditions in the form of one or more of the following:
  - (i) assets of the kind required to be delivered under the derivative contract;
  - (ii) other derivative contracts or assets which substantially offset the underlying liability under the derivative contract;
  - (iii) extension of credit from one or more lenders; and/or
  - (iv) cash or immediately realisable assets of sufficient value either to discharge the maximum contingent liability or effect an offset as described in (ii);
- (b) delegate any of its discretionary management powers under the Investment Management Agreement;
- (c) charge or encumber in any way (other than as arises by lien in the ordinary course of business, the management of the Portfolio, or by statutory charge) any asset in the Portfolio;
- (d) perform any broking function in relation to the Portfolio, but the Investment Manager may, using reasonable care and diligence, on behalf of the Responsible Entity appoint any broker to act on behalf of the Responsible Entity in relation to the Portfolio, subject to:
  - (i) reasonable monitoring of capacity and performance of the broker by the Investment Manager; and
  - (ii) the Investment Manager having customary assurances that the broker is aware that the Responsible Entity's liability to the broker is limited to the Responsible Entity's ability to be indemnified from the assets of the Trust. For any transaction that is a long equity transaction, the Investment Manager's obligations only apply if the Investment Manager considers (acting reasonably) that there is a material risk that insufficient assets of the Trust will be available to satisfy the Responsible Entity's liability to the broker in respect of such transaction;
- (e) enter into any derivative contract or any transaction involving leverage on behalf of the Responsible Entity or the Trust unless the Investment Manager has customary assurances that the counterparty to such derivative contract or transaction is aware that the Responsible Entity's liability in respect of the transaction is limited to the Responsible Entity's ability to be indemnified from the assets of the Trust; and
- (f) engage in securities lending in relation to the Portfolio (in which case the Investment Manager shall first agree to a securities lending policy for the Portfolio with the Responsible Entity).

### 16.3.4. DELEGATION

The Investment Manager may not delegate any of its discretionary management powers without the prior written consent of the Manager.

### 16.3.5. FEES

Section 11 sets out the Investment Manager's fees for which the Trust is liable pursuant to the Investment Management Agreement.

### 16.3.6. EXPENSES

The Responsible Entity must pay, or reimburse the Investment Manager for, all taxes, costs, charges and expenses properly incurred in connection with the investment and management of the Portfolio or the acquisition, disposal or maintenance of any investment of the Portfolio (including all custodian and clearing house fees) or in acting under the Investment Management Agreement and the Investment Manager may cause them to be deducted from the Portfolio.

The Investment Manager may allocate expenses incurred in connection with an asset acquired or to be acquired on behalf of several clients between those clients in accordance with the Investment Manager's compliance policies concerning allocation of expenses.

The Investment Manager is liable for the in-house administration costs of the Investment Manager in the nature of rent for the Investment Manager's premises, computer charges, salaries, research costs, the Investment Manager's own direct legal costs in respect of this Agreement (if any) and like expenses, costs incurred by the Investment Manager's employees in the course of providing assistance with the Responsible Entity's marketing activities, and any investment-related expenses (excluding any extraordinary expenses and any expenses that are capitalised into a particular investment cost), such as payments made to independent third-party vendors, consultants or professional advisers, relating to the Investment Manager making investments for the Portfolio under the Investment Management Agreement.

The Responsible Entity must pay, or reimburse, the Investment Manager for the reasonable costs associated with independent third-party vendor support used by the Investment Manager in connection with:

- (a) the calculation of the Investment Manager's Secondaries Management Fee and Secondaries Carried Interest Fee (refer to Sections 11.3.4.1 and 11.3.4.2 for a detailed explanation of these fees); and
- (b) the collection and aggregate of information which is required for reporting to the Manager and/or the Responsible Entity and cannot practically be performed by the Administrator,

subject to the appointment of the independent third-party vendor by the Responsible Entity or where otherwise appointed with the prior consent of the Responsible Entity. The Responsible Entity retains the right to appoint the Administrator to perform the above tasks at any time should this be possible.

#### **16.3.7. EXCLUSIVITY**

Provided that the net tangible assets of the Portfolio exceed \$100 million, the Investment Manager may not perform similar investment and management services to the services performed under the Investment Management Agreement in respect of the Trust for any other listed investment trusts or other commingled product that utilises the same or substantially similar investment strategy as the Trust, and are registered, listed or otherwise domiciled in Australia, and are offered to retail clients in Australia. The Investment Management Agreement does not prevent the Investment Manager from performing similar investment and management services for itself or any managed accounts or "funds of one", or any other commingled product that is not offered to retail clients in Australia.

The Responsible Entity or the Manager may not market another product that is the same or substantially similar to the Trust.

#### **16.3.8. TERM**

The initial term of the Investment Management Agreement commences as at and from the date the Trust was commenced and ceases ten years from the first date the Units commence trading on the ASX unless terminated earlier in accordance with the terms of the Investment Management Agreement (see below). Upon the expiry of the initial term unless terminated earlier as described below, the Investment Management Agreement will continue until terminated by the parties (see below).

#### **16.3.9. TERMINATION**

##### **16.3.9.1. Termination by the Unitholders**

After the expiry of the initial term, the Investment Management Agreement will terminate three months after an ordinary resolution of the Trust is passed to end the Investment Management Agreement.

##### **16.3.9.2. Termination by the Manager**

The Investment Management Agreement gives the Manager the right to terminate the Investment Management Agreement and remove the Investment Manager by three months' written notice on the occurrence of any one of the following events:

- (a) an insolvency event occurs with respect to the Investment Manager;
- (b) the Investment Manager ceases to carry on business in relation to its activities as an investment manager;
- (c) the Investment Manager knowingly and materially breaches any provisions of the Investment Management Agreement, or knowingly and materially fails to observe or perform any representation, warranty or undertaking given by the Investment Manager under the Investment Management Agreement, and such breach or failure materially adversely affects the Trust, the Manager and/or the Responsible Entity, and is incapable of being remedied or where the Investment Manager fails to rectify such breach or failure within 10 business days of receiving notice in writing from the Manager specifying such breach or failure;
- (d) is finally determined by any court to have engaged in gross negligence, wilful misconduct, wilful malfeasance or criminal conduct constituting a felony, that is reasonably material to the ability of the Manager to perform its responsibilities under the Investment Management Agreement as certified to the Investment Manager by the chief executive officer of the Responsible Entity;
- (e) a change in control of the Investment Manager occurs within the meaning and for purposes of the U.S. Investment Advisers Act of 1940;
- (f) the Investment Manager unreasonably withholds, delays or conditions its consent to any investment instruction provided by the Manager; provided, however, that any request for consent by the Manager to any investment instruction that could reasonably be expected to have a materially negative impact on the Investment Manager's anticipated economics under this Agreement shall be presumed to be unreasonable;
- (g) the performance of the Portfolio (excluding any investments made by the Portfolio for which the Manager provided investment instructions) materially and persistently underperforms the performance of an appropriate peer group of similarly constructed investment portfolios implementing substantially similar investment strategies and subject to substantially similar legal, regulatory or other similar restrictions or requirements that are managed by other managers, considered on a rolling 10 year basis (the first window of which begins with the



- commencement of the initial term), it being understood that performance shall be considered in the context of changing laws and other factors that may indicate that such investment objectives were no longer realistic; or
- (h) relevant law requires the Investment Management Agreement to terminate, despite the parties using reasonable best efforts (including negotiating in good faith to amend the Investment Management Agreement to the minimum extent necessary to eliminate such requirement of termination).

The Manager must exercise its termination right with respect to any given occurrence of any one or more of the circumstances described above within 10 business days of the day on which the Manager knew, or reasonably should have known, of such occurrence or the Manager's termination right with respect to that occurrence (but not any other occurrence of any of such circumstances) will conclusively be deemed to have been waived and no longer of any force or effect.

#### **16.3.9.3. Termination by the Investment Manager**

The Investment Management Agreement gives the Investment Manager the right to immediately terminate the Investment Management Agreement with at least three months' written notice on the occurrence of any one of the following events:

- (a) an insolvency event occurs with respect to the Manager;
- (b) the Manager ceases to carry on business in relation to its activities as a manager;
- (c) the Manager knowingly and materially breaches any provisions of the Investment Management Agreement, or knowing and materially fails to observe or perform any representation, warranty or undertaking given by the Manager under the Investment Management Agreement, and the Manager fails to rectify such breach or failure within 10 business days of receiving notice in writing from the Investment Manager specifying such breach or failure;
- (d) relevant law requires the Investment Management Agreement to terminate, despite the parties using reasonable best efforts (including negotiating in good faith to amend the Investment Management Agreement to the minimum extent necessary to eliminate such requirement of termination).

The Investment Manager may also terminate the Investment Management Agreement by giving to the Manager no less than three months' notice of termination (or such lesser period as may in the future be required by relevant law) in the event that the Manager instructs the Investment Manager in such manner that the Investment Manager need not comply with such instruction (for the reasons described in Section 16.3.2 above) and the Manager persists in such instruction despite the objections of the Investment Manager.

The Investment Manager may also terminate the Investment Management Agreement on not less than 6 months' written notice (or, provided that the parties agree, such lesser period that is no less than 3 months, or such lesser period as may in the future be required by relevant law). If the Investment Manager terminates the Investment Management Agreement without cause, the exclusivity restriction (described in Section 16.3.7 above) survives the termination of the Investment Management Agreement for 24 months from the date of termination.

#### **16.3.9.4. Termination on termination of the Management Agreement**

The Investment Management Agreement terminates on the termination of the Management Agreement. The Manager will immediately notify the Investment Manager in the event that the Management Agreement terminates; provided that the Manager and the Responsible Entity may only terminate the Management Agreement under circumstances which would also permit termination of the Investment Management Agreement, and not as a means of indirectly terminating the Investment Management Agreement under circumstances in which it could not otherwise be terminated.

#### **16.3.10. INVESTMENT MANAGEMENT AFTER TERMINATION**

The Investment Manager may deal with the Portfolio for up to 60 business days from the effective date of termination of the Investment Management Agreement in order to vest control of it in the Responsible Entity (or as the Responsible Entity or the Manager may otherwise direct in writing) and shall continue to receive its fees to the extent they relate to the portion of the Portfolio the Investment Manager is still dealing with for providing such services. During that time, the Investment Manager:

- (a) subject to the consent of the Responsible Entity or the Manager (such consent not to be unreasonably withheld, delayed or conditioned), may enter transactions to settle or otherwise extinguish or offset obligations incurred by the Investment Manager in relation to the Portfolio before that date;
- (b) shall use reasonable endeavours, with respect to obligations not capable of settlement before transfer of the Portfolio, to identify for the Responsible Entity and the Manager such contingent liabilities as the Investment Manager believes may reasonably be expected to arise, and notify the Responsible Entity and the Manager of the applicable provision — the Responsible Entity and the Manager being required to procure that the Custodian holds sufficient assets of the Portfolio to satisfy that contingent liability (assuming such liability, in fact, arises in full);
- (c) may instruct the Custodian to deduct from the Portfolio the fees, charges and expenses due to the date on which the transfer of the Portfolio is effected if, after giving 10 business days' notice to the Responsible Entity and the

Manager of its intention to so direct the Custodian, the Responsible Entity or the Manager has not objected, and all charges and expenses incurred in such actions;

- (d) shall use commercially reasonable endeavours to deliver to the Responsible Entity (or as the Responsible Entity or the Manager reasonably directs) all records which may reasonably be requested by the Responsible Entity or the Manager in respect of the Portfolio;
- (e) may, after consultation with the Responsible Entity and the Manager, pay or cause to be paid to the Responsible Entity (or as the Responsible Entity and the Manager otherwise directs) the net realisable value of any shares listed on a foreign exchange or any prescribed interest in a scheme or an interest in a managed investment scheme promoted by a GCM Party or an interest in an Underlying Fund or the proportion of any asset which is held jointly and is indivisible; and
- (f) may deal with the Portfolio in accordance with instructions from the Responsible Entity or from a new investment manager appointed by the Responsible Entity or the Manager.

The Manager shall take all necessary steps to facilitate the transfer of the Portfolio from the Investment Manager.

#### **16.3.11. INVESTMENT IN GCM FUNDS**

The Investment Manager will invest the Portfolio in GCM Funds. To be eligible for investment by the Portfolio, the GCM Fund must meet the following minimum requirements:

- (a) it must be established as an entity in which Investors have limited liability;
- (b) it must have a finite investment term, which will typically be between eight and ten years (but may be longer) following the final closing of the GCM Fund with the rights from the general partner to extend the term for up to two successive one-year periods;
- (c) it must have a mechanism to dissolve and liquidate the GCM Fund;
- (d) it must have a mechanism for the limited partners to remove and replace the general partner of the GCM Fund, or to dissolve the GCM Fund, at least for cause (which shall be at a level no greater than 66 2/3% of the investors (by size of investment) in the GCM Fund);
- (e) it must grant the general partner of the GCM Fund the right to terminate the investment manager;
- (f) it must have a mechanism to suspend the Commitment period of the GCM Fund, if applicable;
- (g) it must have a mechanism to permit the transfer of interests in the GCM Fund (namely to permit the interest in such GCM Fund held by the Trust to be sold/disposed of). If approval from the applicable GCM Party manager is required in order to transfer the Trust's interest in such GCM Fund, this approval shall not be unreasonably withheld, delayed or conditioned in respect of such interests.

In connection with any investment in a GCM Fund, the Investment Manager agrees that:

- (a) if the Investment Management Agreement is terminated pursuant to an ordinary resolution of the Trust (as described in Section 16.3.9.1 above), upon a termination of the Investment Management Agreement, each GCM Fund in which the Portfolio invests will excuse or exclude the Portfolio from any new investments made by such GCM Fund following such termination.
- (b) if the Investment Management Agreement is terminated pursuant to an ordinary resolution of the Trust (as described in Section 16.3.9.1 above), or is terminated by the Manager because of the default of the Investment Manager (as described in Section 16.3.9.2 above), following the termination of the Investment Management Agreement, the Investment Manager agrees to use its reasonable best endeavours: (a) to introduce the Manager to secondary investment firms and/or other potential parties (including affiliates of the Investment Manager) that are in the market to purchase secondary interests in the GCM Funds; and (b) to facilitate the sharing of information relating to the Portfolio's interests in the GCM Funds with suitable parties on a confidential basis.

The Investment Manager and its affiliates may receive fees, carried interest and expense reimbursements from the respective GCM Funds. The Investment Manager agrees that investments by the Portfolio in a GCM Fund will be subject to fees, carried interest and expense reimbursement terms generally applicable to other institutional investors in such GCM Funds on such terms (including specifically the calculation methodology) as are set forth in such GCM Fund's private placement memorandum or similar offering document or prospectus.

#### **16.3.12. AMENDMENT**

The Investment Management Agreement (except in relation to investment instructions) may only be altered by the agreement of the parties to the agreement, and PCG is also party to the Investment Management Agreement. However, material changes to the Investment Management Agreement will only be made if the Responsible Entity has obtained Unitholder approval to these material changes.

#### **16.3.13. CHANGE OF CONTROL PROVISIONS**

The Investment Manager has no right to terminate the Investment Management Agreement in the event of a change of control of the Manager. The Manager has a right to terminate the Investment Management Agreement in the event a change in control of the Investment Manager occurs within the meaning and for purposes of the Advisers Act.



#### 16.3.14. MANAGER INDEMNITY

The Manager shall indemnify the GCM Parties against any losses or liabilities reasonably incurred by the GCM Parties arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, any GCM Party acting under the Investment Management Agreement or on account of any investment decision made by any GCM Party except insofar as any loss, liability, cost, charge or expense is finally determined to be directly caused by the negligence, fraud or dishonesty of such GCM Party or a supervised agent of such GCM Party. This obligation continues after the termination of the Investment Management Agreement.

#### 16.3.15. INVESTMENT MANAGER INDEMNITY

The Investment Manager shall indemnify the Manager against any losses or liabilities reasonably incurred by the Manager or the Responsible Entity arising out of, or in connection with, and any costs, charges and expenses incurred directly as a result of conduct of a GCM Party finally determined to constitute negligence, fraud or dishonesty of the GCM Party or its supervised agents, provided that none of the Manager, the Responsible Entity or any of their respective affiliates shall itself have been negligent, fraudulent or dishonest in connection with the circumstances giving rise to such claim for indemnification. This obligation continues after the termination of the Investment Management Agreement.

The Investment Manager is only required to pay any amount under this indemnity once it has been finally determined that, or the Investment Manager has agreed that, the relevant cost, charge or expense was incurred directly as a result of the negligence, fraud or dishonesty of a GCM Party or its supervised agents.

### 16.4. ALIGNMENT SHARE TERMS

#### 16.4.1. ISSUE OF ALIGNMENT SHARES

##### 16.4.1.1. Terms of issue

This section sets out the terms of the non-transferable, non-redeemable converting preference shares ("Alignment Shares") to be issued by Pengana Capital Group Limited ACN 059 300 426 ("PCG") to the custodian of the Pengana Private Equity Trust ("Holder") ("Alignment Share Terms").

##### 16.4.1.2. Separate class

The Alignment Shares are a separate class of shares in PCG.

##### 16.4.1.3. Listing

The Alignment Shares will not be quoted on any stock exchange.

##### 16.4.1.4. Issue price

The Alignment Shares will be issued as fully paid at an aggregate issue price of A\$1.00.

#### 16.4.2. RIGHTS AND RESTRICTIONS

##### 16.4.2.1. Notice, reports, audited accounts and meeting

Each Alignment Share gives the Holder the same rights as those conferred by PCG's constitution on the holder of a fully paid ordinary share in the capital of PCG ("Ordinary Share") to receive notices, reports and audited accounts and to attend general meetings of PCG.

##### 16.4.2.2. Voting

An Alignment Share does not give the Holder any right to vote at any general meeting of PCG except:

- (a) during the period in which a dividend or part of a dividend in respect of the Alignment Share is in arrears;
- (b) on a proposal to reduce PCG's share capital;
- (c) on a resolution to approve the terms of a buy-back agreement;
- (d) on a proposal to affects rights attached to an Alignment Share;
- (e) on a proposal to wind up PCG;
- (f) on a proposal for the disposal of the whole of PCG's property, business and undertaking;
- (g) during the winding up of PCG; and
- (h) in any other circumstances in which the Listing Rules requires holders of Alignment Shares to be entitled to vote.

In the circumstances contemplated in the above paragraph, the Holder will be entitled:

- (a) on a show of hands, to one vote; and
- (b) on a poll, to one vote for each Alignment Share held by the Holder,

on each applicable resolution.

#### **16.4.2.3. Dividends and distributions**

On each occasion on which a dividend is paid by PCG to the holders of Ordinary Shares, a dividend must also be paid to the Holder so that the Holder receives the same amount as it would have received had its Alignment Shares been converted into Ordinary Shares on the record date of the applicable dividend.

Each dividend on an Alignment Share is to rank for payment equally with the rights in respect of dividends of the holders of Ordinary Shares and behind any other classes of shares that by their terms rank in priority to Alignment Shares.

#### **16.4.2.4. Right to participate in capital and profits on winding up**

The Holder of Alignment Shares has the right, on liquidation or a winding up of PCG, in respect of each Alignment Share held by it, to payment of an amount in priority to all holders of other classes of shares in the capital of PCG, equal to the aggregate of the following:

- (a) the amount paid up on the Alignment Share; and
- (b) the amount of all dividends declared but unpaid in respect of the Alignment Share at the date of commencement of the liquidation or winding up.

The Holder of the Alignment Shares will otherwise not have the right to participate in any surplus assets or profits of PCG on the liquidation or winding up of PCG in respect of those Alignment Shares.

#### **16.4.2.5. Conversion**

Each Alignment Share automatically converts into an Ordinary Share in accordance with section 16.4.3 below.

#### **16.4.2.6. Redemption**

An Alignment Share is not redeemable.

#### **16.4.2.7. Transferability**

An Alignment Share is not transferable (other than as may be required in connection with section 16.4.3.1 below).

### **16.4.3. CONVERSION**

#### **16.4.3.1. In-specie distribution**

Subject to the Corporations Act and the Listing Rules and a determination by the Responsible Entity of the Holder, the Holder may effect an in-specie distribution of the Alignment Shares to Unitholders on or about the date that is two years after the date on which the Alignment Shares are issued by PCG to the Holder ("Issue Date") on a date to be determined by the Holder.

#### **16.4.3.2. Automatic conversion**

On the date on which a particular Alignment Share is transferred from the Trust under section 16.4.3.1 above, immediately on an Alignment Share ceasing to be registered in the name of the custodian of the Holder, that Alignment Share will automatically, and without any further act required by PCG or the Holder, convert into Ordinary Shares on a one for one basis (subject to any adjustment in accordance with section 16.4.3.3 below) ("Conversion").

#### **16.4.3.3. Subdivision or consolidation**

If the Ordinary Shares are subdivided or consolidated the number of Ordinary Shares into which each Alignment Share converts will be increased or decreased to reflect the effect of that subdivision or consolidation.

#### **16.4.3.4. Status on conversion**

The Ordinary Shares resulting from Conversion of Alignment Shares:

- (a) have the same rights as all other fully paid Ordinary Shares; and
- (b) rank equally with all other fully paid Ordinary Shares on issue.

The Conversion of Alignment Shares into Ordinary Shares does not constitute cancellation, redemption or termination of an Alignment Share or an issue, allotment or creation of a new Ordinary Share, but has the effect of varying the status of, and the rights attaching to, the applicable Alignment Shares so that they become Ordinary Shares.

#### **16.4.3.5. Registering Conversion**

PCG must use all reasonable endeavours to procure the quotation on ASX of the Ordinary Shares created by and issued pursuant to Conversion (including, if applicable, by deliverable a completed notice to ASX in the form of Appendix 3B to the Listing Rules in relation to PCG).

#### 16.4.4. AMENDMENT

An amendment to these Alignment Share Terms may only be made if it has been approved by the Holder unless PCG is of the genuine and reasonable opinion that the amendment is:

- (a) of a formal, technical or minor nature;
- (b) made to cure any ambiguity or correct any manifest error; or
- (c) necessary to comply with the provisions of any law or the Listing Rules.

#### 16.4.5. TAKEOVERS AND SCHEMES OF ARRANGEMENT

If:

- (a) (i) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by some or all of the directors of PCG acting as a board ("PCG Directors"); (ii) the bid has become unconditional; and (iii) a single person (or a group of persons acting in concert) has acquired a relevant interest in more than 50% of the Ordinary Shares (calculated as if Alignment Shares had converted into Ordinary Shares); or
- (b) the PCG Directors recommend a scheme of arrangement in respect of the Ordinary Shares which will result in a single person (or a group of persons acting in concert) acquiring 100% of the Ordinary Shares, and which a court of competent jurisdiction has made orders under section 411(1) of the Corporations Act directing PCG to convene a meeting of shareholders of PCG to consider the scheme; or
- (c) a person or entity (other than a person or entity who, together with their associates, has a relevant interest in more than 20% of the Ordinary Shares as at the Issue Date) has otherwise acquired a relevant interest in more than 50% of the Ordinary Shares (calculated as if Alignment Shares had converted into Ordinary Shares),

the Holder will use all reasonable endeavours to procure that all of the Alignment Shares are Converted into Ordinary Shares in accordance with the mechanism contemplated in sections 16.4.3.1 and 16.4.3.2 above as soon as possible, notwithstanding that it does not coincide with a date that is on or about the date that is two years after the Issue Date.

#### 16.5. OFFER MANAGEMENT AGREEMENT

The Responsible Entity and the Manager have entered into an Offer Management Agreement with the Joint Lead Managers with respect to management of the Offer. Under the Offer Management Agreement, the Joint Lead Managers have agreed to, among other things, use their reasonable endeavours to procure Applications under the Offer. A summary of the key terms of the Offer Management Agreement is set out below.

##### 16.5.1. FEES AND EXPENSES

The Joint Lead Managers will be entitled to up to the following fees set out in the Offer Management Agreement:

- (a) an arranger fee to the Lead Arranger, Taylor Collison, of 0.10% (inclusive of GST) of the total amount raised under the Offer; and
- (b) a management fee to the Joint Lead Managers of 1.00% (exclusive of GST) of total amount raised under the Offer; and
- (c) a selling fee of 1.5% (inclusive of GST) of the number of Units allocated to a Joint Lead Manager and its brokers and affiliates under the Offer that actually settled multiplied by the Subscription Price.

The Joint Lead Managers will be reimbursed by the Responsible Entity for all reasonable costs (including any applicable GST) incurred by them of and incidental to the Offer.

##### 16.5.2. WARRANTIES AND REPRESENTATIONS

The Offer Management Agreement contains representations, warranties and undertakings provided by the Responsible Entity and the Manager to the Joint Lead Managers. The representations and warranties relate to matters such as their powers and capacities, their conduct (including in respect of compliance with applicable laws and the ASX Listing Rules, including in foreign jurisdictions in which this Offer is available), the offer documents, the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

The Responsible Entity and the Manager must not:

- (a) without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld or refused) at any time after the date of the Offer Management Agreement and before the expiration of 180 days after the Allotment Date issue or agree to issue any units (including Units), options to acquire units, or other interests or securities in the Trust, other than pursuant to the Offer, with the exemption of the issue of Units pursuant to the DRP in respect of the Special Distribution and the proposed distribution for the period ending 30 June 2020, and the issue of Loyalty Units; or
- (b) in any way reduce, reorganise, or otherwise alter the Trust's capital structure or agree or announce an intention to do any of those things, without the prior written consent of the Joint Lead Managers at any time after the date of

the Offer Management Agreement and before the expiration of 180 days after the Units are issued pursuant to the Offer, other than pursuant to the Offer, with the exemption of the issue of Units pursuant to the DRP in respect of the Special Distribution and the proposed distribution for the period ending 30 June 2020, and the issue of Loyalty Units.

### 16.5.3. INDEMNITY BY THE RESPONSIBLE ENTITY AND MANAGER

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct or gross negligence, the Responsible Entity and Manager indemnify the Joint Lead Managers and certain affiliated parties against certain liabilities and losses incurred or sustained directly or indirectly as a result of the appointment of the Joint Lead Managers pursuant to the Offer Management Agreement.

### 16.5.4. TERMINATION EVENTS

#### 16.5.4.1. Termination events not subject to materiality

A Joint Lead Manager may terminate its appointment under the Offer Management Agreement without cost or liability to that Joint Lead Manager at any time before the issue of Units under the Offer by written notice to the other parties if any of the following occurs:

- (a) **(compliance with law)** Any of the offer documents, any public and other media statements made by, or on behalf of, the Responsible Entity, the Manager or their related body corporates with their consent in relation to the affairs of the Responsible Entity, the Manager, the Trust or the Offer ("Public Information") or any aspect of the Offer does not comply with the Corporations Act (including if a statement in any of the offer documents or Public Information is or becomes materially misleading or deceptive, or a matter required to be included is omitted from an offer document or the Public Information), the ASX Listing Rules or any other applicable law or regulation;
- (b) **(supplementary product disclosure statement)** The Responsible Entity issues or, in the reasonable opinion of the Joint Lead Manager seeking to terminate, becomes required to issue a supplementary product disclosure statement to comply with section 1016E of the Corporations Act; or the Responsible Entity lodges a supplementary product disclosure statement with ASIC in a form that has not been approved by the Joint Lead Managers;
- (c) **(material adverse effect)** In the reasonable opinion of a Joint Lead Manager, a matter giving rise to a material adverse change or effect, or any development involving a prospective material adverse change or effect, in or affecting:
  - a. the general affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, equity, or results of operations of any of the Responsible Entity, the Trust, the Manager, the Investment Manager; or
  - b. the success, marketing, outcome or settlement of the Offer,
 when compared to the position disclosed in the offer documents or the Public Information, occurs or is likely to occur;
- (d) **(market fall)** The S&P/ASX All Ordinaries Index at any time falls to a level which is 90% or less than the level at the close of trading on the date of the Offer Management Agreement and remains below that level for a period of two consecutive business days or closes at that 90% level on the business day immediately prior to the Settlement Date;
- (e) **(quotation)** ASX indicates to the Responsible Entity, the Manager or a Joint Lead Manager that it will not approve the granting of official quotation to the Units issued under the Offer or that it will impose conditions which are not acceptable to the Joint Leader Managers, acting reasonably, by 5 pm on the business day immediately preceding the Settlement Date;
- (f) **(listing)** the Trust ceases to be admitted to the official list of ASX or the Units are non-voluntarily suspended from trading on, or cease to be quoted on, ASX
- (g) **(mutual recognition)** The Responsible Entity fails to comply with the requirements of the regulations in Part 9 of the *Financial Markets Conduct Regulations 2014* (New Zealand) made under section 576 of the *Financial Markets Conduct Act 2013* (New Zealand) for the purposes of implementing a recognition regime for Australia to enable the Offer to proceed on the basis of the PDS, under those regulations;
- (h) **(notifications):**
  - a. ASIC issues an order (including an interim order) under section 1020E of the Corporations Act;
  - b. ASIC holds a hearing under section 1020E(4) of the Corporations Act;
  - c. an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or an offer document or ASIC commences any investigation or hearing under Part 3 of the ASIC Act in relation to the Offer or an offer document;
  - d. any person (other than the Joint Lead Manager seeking to terminate) who has previously consented to the inclusion of its name in any offer document withdraws that consent; or
  - e. any person gives a notice under section 1021J(3) or 1021L(2) in relation to the offer documents;
- (i) **(certificate)** The Responsible Entity or the Manager does not provide the confirmation certificates confirming certain representations in the Offer Management Agreement in the manner required by that agreement or a statement in a confirmation certificate is false, misleading or deceptive;

- (j) **(withdrawal)** The Responsible Entity withdraws the Offer or an offer document for the Offer, unless a replacement product disclosure statement is lodged with ASIC in a form and substance acceptable to the Joint Lead Managers on its date of lodgement and the provision to the Joint Lead Managers of a copy of the lodged replacement product disclosure statement as soon as practicable after lodgement;
- (k) **(repayment of application money)** Any circumstance arising after lodgement of the PDS that results in the Responsible Entity being required, by ASIC or under any applicable law, to either:
  - a. repay the funds received from applicants for Units under the Offer; or
  - b. give applicants under the Offer an opportunity to withdraw their applications for Units and be repaid their application monies;
- (l) **(applications and proceedings)** Any person makes an application for an order under Part 9.5 of the Corporations Act, or to any government agency, in relation to the PDS or the Offer or ASIC commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Offer or the PDS or any government agency commences or gives notice of an intention to hold, any enquiry;
- (m) **(unable to issue)** The Responsible Entity is prevented from allotting or issuing the Units within the time required by the timetable of the Offer, the offer documents, the Listing Rules, the ASX Settlement Operating Rules or by any other applicable laws, an order of a court of competent jurisdiction or a government agency;
- (n) **(force majeure)** There is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Offer Management Agreement, or to market, promote or settle the Offer;
- (o) **(insolvency event)** The Responsible Entity, the Trust or the Manager is or becomes insolvent or there is an act or omission which may result in the Responsible Entity, the Trust or the Manager becoming insolvent;
- (p) **(timetable)** The Offer is not conducted in accordance with its timetable or any event specified in the timetable is delayed for more than 3 business days without the prior written consent of the Joint Lead Managers;
- (q) **(change in responsible entity)** The Responsible Entity is replaced as the responsible entity of the Trust;
- (r) **(change or directors/management)** A change in the board of directors of the Responsible Entity or Manager;
- (s) **(change of control of Manager/Investment Manager)** There is a change in ownership of the Manager, or a "change in control" of the Investment Manager occurs within the meaning of and for the purposes of the U.S. Investment Advisers Act of 1940; or
- (t) **(key personnel of the Investment Manager)** Any of the key personnel of the Investment Manager (listed in Section 7.1.1 of this PDS) resigns from office, or is replaced, terminated or made redundant.

#### 16.5.4.2. Termination events subject to materiality

In addition, if any of the following events detailed below in (i) to (xii) occur at any time before the Allotment Date or such other time as specified below, and such event:

- (a) has had or is likely to have a materially adverse effect on:
  - a. the marketing, outcome, success or settlement of the Offer or the ability of the Joint Lead Managers to market, promote or settle the Offer;
  - b. the willingness of investors to subscribe for the Units; or
  - c. the likely price at which the Units will trade on ASX; or
- (b) has given or would be likely to give rise to a liability for the Joint Lead Manager under, or a contravention by the Joint Lead Manager, of the Corporations Act or any applicable laws,

then each Joint Lead Manager may at any time by notice in writing to the Responsible Entity and the other Joint Lead Managers, terminate all further obligations of that Joint Lead Manager under the Offer Management Agreement without cost or liability.

- (i) **(due diligence report)** The report of the due diligence committee for the Offer or verification material or any other information supplied by or on behalf of the Responsible Entity or the Manager to the Joint Lead Managers in relation to the Responsible Entity or the Offer is or becomes false or misleading or deceptive or likely to mislead or deceive, including by way of omission;
- (ii) **(new circumstances)** there occurs a new circumstance that arises after the PDS is lodged, that would have been required to be included in the PDS if it had arisen before lodgement (as applicable);
- (iii) **(prosecution)** Any of the following occur:
  - a. a director or officer of the Responsible Entity, the Manager or the Investment Manager is charged with an indictable offence;
  - b. any government agency commences any public action against the Responsible Entity or the Manager or any of their directors or officers or announces that it intends to take such action;
  - c. any director or officer of the Responsible Entity or the Manager is disqualified from managing a corporation under Part 2D.6 of the Corporations Act; or
  - d. the Responsible Entity or the Manager or any of their directors or officers engage, or are alleged to have been engaged in, any fraudulent conduct or activity, whether or not in connection with the Offer;



- (iv) **(compliance)** a contravention by the Responsible Entity or the Manager of the Corporations Act, the Competition and Consumer Act 2010 (Cth), the ASIC Act, the New Zealand securities laws, the Constitution, the company constitution of the Responsible Entity or any of the Listing Rules;
- (v) **(default)** a default by the Responsible Entity in the performance of any of its obligations under the Offer Management Agreement occurs;
- (vi) **(representations and warranties)** A warranty or representation contained in the Offer Management Agreement is breached, becomes not true or correct or is not performed;
- (vii) **(material contracts)** If any contract summarised in this Section 16 of this PDS is varied, terminated, rescinded or altered or amended without the prior consent of the Joint Lead Managers or any contract summarised in Section 16 is breached or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and affect, or its performance is or becomes illegal;
- (viii) **(AFSL)** any Australian financial services licence, or other licence, approval or permit required by the Responsible Entity to perform its business as responsible entity of the Trust is terminated, rescinded or withdrawn or otherwise amended or varied in manner that impedes the Responsible Entity's ability to discharge its obligations under the Offer Management Agreement and/or to the Trust;
- (ix) **(regulatory approvals)** if a regulatory body withdraws, revokes or amends any regulatory approvals required for the Responsible Entity to perform its obligations under the Offer Management Agreement;
- (x) **(hostilities)** Hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, the People's Republic of China, Hong Kong, Singapore and South Korea or any member state of the European Union or any diplomatic, military, commercial or political establishment of any of those countries or a major terrorist act is perpetrated anywhere in the world;
- (xi) **(change in law)** There is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, New Zealand, or any State or Territory of Australia a new law, or the Reserve Bank of Australia, or any Commonwealth or State authority, including ASIC adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Offer Management Agreement);
- (xii) **(disruption of financial markets)** Any of the following occurs:
  - a. a general moratorium on commercial banking activities in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any member state of the European Union is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
  - b. any adverse effect on the financial markets in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any member state of the European Union or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or
  - c. trading in all securities quoted or listed on the ASX, the NZX Main Board, New York Stock Exchange, London Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect.

## 16.6. PCG COMMITMENT DEED

The Responsible Entity has entered into a commitment deed with PCG in relation to the Loyalty Units as described in section 5.10 ("PCG Commitment Deed").

Under the terms of the PCG Commitment Deed, PCG covenants in favour of the Responsible Entity to pay an amount equal to the Subscription Price for Units under the Offer multiplied by the number of Loyalty Units that will be issued on the Loyalty Unit Issue Date.

The PCG Commitment Deed may only be terminated by the Responsible Entity in certain circumstances. PCG has no right to terminate the PCG Commitment Deed. The PCG Commitment Deed will automatically terminate on the retirement or removal of the Responsible Entity as responsible entity of the Trust.



## 17

ADDITIONAL  
INFORMATION**17.1. CURRENT CAPITAL STRUCTURE AND PROPOSED CAPITAL STRUCTURE ON ALLOTMENT OF UNITS PURSUANT TO THE OFFER**

The issued capital of the Trust as at the date of this PDS, and the proposed capital structure of the Trust on the allotment of Units pursuant to the Offer, on the assumption that Maximum Subscription is achieved, is set out in the table below.

Class of Units	Number of Units	Percentage of post-Offer Units
Units on issue as at the date of this PDS	164,278,077	32.23%
Maximum number of Units to be issued pursuant to the Offer	345,385,940	67.77%
Maximum total Units on issue immediately following completion of the Offer <sup>28</sup>	509,664,017	100.00%

The Offer is not expected to have any significant impact on the control of the Trust.

**17.2. CONFLICTS OF INTERESTS AND RELATED PARTY TRANSACTIONS**

The Responsible Entity, the Manager and the Investment Manager may from time-to-time face conflicts between their duties to the Trust as the Responsible Entity, the Manager or the Investment Manager, their duties to other funds they manage (if applicable) and their own interests.

Pursuant to the Management Agreement and the Investment Management Agreement, the Responsible Entity, the Manager and the Investment Manager have agreed for the investment management function in respect of the Portfolio to be delegated to the Investment Manager. As such, the discretionary investment management powers reside with the Investment Manager and the Investment Manager shall seek to invest the Portfolio in accordance with the Investment Strategy. The Responsible Entity retains the discretion to determine to distribute the Alignment Shares to Unitholders.

While the Responsible Entity and Manager are related bodies corporate, the Responsible Entity believes the terms of the Management Agreement are nonetheless consistent with terms that would be negotiated on an arm's length basis. Neither the Responsible Entity nor the Manager will be performing any broking function nor engage any brokers in respect of the Portfolio. Neither the Responsible Entity nor the Manager proposes to engage the services of another related body corporate in respect of the Trust. However, if they do propose to engage the services of another related body corporate, they may engage related bodies corporate engaged in separate business activities to that of the Responsible Entity and the Manager which are entitled to charge fees provided that they are in the ordinary course of business and on arm's length terms.

<sup>28</sup> This number does not factor in the issue of Units pursuant to the DRP in respect of the Special Distribution.

The Trust will not acquire, dispose of, transfer or effect any other dealing of any part of the portfolio of the Trust from, to or with (as the case may be) an associate of the Responsible Entity or the Manager, with the potential exception of the Alignment Shares (which are intended to be distributed to Unitholders in accordance with the terms of the Alignment Shares, refer to Section 16.4 of this PDS for the terms and conditions of the Alignment Shares).

The Investment Manager currently holds mandates for institutional clients to invest funds held in separately managed accounts. It is possible some of the mandates for institutional clients will be similar to the investment mandate of the Trust.

While many investment opportunities presented to the Investment Manager are either not subject to capacity constraints, the Investment Manager will, from time to time, be presented with investment opportunities appropriate for multiple client accounts. The Investment Manager maintains a 'Global Investment Allocation Policy' that seeks to allocate investments among eligible Investment Manager accounts on a basis that it believes to be fair and equitable.

In general, investment capacity in a particular investment opportunity is allocated on a pro rata basis among eligible Investment Manager accounts. In making allocation determinations, the Investment Manager may take a variety of factors into account, including the following:

Each Investment Manager account's:

- investment objectives, constraints, limitations, and restrictions;
- contractual obligations or restrictions in applicable governing documents;
- specific nature of the investment focus;
- applicable legal and regulatory requirements;
- portfolio diversification and concentration considerations based on the specific investment, issuer, sector, industry, geography, or markets; and
- duration of the investment period, target investment pacing, ability to make follow-on investments, and term.

Each investment opportunity's:

- size, amount and other terms, including, without limitation, investment time horizon and anticipated holding period/maturity and liquidity;
- risk and return profile;
- anticipated legal and regulatory issues; and
- anticipated tax treatment.

The Investment Manager may also take into any other relevant good faith factors and considerations, including:

- firm-wide investment goals applicable to a particular investment opportunity;
- the nature and extent of involvement in the due diligence and investment execution of the respective Investment Manager investment teams with respect to the investment opportunity; and
- whether a pro rata allocation may result in a de minimis or odd lot allocation of the investment opportunity to an Investment Manager account.

The Investment Manager does not allocate investment capacity for investment opportunities on the basis of the Investment Manager's anticipated economics.

With the exception of investing in GCM Funds as provided for in the PDS, the Investment Manager will not without the prior consent of the Manager acquire, dispose of, transfer or effect any other dealing of any part of the Portfolio from, to or with (as the case may be) an associate of the Investment Manager. Any consent provided by the Manager would only be provided after considering the Manager's duties under the Corporations Act and the best interests of Unitholders.

As provided for in the Investment Management Agreement, a significant portion of the Portfolio will be invested in GCM Funds. The Investment Manager, GCM CFG and potentially other members of the GCM Group will be managers of the GCM Funds in which the Trust invests. The Investment Manager has an inherent conflict of interest in investing the Portfolio in GCM Funds, as the GCM Group receives management fees and/or incentive compensation from the GCM Funds in which the Trust invests. The Investment Manager has agreed that investments by the Portfolio in a GCM Fund will be subject to fees, carried interest and expense reimbursement terms generally applicable to other institutional investors in such GCM Funds on such terms (including specifically the calculation methodology) as are set forth in such GCM Fund's private placement memorandum or similar offering document or prospectus.

The Investment Manager will invest in GCM Funds in accordance with the terms and guidelines detailed in this PDS, in particular in accordance with the Investment Strategy detailed in Section 8 of this PDS. Further, the Investment Management Agreement provides that:

- the maximum Commitment (calculated as a percentage of the NAV of the Portfolio on the date of the Commitment) to any single Underlying Fund (including GCM Funds) is 20%; and
- to be eligible for investment in by the Trust, a GCM Fund must meet the minimum requirements set out in Section 16.3.11 of this PDS.

The Investment Manager is not permitted to delegate its discretionary management powers without the prior consent of the Manager and the Investment Manager does not currently intend to delegate its discretionary management powers.

The Investment Manager is not permitted to perform any broking function in relation to the Portfolio without the prior consent of the Manager, except that the Investment Manager may, using reasonable care and diligence, appoint any broker to act on behalf of the Responsible Entity in relation to the Portfolio, subject to reasonable monitoring of capacity and performance of the broker by the Investment Manager.

The Investment Manager does not intend to engage affiliated parties to provide ancillary services in respect of the Trust. If the Investment Manager were to engage an affiliated party it would only do so on arm's length terms.

By investing in the Trust, to the maximum extent permitted by law, Unitholders will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and to have waived any claim with respect to the existence of any such conflict of interest.

### 17.3. OFFER EXPENSES

Pengana Capital Group Limited will incur the costs and expenses associated with the Offer (not the Trust or Investors).

### 17.4. CONSENTS

Each of the parties referred below has given and has not, before the issue of this PDS, withdrawn its written consent to be named in the PDS and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent. None of the parties referred to below has caused the issue of this PDS.

- **Taylor Collison Limited** has consented to being named as Lead Arranger and Joint Lead Manager to the Offer, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Taylor Collison Limited;
- **Morgans Financial Limited** has consented to being named as Joint Lead Manager to the Offer, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Morgans Financial Limited;
- **Pengana Capital Limited**, the Manager, has consented to be named as Manager and to statements regarding its role as Manager and its business, but it does not make any other statement in the PDS, nor is any other statement in this PDS based on any statement by the Manager;
- **Grosvenor Capital Management, L.P.**, the Investment Manager, has consented:
  - (a) to being named as Investment Manager and to the statements regarding its role as Investment Manager, its business and its personnel;
  - (b) to the statements in Sections 6.3 to 6.4 and Sections 8.2 to 8.9;
  - (c) to the statements in Section 17.2 in respect of the Investment Manager's conflict of interests and related party transactions; and
  - (d) to the following graphs and tables (including their notes) in the form and context in which they are included:
    - (i) 'Quartile Annualised Performance (IRR) of Private Equity Buyout Funds' in Section 6.2;
    - (ii) 'Annualised Performance (IRR) of Private Equity versus Public Equity across Time Horizons and Geographic Regions' in Section 6.1;
    - (iii) 'Annualised Performance of Private Equity versus Public Equity Across Vintages' in Section 6.1;
    - (iv) 'Risk vs Return' in Section 6.1;
    - (v) 'Global Private Equity Assets Under Management (US\$billion)' in Section 6.1;
    - (vi) the J-curve diagram in Section 6.2,
 but it does not make any other statement in the PDS, nor is any other statement in this PDS based on any statement by the Investment Manager;
- **Computershare Investor Services Pty Limited** has consented to being named in the Directory and elsewhere in this PDS as Unit Registry for the Trust, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by Computershare Investor Services Pty Limited as Unit Registry for the Trust;
- **DLA Piper Australia** has consented to being named in the Directory of this PDS as the Australian legal and tax adviser to the Responsible Entity and to the inclusion of the taxation report set out in Section 15, but it does not make any other statement in this PDS, nor is any statement in this PDS based on any other statement by DLA Piper Australia;

- **DLA Piper New Zealand** has consented to being named in the Directory of this PDS as the New Zealand legal adviser to the Responsible Entity, but it does not make any statement in this PDS, nor is any statement in this PDS based on any statement by DLA Piper New Zealand;
- **Ernst & Young** has consented to being named in the Directory and elsewhere in this PDS as the auditor for the Trust and the Responsible Entity's Investigating Accountant and to the inclusion of its Independent Limited Assurance Report on the Financial Information in Section 14 in the form and context in which it appears, but it does not make any other statement in the PDS, nor is any statement in this PDS based on any other statement by Ernst & Young.

Part 7.9 of the Corporations Act imposes a liability regime on the Responsible Entity (as the offeror of the Units), the Directors of the Responsible Entity, persons named in this PDS with their consent as having made a statement in this PDS and persons involved in a contravention in relation to this PDS with regard to misleading or deceptive statements made in the PDS. Although the Responsible Entity bears primary responsibility for this PDS, other parties involved in the preparation of this PDS can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to above, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this PDS other than the reference to its name and any statement or report included in this PDS with the consent of that party as described above.

#### 17.5. LEGAL PROCEEDINGS

As at the date of this PDS the Trust is not engaged in any litigation, and as far as the Responsible Entity is aware, no litigation involving the Trust is pending or threatened.

#### 17.6. COMPLAINTS HANDLING

The Responsible Entity takes complaints seriously and aims to resolve all complaints as quickly as possible. In the first instance, if you have a complaint, then you should notify the Responsible Entity immediately using the following contact details:

Address Pengana Investment Management Limited  
167 Macquarie Street  
Level 12  
Sydney NSW 2000

Post Complaints Officer  
Pengana Investment Management Limited  
167 Macquarie Street  
Level 12  
Sydney NSW 2000

Phone +61 2 8524 9900

Email [clientservice@pengana.com](mailto:clientservice@pengana.com)

Once the Responsible Entity receives a complaint, the Responsible Entity will acknowledge it as soon as practicable and investigate the complaint with a view to resolving it and responding as soon as practicable.

If you are not satisfied with the Responsible Entity's response, then you can refer your complaint to the Australian Financial Complaints Authority, of which the Responsible Entity is a member. The Australian Financial Complaints Authority can be contacted as follows:

Post Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001

Phone 1800 931 678

Fax +61 3 9613 6399

Email [info@afca.org.au](mailto:info@afca.org.au)

## 17.7. YOUR PRIVACY

In applying to invest and completing an Application Form, you are providing the Registry, Administrator and the Responsible Entity with certain personal details (your name, address, etc.). The Registry, Administrator and Responsible Entity use this information to establish and manage that investment for you.

The Responsible Entity may also use your personal information to tell you about other products and services offered by the Responsible Entity or other related bodies corporate.

Under the Privacy Act 1988 (Cth), you can access personal information about you that is held by the Responsible Entity, except in limited circumstances. Please let the Responsible Entity know if you think the information is inaccurate, incomplete, or out of date. You can also tell the Responsible Entity by written communication, at any time, not to pass-on your personal information.

If you do not provide your contact details and other information, then your Application Form may not be able to be processed.

Under various laws and regulatory requirements, the Responsible Entity may have to pass-on certain information to other organisations, such as the ATO, or AUSTRAC.

By applying to invest, you give the Responsible Entity permission to pass-on information the Responsible Entity holds about you to other companies which are involved in helping the Responsible Entity administer the Trust, or where they require it for the purposes of compliance with AML/CTF law.

A copy of the Responsible Entity's Privacy Policy is available on the Responsible Entity's website [www.pengana.com](http://www.pengana.com) or by contacting the Responsible Entity on +61 2 8524 9900.

## 17.8. ANTI-MONEY LAUNDERING LAW AND COUNTER TERRORISM FINANCING (AML/CTF)

Australia's AML/CTF Laws require the Responsible Entity to adopt and maintain an Anti-Money Laundering and Counter Terrorism Financing program. A fundamental part of the AML/CTF program is that the Responsible Entity knows certain information about Investors in the Trust.

To meet this legal requirement, the Responsible Entity is required to collect certain identification information and documentation (KYC Documents) from new investors. Existing investors may also be asked to provide KYC Documents as part of a re-identification process to comply with the AML/CTF Laws. Processing of Applications will be delayed or refused if investors do not provide the KYC Documents when requested.

Under the AML/CTF Laws, the Responsible Entity may be required to submit reports to AUSTRAC. This may include the disclosure of your personal information. The Responsible Entity may not be able to tell you when this occurs and, as a result, AUSTRAC may require the Responsible Entity to deny you (on a temporary or permanent basis) access to your investment. This could result in loss of the capital invested, or you may experience significant delays when you wish to transact on your investment.

The Responsible Entity is not liable for any loss you may suffer because of compliance with the AML/CTF Laws.

## 17.9. INDEMNITY

The Responsible Entity is indemnified out of the Trust against all liabilities incurred by it in properly performing or exercising any of its powers in the proper performance of its duties in relation to the Trust. This indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Responsible Entity. Subject to the law, the Responsible Entity may retain or pay out from the assets of the Trust any sum necessary to affect such an indemnity.

## 18

## GLOSSARY OF INDUSTRY TERMS, DEFINED TERMS AND ABBREVIATIONS

TERM	DEFINITION AND MEANINGS
\$	Australian dollars. All amounts in this PDS are in Australian dollars unless otherwise stated.
ABN	Australian business number.
Administrator	BNP Paribas Securities Services.
AFSL	Australian Financial Services Licence.
Alignment Shares	Has the meaning given to that term in Section 9.
Allotment Date	The relevant dates on which the Units are allotted under each of the Entitlement Offer, Shortfall Offer and Discretionary Offer.
AMIT	Means the Australian Attribution Managed Investment Trust tax provisions. Refer to Section 15 of this PDS for an explanation of AMIT.
AML/CTF	Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity.
Applicant	A person who submits a valid Application Form and Application Amounts under this PDS.
Application	An application for Units under this PDS.
Application Amount	Subscription monies submitted by Applicants under the Offer.
Application Form	The Entitlement and Acceptance Form or the Discretionary Offer Application Form (as applicable) attached to or accompanying this PDS (including the electronic form provided by an online application facility).
ARSN	Australian registered scheme number.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the market it operates (Australian Securities Exchange), as the context requires.
ASX Principles	The ASX Corporate Governance Principles and Recommendations 3rd Edition (2014) of the ASX Corporate Governance Council as at the date of this PDS.



ATO	Australian Taxation Office
AUM	Assets under management.
AUSTRAC	The Australian Transaction Reports and Analysis Centre.
Board	The Board of Directors of the Responsible Entity.
Broker	Any ASX participating organisation selected by the Joint Lead Managers in consultation with the Responsible Entity to act as a broker to the Offer.
Business Day	A day other than Saturday, Sunday, a bank holiday or public holiday in Sydney.
CHESS	Clearing House Electronic Sub-register System which is the Australian settlement system for equities and other issued products traded on the ASX.
Close <b>or</b> Closed	A private equity fund can have multiple “closings” prior to the “final close”, upon which date the fund ceases accepting capital from new investors.
Co-investment	Has the meaning given to that term in Section 6.4.2.
Commitments	Has the meaning given to that term in Section 6.2.
Committed Capital	Has the meaning given to that term in Section 6.2.
Compliance Plan	The Trust’s compliance plan which sets out the measures that the Responsible Entity applies in operating the Trust in an effort to ensure compliance with matters as required by the Corporations Act and the Constitution.
Constitution	The document as amended from time to time which, together with the Corporations Act and other applicable laws, governs the Trust’s operation.
Corporations Act	Corporations Act 2001 (Cth).
Custodian	BNP Paribas Securities Services.
Discretionary Offer	Has the meaning given to that term in Section 5.
Discretionary Offer Closing Date	The date the Discretionary Offer is expected to close, which is expected to be 23 March 2020.
DRP	The distribution reinvestment plan established by Pengana for the Trust.
DRP Rules	The rules of the DRP as varied from time to time.
Dry Powder	Capital committed to a fund by investors that has yet to be invested by such fund into underlying investments or otherwise reserved for fees and expenses of the fund.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Entitlement	Has the meaning given to that term in Section 5.1.1.
Entitlement Offer	Has the meaning given to that term in Section 5.
Entitlement Offer and Shortfall Offer Closing Date	The date the Entitlement Offer and Shortfall Offer is expected to close, which is expected to be 19 March 2020.
Entitlement Record Date	7.00 pm Sydney time on 20 February 2020.
EV	Enterprise value.
Existing Unitholders	Investors who already hold Units as at the Entitlement Record Date and have a registered address in Australia or New Zealand.

Exposure Period	The seven day period after the date of lodgement of the PDS with ASIC (as extended by ASIC (if applicable)).
FUM	Funds under management.
GCM	Grosvenor Capital Management, L.P.
GCM CFG	GCM Customized Fund Investment Group, L.P., an affiliate of GCM.
GCM Fund	An Underlying Fund which is managed by a member of GCM Group.
GCM Group	Grosvenor Capital Management, L.P. together with GCM CFG and their respective affiliates and predecessor firms.
GCM Party	The Investment Manager, an affiliate of the Investment Manager, or any member, partner, shareholder, director, officer or employee of the Investment Manager or any of the Investment Manager's affiliates, as well as (if the Investment Manager so determines) any agent of the Investment Manager or any of the Investment Manager's affiliate.
GP	Has the meaning given to that term in Section 6.2.
GST	Goods and Services Tax.
High Yield Credit	A borrower or credit instrument that has a relatively higher risk of default and is typically representative of a borrower that has medium to low credit quality. External credit rating agencies view Sub-Investment Grade as equivalent to a rating below BBB- or below Baa3.
Hurdle Return	Has the meaning given to that term in Section 11.3.3.1.
HWM	Has the meaning given to that term in Section 11.3.3.1.
Independent Limited Assurance Report	The report by the Investigating Accountant in Section 14.
Institutional Applicant	An Applicant to whom offers or invitations in respect of Units can be made without the need for a product disclosure statement (or other formality, other than a formality which the Responsible Entity is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a product disclosure statement under section 1012D of the Corporations Act (disregarding section 1012DAA), and excluding a retail client within the meaning of section 761G of the Corporations Act.
Intermediary	An Investor Directed Portfolio Service ("IDPS"), IDPS-like scheme or a nominee or custody service.
Investment Grade Credit	A borrower or credit instrument that has a relatively low risk of default and is typically representative of a borrower that has high to medium credit quality. External credit rating agencies view investment grade as equivalent to a rating between AAA and BBB- or Aaa and Baa3.
Investment Management Agreement	The investment management agreement that appoints Grosvenor Capital Management L.P. as the investment manager of the Portfolio, as summarised in Section 16.3. Also referred to as "IMA".
Investment Manager	Grosvenor Capital Management, L.P.
Investment Objective	Has the meaning given to that term in Section 8.1.
Investment Period	Has the meaning given to that term in Section 6.2.
Investment Strategy	Means the investment strategy of the Trust detailed in Section 8.2 and the remainder of Section 8.
Investor	A person investing in the Trust. Also referred to as a "Unitholder".
IPO	Initial public offering.

IPO PDS	The replacement product disclosure statement for the IPO of Units in the Trust dated 22 February 2019.
IRR	Also known as the “Internal Rate of Return”, the 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. Unless expressly stated otherwise, all references to IRR in this PDS are expressed as an annualised rate.
Joint Lead Managers	Taylor Collison and Morgans, each individually a Joint Lead Manager
J-Curve	The meaning of the term 'J-curve' effect is explained in Section 6.2.
Last Payment Period	Has the meaning given to that term in Section 11.3.3.1.
Limited Partner or LP	Has the meaning given to that term in Section 6.2.
Listing Rules	The official Listing Rules of the ASX as amended or waived from time to time.
Loyalty Units	Has the meaning given to that term in Section 5.10.
Loyalty Unitholder	Has the meaning given to that term in Section 5.10.
Loyalty Unit Determination Date	Has the meaning given to that term in Section 5.10.
Loyalty Unit Issue Date	Has the meaning given to that term in Section 5.10.
Managed Investment Scheme	A managed investment scheme is a way of investing money alongside other investors. Terminology varies with country but collective investment vehicles are often referred to as ‘collective investment schemes’, ‘mutual funds’, ‘investment funds’, ‘managed funds’, or simply ‘funds’.
Management Agreement	The management agreement that appoints Pengana Capital Limited (ABN 30 103 800 568, AFSL 226 566) as the manager of the Trust, as summarised in Section 16.2.
Management Fee	Has the meaning given to that term in Section 11.3.2.
Manager	Pengana Capital Limited (ABN 30 103 800 568, AFSL 226 566).
Maximum Subscription	\$473.2 million.
Middle Market Buyouts or MMBO	The acquisition of interests in middle market companies (being companies with a total enterprise value of typically less than or equal to US\$1.5 billion).
Morgans	Morgans Financial Limited (ABN 49 010 669 726, AFSL 235410).
Municipal Credit	A credit instrument issued by a state, municipality, or county to finance its capital expenditures, including the construction of highways, bridges or schools.
Net Asset Value	The value of the Trust’s total assets reduced by the Trust’s intangible assets and the Trust’s total liabilities, which includes declared but unpaid distributions, unpaid management fees earned, and accrued but unpaid performance fees, as calculated in accordance with the Listing Rules. Also known as “NAV”.
Net Asset Value per Unit	The NAV per Unit is equal to the NAV of the Trust divided by the number of units on issue. Also known as “NAV per Unit”.
Notional Lower Subscription	\$100 million.

Offer	The offer to subscribe for Units under the Entitlement Offer, Shortfall Offer and Discretionary Offer.
Offer Management Agreement	An agreement between the Responsible Entity, the Manager and the Joint Lead Managers, which is summarised in Section 16.5.
Offer Opening Date	The date the Offer is expected to open, which is expected to be 24 February 2020.
Offer Period	The period during which investors may subscribe for Units under the Offer.
PCG	Pengana Capital Group Limited (ABN 43 059 300 426).
PDS	This product disclosure statement.
PE	Private equity
Pengana	Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462), Pengana Capital Limited (ABN 30 103 800 568, AFSL 226 566) and/or Pengana Capital Group Limited (ABN 43 059 300 426), as applicable.
Pengana Capital Group	Pengana Capital Group Limited (ABN 43 059 300 426).
Pengana Group of Companies	Pengana Capital Group Limited (ABN 43 059 300 426) and its wholly owned subsidiaries.
Performance Fee	Has the meaning given to that term in Section 11.3.3.
Performance Fee Payment Period	Has the meaning given to that term in Section 11.3.3.1.
Portfolio	The portfolio of investments of the Trust from time to time (except for the Alignment Shares).
Portfolio Companies	Has the meaning given to that term in Section 6.3.1.
Price Return	The term "Price Return" is the rate of return on an asset, where the return takes into account only the capital appreciation of the asset, while the income generated (namely dividends in the case of the Alignment Shares) is ignored.
Primaries	Has the meaning given to that term in Section 6.4.1.
Priority Determination Date	Has the meaning given to that term in Section 5.4.3.
Private Investment Fund	Has the meaning given to that term in Section 6.2.
Qualifying Applicant	Has the meaning given to that term in Section 5.4.3.
Quartile	<p>In a sorted list of numbers:</p> <ul style="list-style-type: none"> <li>the 'lower quartile' is the number below which lies 25% of the numbers;</li> <li>the 'median' is the middle number;</li> <li>the 'upper quartile' or 'top quartile' is the number below which lies 75% of the numbers.</li> </ul>
Responsible Entity	Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462).
Responsible Entity Fee	Has the meaning given to that term in Section 11.3.2.
Responsible Entity's Investigating Accountant	Ernst & Young

Retail Applicant	An Applicant who is not an Institutional Applicant.
Retail Client	Has the meaning set forth under the definition of “Institutional Applicant.”
RITC	Reduced input tax credits.
Secondaries (or Secondary)	Has the meaning given to that term in Section 6.4.3.
Secondaries Carried Interest Fee	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Catch Up	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Clawback	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Excess Proceeds Payment	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Management Fee	Has the meaning given to that term in Section 11.3.4.1.
Secondaries Management Fee Base	Has the meaning given to that term in Section 11.3.4.1.
Secondaries Preferred Return	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Proceeds	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Return of Capital	Has the meaning given to that term in Section 11.3.4.2.
Secondaries Sub-Portfolio	Has the meaning given to that term in Section 11.1.
Securitised	Pools of credit instruments that have been repackaged into marketable financial instruments. These securities are backed by several different types of assets and can range in credit quality.
Settlement Date	The date the Offer is expected to settle.
Short Duration Credit	Highly liquid credit instruments that may be utilised with the intent to generate a return in excess of that which could be earned by holding cash until it is ready to be invested.
Shortfall Offer	Has the meaning given to that term in Section 5.
Special Distribution	Has the meaning given to that term in Section 8.10.
Subscription Price	The amount payable by Applicants for the issue of Units under the Offer being \$1.37 (i.e., the Net Asset Value per Unit as at 31 January 2020 less the Special Distribution and rounded to 2 decimal places).
Target Cash Distribution	A cash distribution yield of 4% p.a. (prorated on a non-compounded basis) of the NAV (which excludes the total value of the Alignment Shares but includes the cash distribution amount payable) as at the end of the period that a distribution relates to.
Taylor Collison	Taylor Collison Limited (ABN 53 008 172 450, AFSL 247 083).
TFN	Tax file number.
Trust	Pengana Private Equity Trust (ARSN 630 923 643).

Trust Outperformance	Has the meaning given to that term in Section 11.3.3.1.
Trust Total Return	Has the meaning given to that term in Section 11.3.3.1.
Trust Website	<a href="http://www.pengana.com/pe1">www.pengana.com/pe1</a>
Underlying Fund	A fund or account (including, if the context suggests, a GCM Fund) in which the Trust invests under the direction of the Investment Manager. The Underlying Funds will, in turn, invest in Portfolio Companies under the direction of their respective Underlying Investment Manager or in other Underlying Funds which do so.
Underlying Investment Manager	The person managing the portfolio of an Underlying Fund.
Unit	A unit in the capital of the Trust.
Unitholder	A holder of a Unit. Also referred to as an “Investor”.
Unitholding	The Units held by a Unitholder.
Unit Registry	Computershare Investor Services Pty Limited.
UNPRI	United Nations-supported Principles for Responsible Investment.
US\$ or USD	United States of America dollars.
Vintage	The Vintage of a Private Investment Fund represents the year in which the fund was launched as typically determined by the year of the fund’s first Portfolio Company investment.





ABN 43 059 300 426

ARSN 630 923 643

Responsible Entity

Pengana Investment Management Limited ABN 69 063 081

612 AFSL 219 462

#### Return this form to

Computershare Investor Services Pty Limited  
GPO BOX 52 Melbourne Victoria 3001 Australia

#### All Inquiries:

1800 531 427 (within Australia)

+61 3 9415 4350 (outside Australia)

[www.pengana.com/pe1](http://www.pengana.com/pe1)

## NON-RENOUNCEABLE ENTITLEMENT OFFER — ENTITLEMENT AND ACCEPTANCE FORM

### Entitlement Offer and Shortfall Offer close 5.00pm (Sydney time) on Monday, Thursday, 19 March 2020\*

This Entitlement and Acceptance Form relates to the Entitlement Offer and Shortfall Offer by the responsible entity Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462) ("Responsible Entity") for the Pengana Private Equity Trust ARSN 630 923 643 ("PE1") of units ("Units") made under the Product Disclosure Statement dated 11 February 2020 (and any supplementary or replacement PDS) ("PDS") and lodged with the Australian Securities and Investments Commission. To meet the requirements of the Corporations Act 2001 (Cth), this Entitlement and Acceptance Form must not be distributed unless included in, or accompanied by, the PDS. Capitalised terms in this Entitlement and Acceptance Form have the meaning given to them in the PDS.

If you need any assistance in deciding whether to apply for Units under the Entitlement Offer and Shortfall Offer, please contact your broker or other professional adviser without delay. You should read the entire PDS carefully before completing this Entitlement and Acceptance Form.

By applying under the Entitlement Offer and Shortfall Offer, you confirm that you are over 18 years of age and you agree to be bound by the PDS and PE1's Constitution.

Investors can participate in the Entitlement Offer and the Shortfall Offer by completing this blank form, a personalised version of the Entitlement and Acceptance Form prepopulated with your details, or the online application which is also prepopulated with your details. All Existing Unitholders have been provided with a link to the online application via email or letter.

**If you would like to receive a copy of the personalised version of the Entitlement and Acceptance Form, or if you have any queries in respect of applying for Units under the Entitlement Offer and Shortfall Offer, please contact our dedicated PE1 offer line.**

#### STEP 1 > REGISTRATION NAME

Please complete details of your current Unitholding including current registered account name and applicable SRN/HIN.

Please check the details provided via [www.investorcentre.com](http://www.investorcentre.com) or contact Computershare to receive a personalised copy of this form.

#### STEP 2 > ACCEPTANCE DETAILS

You can apply to accept either all or part of your Entitlement. If you accept your full Entitlement, you can also apply for additional new Units under the Shortfall Offer. Enter the number of new Units you wish to apply for and the amount of payment for those new Units

#### Number of new Units applied for under the Entitlement Offer:

You can subscribe for up to 2 new Units for every 1 Unit held as at 7.00pm (Sydney time) Thursday 20 February 2020 ("Entitlement Record Date").

#### Number of additional new Units applied for under the Shortfall Offer:

If you have subscribed for your full entitlement under the Entitlement Offer, you may subscribe for additional new Units under the Shortfall Offer.

#### STEP 3 > CONTACT DETAILS

Entering your contact details is not compulsory, but will assist us if we need to contact you.

#### STEP 4 > APPLICATION PAYMENT

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Product Disclosure Statement dated 11 February 2020.

Complete this form and return with your payment.

Make your cheque, bank draft or money order payable in Australian dollars to "Pengana Investment Management Limited" and cross "Not Negotiable". The cheque must be drawn from an Australian bank. Cash is not accepted. Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to this form. Receipts will not be forwarded. Funds cannot be debited directly from your account.

#### Lodgement instructions

Entitlement and Acceptance Forms must be received by the Unit Registry no later than 5.00pm (Sydney time) on Thursday, 19 March 2020. You should allow sufficient time for this to occur. Return the Entitlement and Acceptance Form with cheque, bank draft or money order attached to:

Computershare Investor Services

GPO Box 52

MELBOURNE VIC 3001

#### Privacy statement

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

\*This date is indicative only. The Responsible Entity reserves the right to change it without prior notice. You are encouraged to lodge an Application as soon as possible.

## STEP 1 > REGISTRATION NAME

[illegible]

## STEP 2 > ACCEPTANCE DETAILS

[illegible]

### STEP 3 > CONTACT DETAILS

#### STEP 4 > MAKE YOUR PAYMENT

Drawer	Cheque Number	BSB Number	Account Number	Payment Amount
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Make your cheque, bank draft or money order payable to "**Pengana Investment Management Limited**" and cross "**Not Negotiable**"

Return your cheque with this form to:

**Computershare Investor Services Pty Limited**  
**GPO BOX 52 Melbourne Victoria 3001 Australia**

If you are paying by cheque, bank draft or money order the this form must be received by Computershare Investor Services Pty Limited ("CIS") by no later than 5:00pm (Sydney time) Thursday, 19 March 2020. You should allow sufficient time for this to occur. Return the form with cheque attached. Neither CIS nor Pengana Investment Management Limited ("Pengana") accepts any responsibility if you lodge the form at any other address or by any other means.

ABN 43 059 300 426

ARSN 630 923 643

**Responsible Entity**

Pengana Investment Management Limited ABN 69 063 081

612 AFSL 219 462

**Return this form to**

Computershare Investor Services Pty Limited  
GPO BOX 52 Melbourne Victoria 3001 Australia

**All Inquiries:**

1800 531 427 (within Australia)

+61 3 9415 4350 (outside Australia)

[www.pengana.com/pe1](http://www.pengana.com/pe1)

## DISCRETIONARY OFFER APPLICATION FORM

**Discretionary Offer closes 4.00pm (Sydney time) on Monday, 23 March 2020\***

This Discretionary Offer Application Form relates to the Discretionary Offer by the responsible entity Pengana Investment Management Limited (ABN 69 063 081 612, AFSL 219 462) ("Responsible Entity") for the Pengana Private Equity Trust ARSN 630 923 643 ("PE1") of units ("Units") made under the Product Disclosure Statement dated 11 February 2020 (and any supplementary or replacement PDS) ("PDS") and lodged with the Australian Securities and Investments Commission. To meet the requirements of the Corporations Act 2001 (Cth), this Discretionary Offer Application Form must not be distributed unless included in, or accompanied by, the PDS. Capitalised terms in this Discretionary Offer Application Form have the meaning given to them in the PDS.

If you need any assistance in deciding whether to apply for Units under the Discretionary Offer, please contact your broker or other professional adviser without delay. You should read the entire PDS carefully before completing this Application Form.

By applying under the Discretionary Offer, you confirm that you are over 18 years of age and you agree to be bound by the PDS and PE1's Constitution.

### STEP 1 > APPLICATION PAYMENT AMOUNT APPLIED FOR

Enter the amount of the Application Payment you wish to apply for. Applications must be for a minimum of A\$10,000. Applications for greater than A\$10,000 must be in multiples of A\$250.

### STEP 2 > DISCRETIONARY OFFER CODE

A valid Discretionary Offer Code (DOC) must be supplied for Discretionary Offer Applications. If a valid DOC is not supplied the application may not be accepted.

Discretionary Offer applicants should read section 5 of the PDS for details of the Discretionary Offer.

**Financial Adviser details:** If you were introduced to this Offer by a financial adviser please provide their details.

### STEP 3 > APPLICANT NAME(S) AND POSTAL ADDRESS

Enter the full name you wish to appear on the Unit register. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table at the bottom of the Application Form for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Unit Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to Pengana's privacy statement. This is not compulsory but will assist us if we need to contact you.

### STEP 4 > CHESS HOLDINGS ONLY

PE1 participates in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX.

In CHESS, PE1 operates an electronic CHESS subregister of Unit holdings and an electronic issuer sponsored subregister of Units holdings.

Together, the two subregisters will make up Pengana's principal register of Units. The Responsible Entity will not be issuing certificates to Applicants in respect of Units allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Units allotted to you under this Application on the CHESS subregister, enter your CHESS Holder Identification Number ("HIN"). Otherwise, leave the section blank and on allotment you will be sponsored by PE1 and a Securityholder Reference Number ("SRN") will be allocated to you. Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Units issued will be held on the issuer sponsored subregister.

### STEP 5 > APPLICATION PAYMENT

Applicants under the Discretionary Offer must lodge their Application Form and Application Payment with the Unit Registry. Applicants under the Discretionary Offer should return this Application Form and Application Amount to Computershare Investor Services Pty Limited (Computershare). Application Amounts for the Discretionary Offer must be made payable to Pengana Investment Management Limited. Cheque(s) must be crossed 'Not Negotiable'. Complete the cheque details in the boxes provided.

#### Lodgement instructions

Application Forms must be received by the Unit Registry no later than 4.00pm (Sydney time) on Monday, 23 March 2020. You should allow sufficient time for this to occur. Return the Application Form with cheque, bank draft or money order attached to:

Computershare Investor Services

GPO Box 52

MELBOURNE VIC 3001

The Responsible Entity and the Joint Lead Managers may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without prior notice. Applicants are therefore encouraged to submit their Applications as early as possible.

Your Application may not be accepted in full and the Responsible Entity reserves the right to scale back your Application.

#### Privacy statement

The personal information you provide on this Discretionary Form is collected by Computershare Investor Services Pty Limited (CIS), as Unit Registry for the Units issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided for enquiries at the top of this page or emailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au). We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers, or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at [privacy@computershare.com.au](mailto:privacy@computershare.com.au) or see our Privacy Policy at <http://www.computershare.com/au>.

\*This date is indicative only. The Responsible Entity reserves the right to change it without prior notice. You are encouraged to lodge an Application as soon as possible.

DISCRETIONARY OFFER APPLICATION FORM

STEP 1 > ENTER THE APPLICATION AMOUNT YOU WISH TO APPLY FOR

I/we apply for:

A\$

STEP 2 > DISCRETIONARY OFFER CODE

Enter your Discretionary Offer Code (DOC). If a valid DOC is not entered your application may not be accepted.

**Financial Adviser information**  
If you were introduced to this Offer by a Financial Adviser, please provide the name and organisation

Financial Adviser Name:

Financial Adviser Office:

Adviser Dealer Group:

STEP 3 > APPLICANT NAMES(S) AND POSTAL ADDRESS

**Individual / joint Applications - refer to naming standards for correct form of registrable title(s)**

Title or company name      Given name(s)      Surname

Joint Applicant 2 or account designation

Joint Applicant 3 or account designation

**Postal Address**

Unit      Street number      Street name or PO box

Street name or PO box (continued)

City/Suburb/Town      State      Postcode

Country

**Contact Details**

Contact Name      (  )

Phone number

Contact Email

STEP 4 > CHESS HOLDINGS ONLY

Supply your Holder Identification Number

X

STEP 5 > APPLICATION PAYMENT *Cheque(s) must be crossed 'Not Negotiable' and made payable to Pengana Investment Management Limited*

Drawer      Cheque number      BSB number      Account number      Amount of payment

A\$

**Correct forms of registrable titles**  
Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the *Corporations Act 2001* (Cth). At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A. Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners' personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s) personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

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PENGANA  
CAPITAL

[PENGANA.COM/PE1](https://PENGANA.COM/PE1)



**PENGANA**  
CAPITAL

**INVESTMENT MANAGER**

Grosvenor Capital  
Management, L.P.

**RESPONSIBLE ENTITY  
AND ISSUER**

Pengana Investment  
Management Limited  
ABN 69 063 081 612  
AFSL 219 462

**CONTACT**

T: 1800 531 427  
(within Australia)  
T: +61 3 9415 4350  
(outside Australia)

**[PENGANA.COM/PE1](https://www.pengana.com/pe1)**