



# BEYOND STOCKS

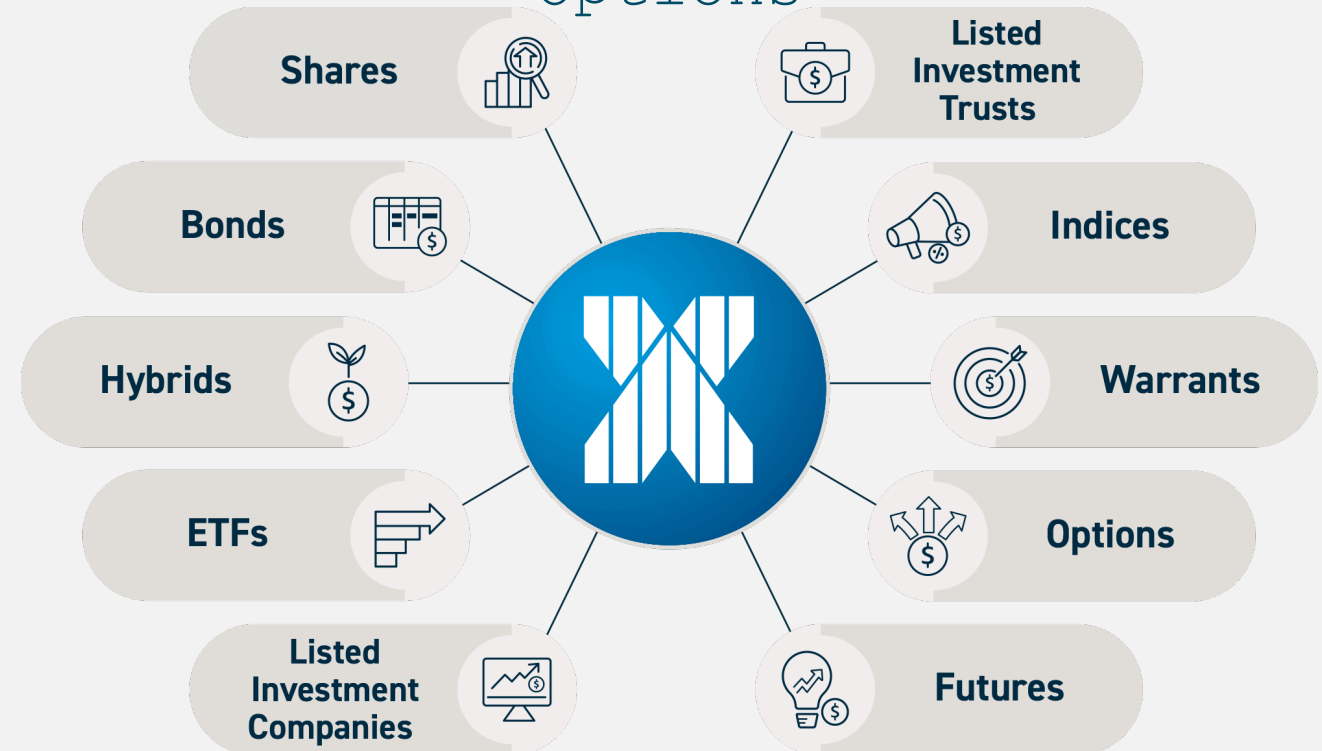
Unlocking Diversified  
Investment Portfolios on  
the ASX

# Investment considerations and investor preferences

## Investor Considerations



## ASX Investment Options



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# Constructing fit-for-purpose portfolios is not without its challenges.

Accessing the full opportunity set:

- ASX listed equities are concentrated in a few sectors
- The ASX represents roughly 2% of global equity market capitalisation
- Listed equities globally account for just 2% compared to unlisted peers

Accessing the best products:

- Many market segments are hard to access directly
- The best managers generally cater to institutional investors only

Achieving true diversification:

- Increasing holdings doesn't guarantee diversification if returns are driven by similar underlying factors.

Portfolio construction can be strengthened by combining direct holdings and professionally managed products

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# ASX: PCG

## Pengana Capital Group

- Sydney-based Pengana Capital was established in 2003
- \$3.3 billion assets under management<sup>1</sup>
- Provider of 14 distinct and differentiated investment products
- Used by >3,000 financial advisors
- Estimated >50,000 underlying investors including >10,000 direct investors

1. As at 30 September 2024

Pengana Capital Group ('Pengana') is a diversified funds management group, with differentiated investment strategies that aim to deliver superior long-term risk-adjusted returns to investors.

## CORE FUNDS

### Australian Equities Fund

A strategy focussed on capital preservation and generating reasonable real returns.



### Harding Loevner International Fund

Investing in faster growing, more profitable, lower risk companies since 1989.



### Pengana International Equities Limited (ASX: PIA)

A listed and actively managed core portfolio of ethically screened companies targeting fully franked dividends



### Axiom International Funds

Since 2004, this strategy has been investing ahead of the curve to identify dynamically growing companies.



## SPECIALTY FUNDS

### WHEB Sustainable Impact Fund

Investing in companies producing goods and services to address sustainability challenges and support the transition to a zero carbon economy



### Pengana Private Equity Trust (ASX: PE1)

Australia's only listed portfolio of diversified global private market investments



### High Conviction Equities Fund

High alpha, best ideas portfolio of ethically screened global companies



### High Conviction Property Securities Fund

Australia's only high conviction AREIT fund with an ESG focus.



Alpha Israel Fund (wholesale only) Providing access to Israeli innovation and technology in sectors that Australian investors are typically underexposed.



### Pengana Diversified Private Credit Fund

Offering Australian investors access to institutional-grade global private credit investments



### Pengana Global Private Credit Trust (ASX: PCX)

Access to a diversified portfolio of global private credit funds across geographies, strategies and sectors.



### TermPlus

TermPlus is here to innovate term-based accounts and empower you to make the most of your savings.



## SMALL CAP (2)

### Emerging Companies Fund

Market beating returns from Australian small caps since 2004



### Global Small Companies Fund

A value-orientated approach to identify and invest in quality businesses that are typically under researched, out of favour, or overlooked by large investors.



## CORE FUNDS

(4)

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# Investor Challenges

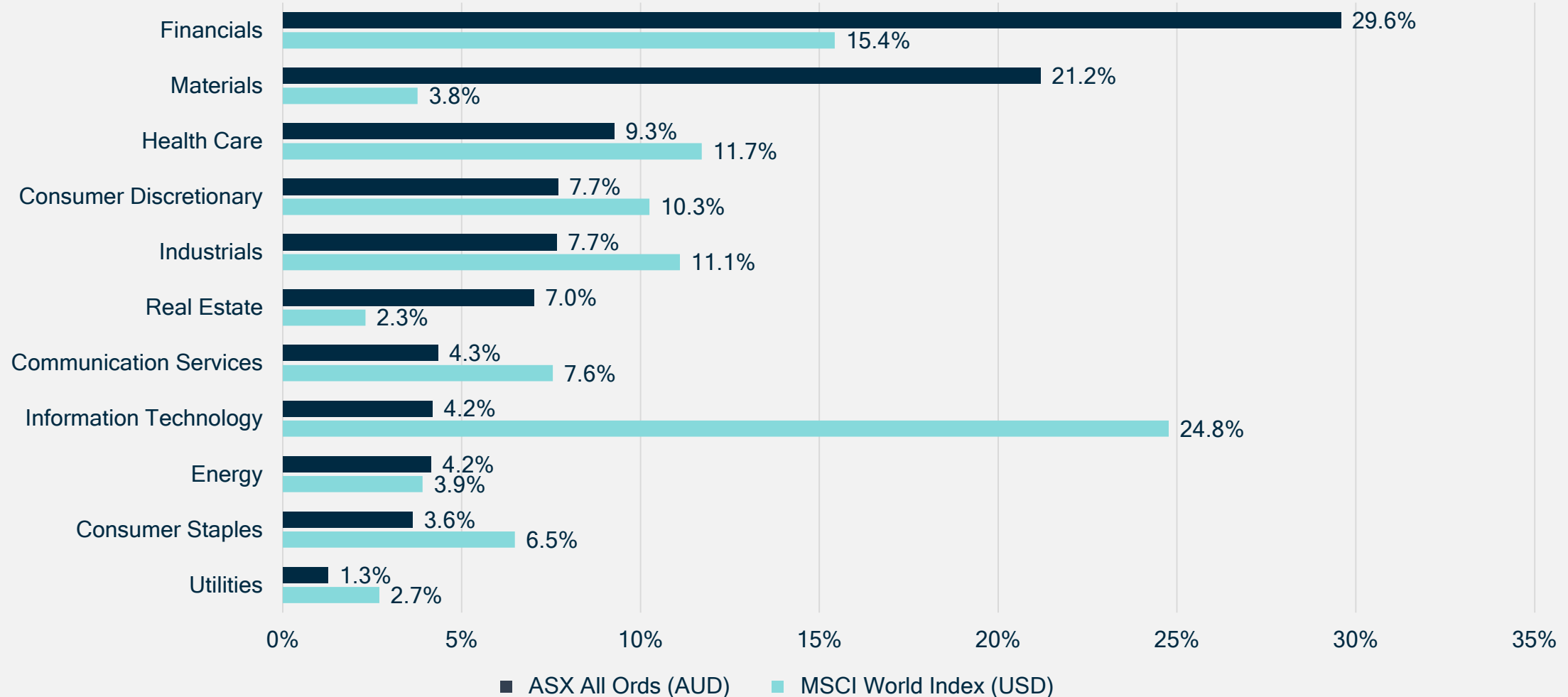
Challenge 1 - Income Investors: Higher yielding income investments often exposed to similar underlying risk factors

Challenge 2 - Equity Investors: Investing only in listed equities (even globally) only gives you access to 2% of investable companies

Challenge 3 - Portfolio Construction: Limited access for retail investors to “high demand” asset classes with historically attractive risk return characteristics

# Australian equities are highly concentrated

Australian vs International share markets by sector

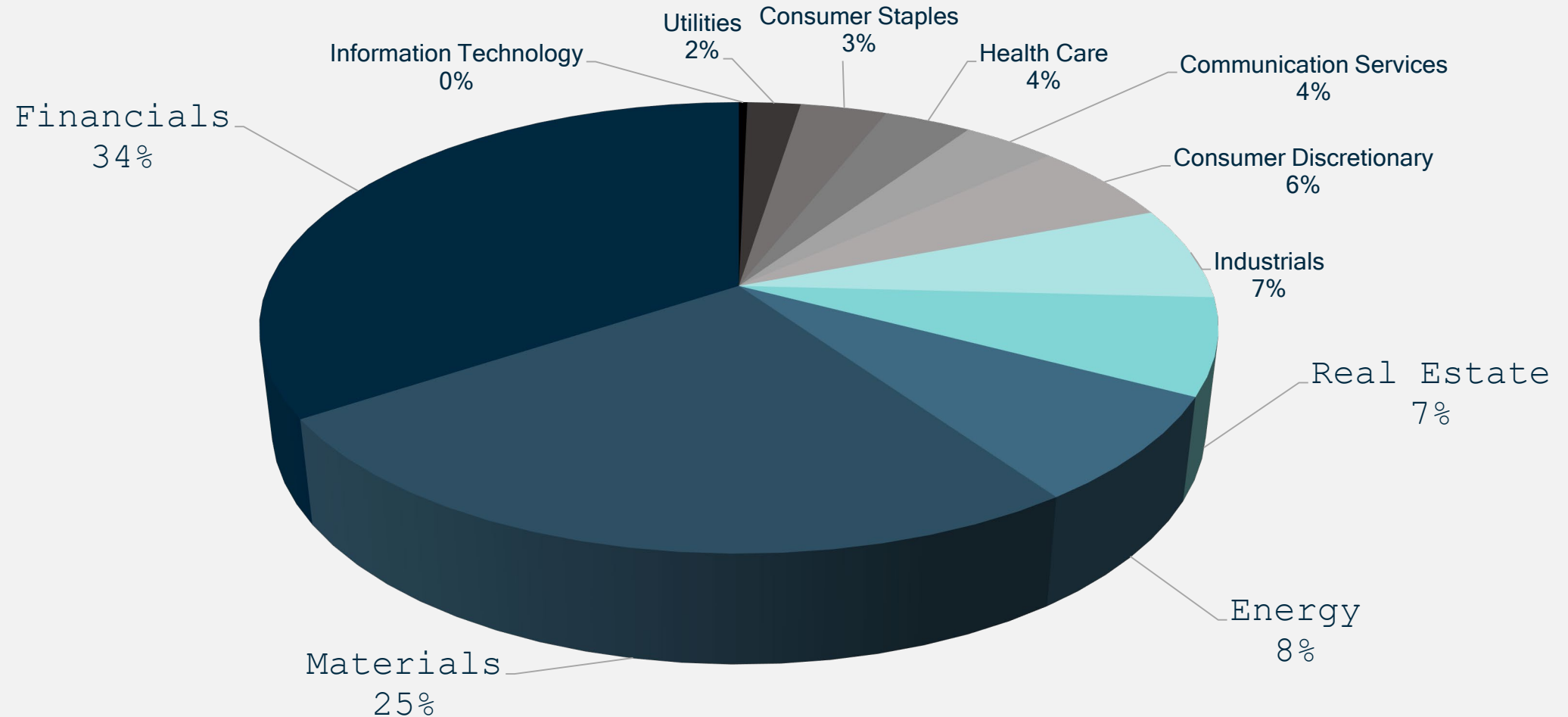




# Australian Dividends are even more

ASX All Ordinaries Index - Weighted  
Dividend Yield

# concentrated



# Average Dividend Yield ASX

	October 22	October 23	October 24
Dividend Yield	4.36%	4.12%	3.18%
Franking Credit	1.39%	1.38%	0.99%
Total Income Yield	5.75%	5.5%	4.17%

Source: ATO 11/11/2024



# ASX: PIA

## Pengana International Equities Ltd

- A professionally managed and globally diversified portfolio of high-quality growing businesses at reasonable prices
- PIA aims to deliver regular, reliable and fully franked dividends
- Designed to suit investors seeking:
  1. Globally Diversified Equity Exposure
  2. Without Compromising Yield
  3. Maximising Franking credits



Managed by Harding Loevner who have been investing globally in high-quality, growing businesses based on disciplined industry research since 1989.

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# Exposure to Differentiated Growth



Alphabet

Alcon



amazon

∞ Meta

NETFLIX



ThermoFisher  
SCIENTIFIC



# Average Dividend Yield ASX

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Franking Credit	1.39%	1.38%	0.99%	2%
Total Income Yield	5.75%	5.5%	4.17%	6.65

Source: ATO 11/11/2024  
 \* At a share price of \$1.16





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# Investor Challenges

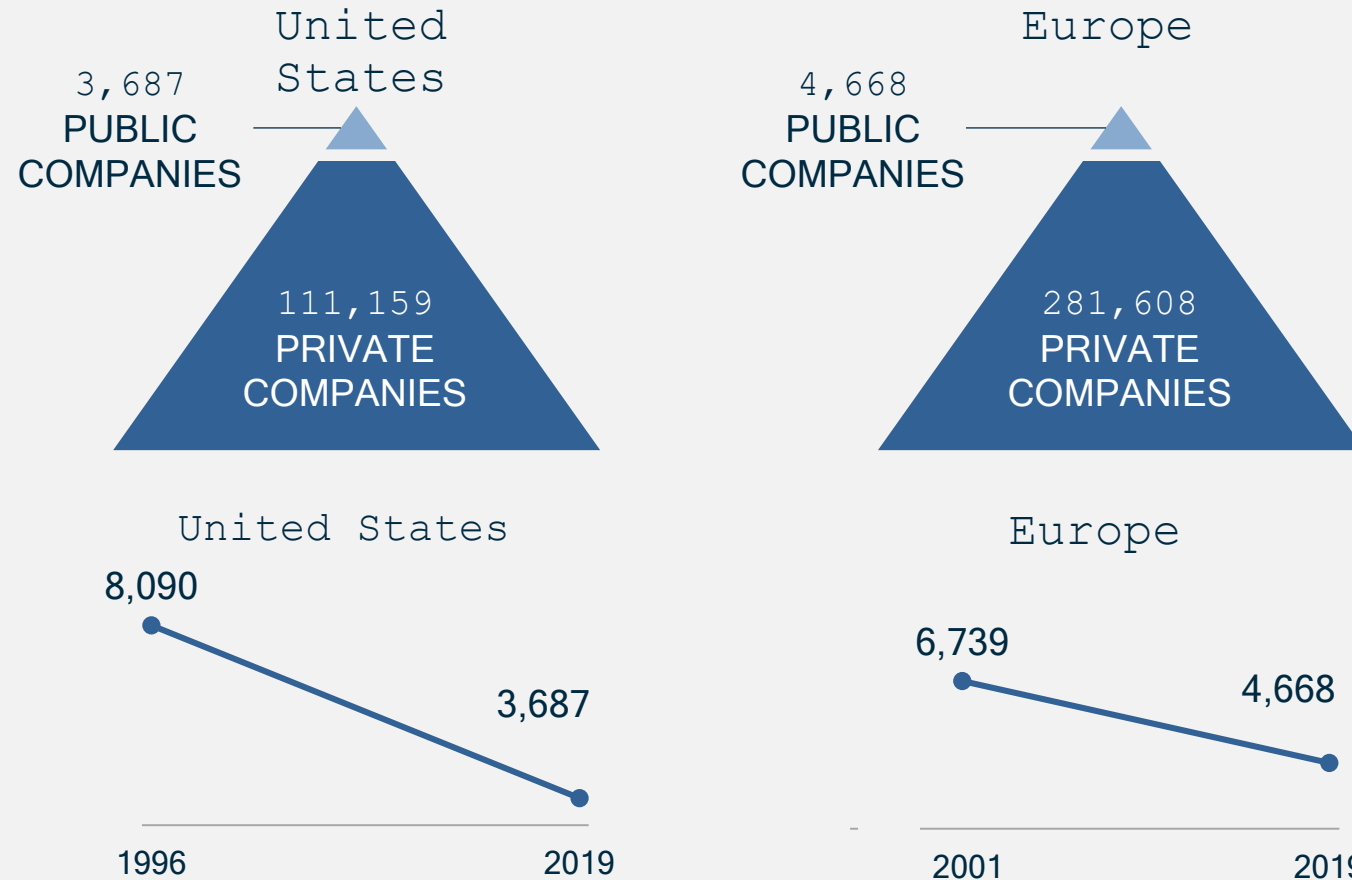
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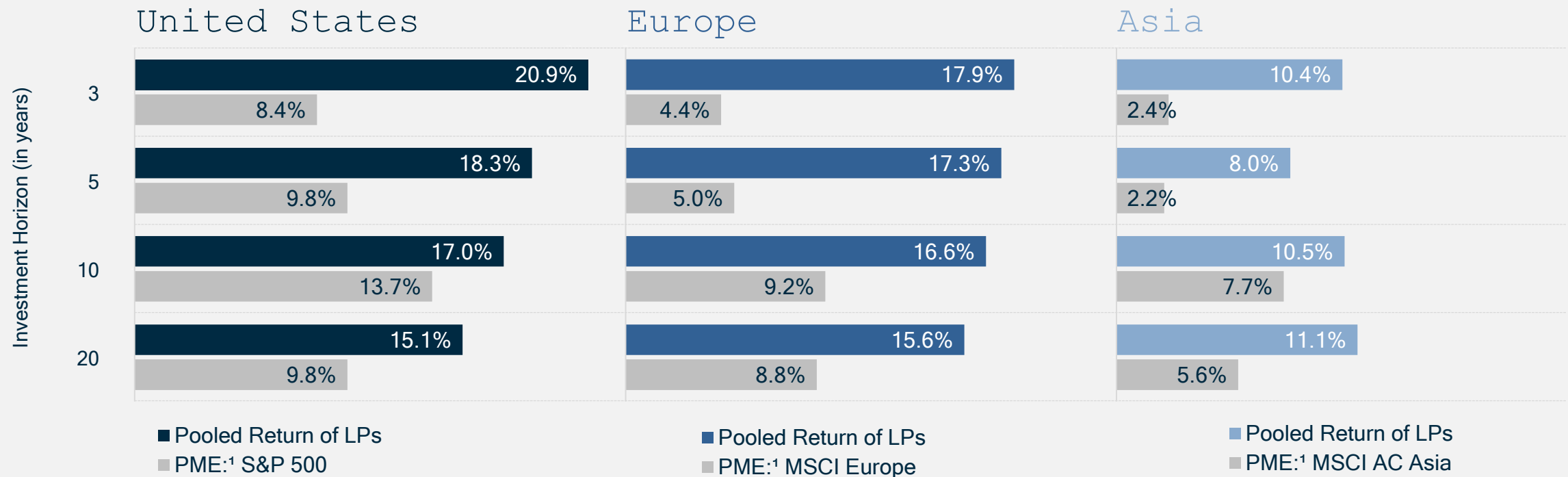
# The Private Equity Opportunity

Private markets (which encompasses private equity) are significantly larger than public markets



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 ≥ US\$15 million. The World Bank, <https://data.worldbank.org/indicator/cm.mkt.Idom.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.

# Historical outperformance across regions and time horizons



The Public Market Equivalent ("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.

Sources: MSCI, S&P and BURGESS (BURGESS data as of December 31, 2022, downloaded June 15, 2023). 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 to Limited Partners, unless otherwise noted. Pooled Return (LP): The pooled IRR calculation uses pooled cash flows over the specific horizon period, meaning the data for the funds are aggregated and the return is calculated on the single stream of aggregate cash flows. No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of any future results.



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# Retail Investor Challenges

## Barriers to investing

- × High minimum investment amounts
- 
- × Diversification requires a large capital outlay
- 
- × Difficult to access the top performing managers
- 
- × Long-term, illiquid investment
- 
- × Challenging cashflow management
- 
- × No consistent income

# ASX: PE1

## Pengana Private Equity Trust



Managed by GCM Grosvenor, one of the world's largest and most diversified independent alternative asset management firms

Aiming to provide investors with a diversified set of exposures to global private equity through a customised mandate managed by Grosvenor Capital Management, L.P.

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# PE1 Addresses Retail Investor Challenges

Barriers to Investing

× High minimum investment amounts

✓ Invest on the ASX - no minimum investment

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× Diversification requires a large capital outlay

✓ Access to a globally diversified portfolio with exposure to >500 companies via a single ASX trade.

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× Difficult to access the top performing managers

✓ GCM Grosvenor has 750+ manager relationships<sup>1</sup>

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× Long-term, illiquid investment

✓ Secondary market liquidity via the ASX

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× Challenging cashflow management

✓ Cashflow management takes place within the vehicle

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× No consistent income

✓ 4% p.a. target cash distribution yield<sup>2</sup>

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

1. Manager relationships data as of 1 January 2024.

2. Pengana intends to target a cash distribution yield equal to 4% p.a. (prorated on a non-compounded basis) of the NAV (including the cash distribution amount payable) as at the end of the period that a distribution relates to. The targeted distribution is only a target and may not be achieved.

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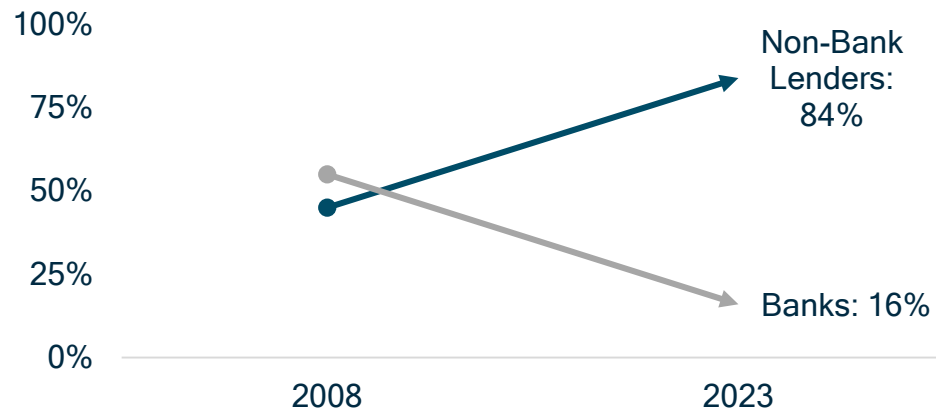
# Investor Challenges

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# Attractive Structural Opportunity

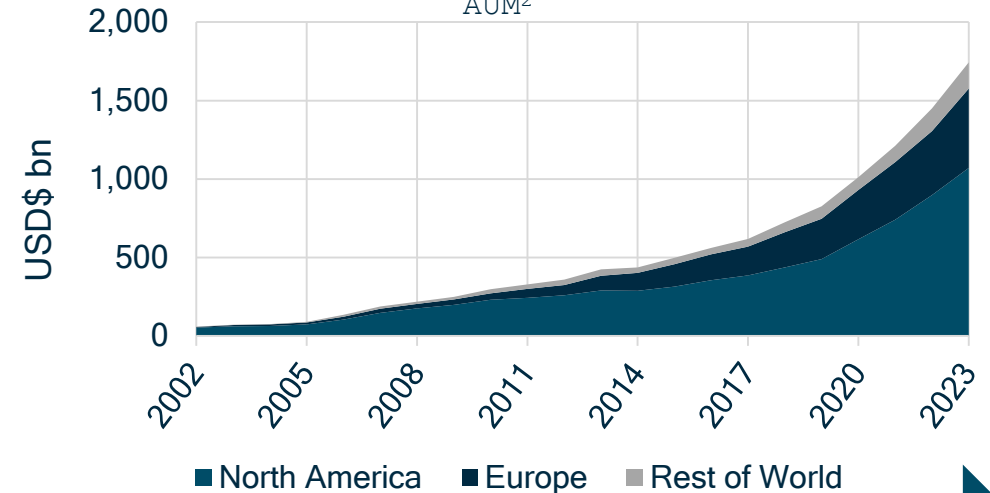
Banks are scaling back lending as regulation decreases their appetite for certain activities

Bank Share of US and European Middle Market Corporate Loans<sup>1</sup>



Private lenders now the first "port of call" for growing subset of borrowers

Global Private Credit - Growth in AUM<sup>2</sup>



Borrowers increasingly demand flexible solutions that can be quickly executed

1. Source: LCD Global Leveraged Lending Review Q3 2023 and Mercer analysis. Calculated as an average between US and European markets. LCD has not provided consent to the inclusion of statements utilising their data.  
 2. Source: Preqin. X-axis covers the period between 31 December 2000 and 31 December 2023. Preqin has not provided consent to the inclusion of statements utilising their data.

# What is Investable Private Credit?

Individually customised non-bank loans to mid-market companies, with seniority and security, that are held to maturity or refinanced.



Individually customised loans...

An asset manager sources and leads the arrangement of a loan



...by non-bank lenders...

Borrowers either can't access public debt markets, or prefer private lenders to banking arrangements for other reasons



...to mid-market companies...

Often, privately owned companies with EBITDA of USD\$50m-\$250m



...and managers or owners of assets...

Potential finance for non-bank lenders or owners of specialised income generating assets



... with seniority and security...

Backed by assets and/or high-ranking claims on cash flows

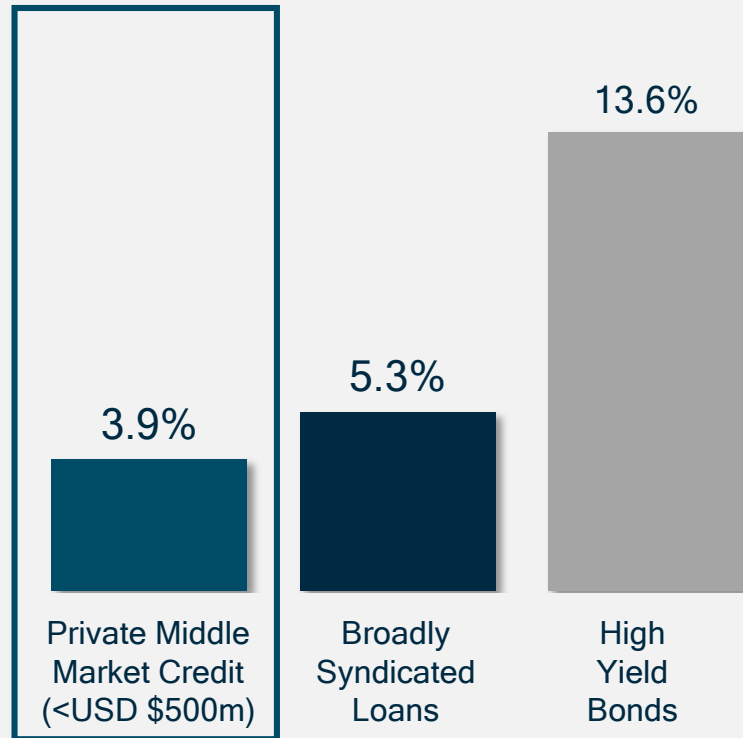


... that are held to maturity or refinanced.

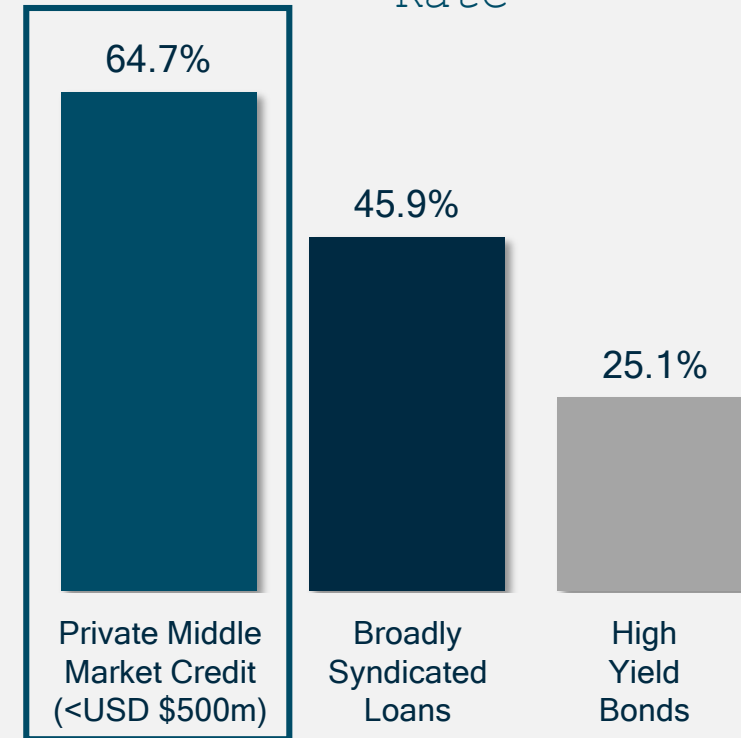
Loans are generally not traded and are considered "illiquid"

# Lower levels of default and higher recovery rates

USD\$ Cumulative Default Rate

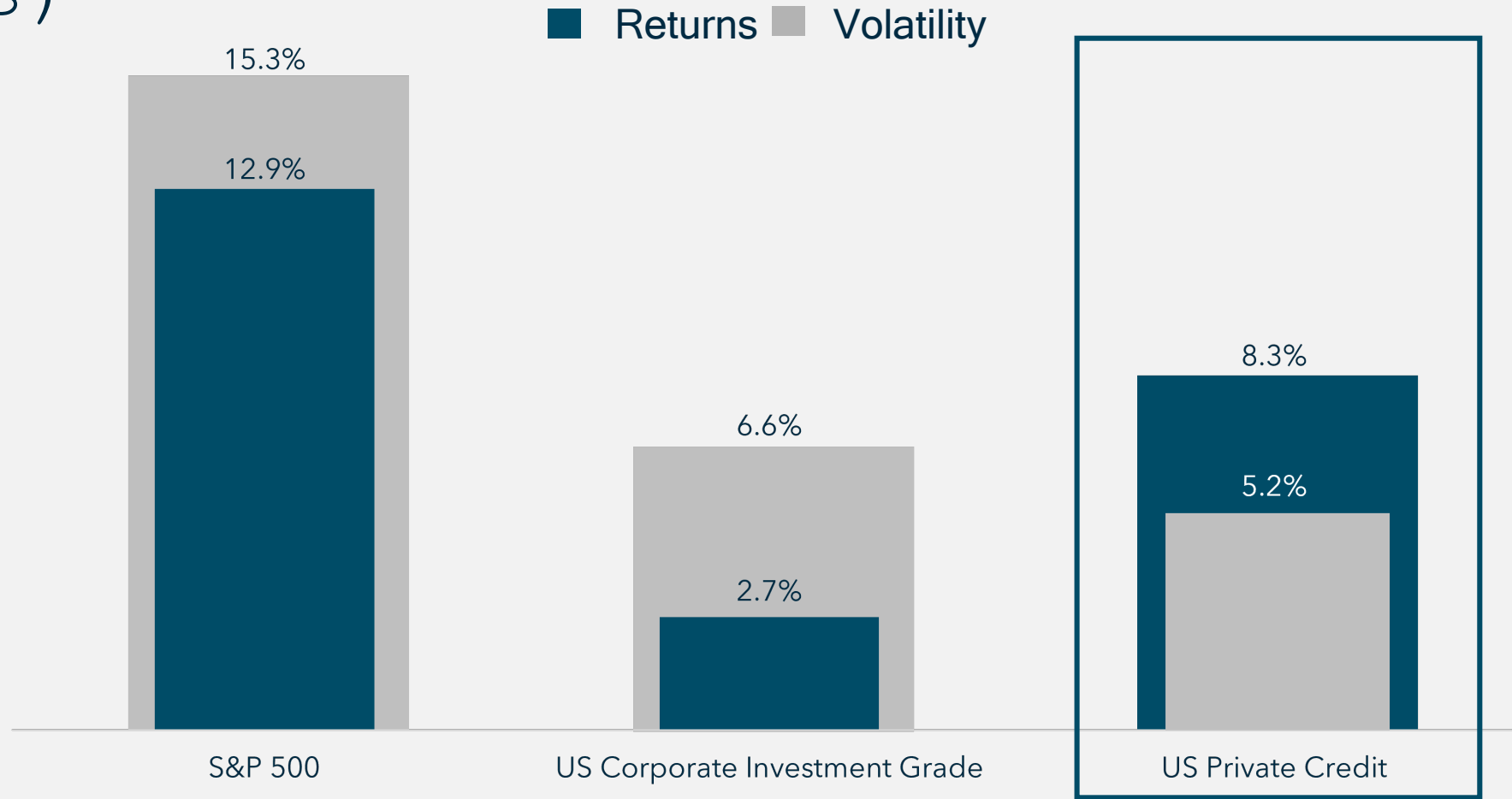


USD\$ Average Annual Recovery Rate



Source: USD\$ Cumulative Default Rate 1995 - 2021; S&P LCD & CreditPro (1995 to 2021), as at 31 December 2021. The cumulative default rate is the percentage of commercial borrowers within a certain category that have defaulted on their obligations by a specific point in time. It is the total number of defaults accumulated over a period, expressed as a percentage of the initial loan pool. This metric helps investors and analysts to assess the historical default likelihood of borrowers within a specific category over different timeframes. The S&P LCD cumulative default rate has a one-year lag since it assumes a loan will not default within one year of origination. Past performance is not a reliable indicator of future performance and may not be repeated. USD\$ Average Annual Recovery Rate 1995-2022; S&P LCD & CreditPro (1995 to 2022). The Annual Recovery Rate is the average percentage of the loan principal amount recovered by lenders following a default event within a specific year. This metric provides insight into the expected loss in case of a default, showing how much lenders might recoup on their investments on average. Middle market loans defined as those <\$500m in size. Past performance is not a reliable indicator of future performance and may not be repeated. S&P LCD & CreditPro have not provided consent to the inclusion of statements utilising their data. 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.

# Positive Risk Return Ratio (10 Years)<sup>1</sup>



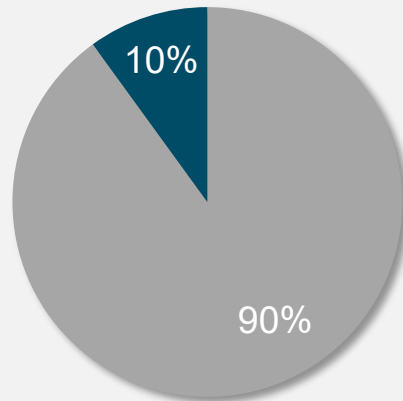
Returns in USD. 10 year period from 1 July 2013 to 30 June 2023. Sources: S&P (S&P 500 Total Return Index), Bloomberg (Bloomberg US Corporate Total Return Value Unhedged USD), Burgiss (Burgiss - Private Debt (North America)), and Thomson Reuters Datastream (ICE BofAML US High Yield Master II, S&P Leveraged Loan). S&P, Bloomberg, Burgiss and Thomson Reuters have not provided consent to the inclusion of statements utilising their data. 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.

Volatility refers to "Annualised Standard Deviation", 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 an asset or portfolio of assets has a high Annualised Standard Deviation, the price of the asset or return of the portfolio of assets has historically fluctuated vigorously. If an asset or portfolio of assets has a low Annualised Standard Deviation, the price of the asset or return of the portfolio of assets has historically moved at a steady pace over a period of time.

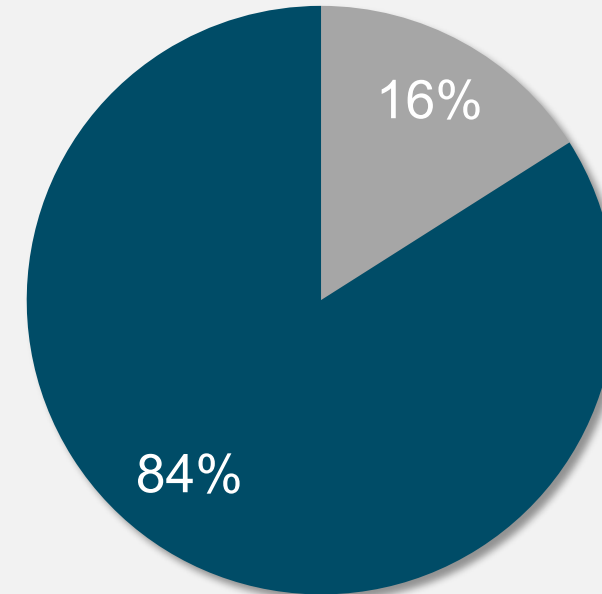


# Why Global

Australia



Global (US and Europe)



- Predominantly commercial real estate, asset-backed securities & syndicated loans
- Smaller scale other strategies
- Driven by Australian macro environment

- Highly diversified
- Wide borrower and investor acceptance
- Long tenured managers
- Structural dynamics and scale drive innovation

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# Barriers for Australian Retail Investors

## GLOBAL ACCESS

- Identifying, assessing and securing access to the top performing global private credit managers

## DIVERSIFICATION

- Available vehicles typically single manager and concentrated by geography, asset class and/or strategy

## DRAWDOWN PROFILE AND HEDGING

- Funds have up to 48-month drawdown schedules, so dilute investor IRRs
- Hedging USD and Euro illiquid credit assets is not possible or prohibitively expensive

## STAYING INVESTED

- Staying invested - closed end funds return capital, requiring repeat of entire investment process

# ASX: PCX

## Pengana Global Private Credit Trust



The most diversified global private credit fund on the ASX



Opportunity to sell quarterly at NAV<sup>2</sup>



Targeting strong risk-adjusted returns, including a 7% p.a. cash distribution yield, paid monthly<sup>1</sup>



PCX is hedged back to AUD mitigating the risk of foreign exchange fluctuations.



Managed in association with Mercer, one of the worlds largest asset consultants and outsource asset managers.

- <sup>1</sup> The target cash distribution yield is an objective target only and may not be achieved. Any shortfall in net income generated may result in a distribution payment made out of capital invested. Future returns are not guaranteed and a loss of principal may occur. Investors should review the Risks summary set out in Section 8 of the PDS. Past performance is not necessarily a guide to future performance.
- <sup>2</sup> The Responsible Entity intends to make an offer to buy-back 5% of the issued capital of PCX at the Buy-Back Price each calendar quarter on an off-market basis, subject to the Responsible Entity determining such is in the best interest of unitholders. The Buy-Back Price is equal to the sum of (i) the NAV per unit as at the Buy-Back Pricing Date; and (ii) the amounts of distributions that the unitholder would have been entitled to if the unit was not cancelled from the Buy-Back Cancellation of Units Date up to the Buy-Back Payment Date. This off-market buy-back mechanism is intended to provide investors with an alternate option to sell their holdings. It is also intended to give investors a better investment outcome over traditional listed investment company ("LIC") and listed investment trust ("LIT") structures by reducing the propensity for trading on-market to occur at large discounts to the NAV per unit. The first round of quarterly buy-back post the completion of the IPO will have a Buy-Back Pricing Date of on or around 31 December 2024. Subject to the acceptance of a buy-back timetable which is acceptable to the ASX, a Buy-Back Booklet with details of specific dates for this first buy-back will be made available to unitholders on or around 15 August 2024, with the date required for a unitholder to elect to participate in the buy-back being on or around 20 September 2024. The Responsible Entity intends that each subsequent round of quarterly buy-back after the first round will also have at least one calendar quarter between the date required for a unitholder to elect to participate in the buy-back and its Buy-Back Pricing Date and Buy-Back Payment Date, with specific dates to be made available in future Buy-Back Booklets (subject to the acceptance of the buy-back timetable by the ASX). Please refer to the PDS for an explanation of capitalised defined terms and in particular to section 6.12 for further information in respect of the buy-back proposals and other capital management initiatives.

Aiming to generate strong risk adjusted returns with a high degree of capital protection as well as stable and consistent income via exposure to a diversified portfolio of global private credit investments, liquid credit investments and cash

# Summary

- The ASX provides an extensive menu of options for investors
- Each investor is different
- Using purpose-built vehicles and specialist managers can enhance portfolio construction, as well as provide access to a significantly broader investment universe.

What's in the Fund?	PIA	PE1	PCX
What's in the solution?	<p>Fully franked dividends from approximately 60 globally listed companies, diversified across:</p> <ul style="list-style-type: none"> <li>• Sectors under-represented in Australia</li> <li>• Regions (US, Europe, Asia)</li> </ul>	<p>Over 500 underlying private companies, diversified across:</p> <ul style="list-style-type: none"> <li>• Over 100 underlying funds</li> <li>• All sectors</li> <li>• Economic cycles since 2003</li> <li>• Regions (US, Europe, Asia)</li> </ul>	<p>Over 2,000 underlying loans diversified across:</p> <ul style="list-style-type: none"> <li>• 19 underlying funds</li> <li>• Seniority</li> <li>• Credit strategies</li> <li>• Regions (US, Europe)</li> </ul>
What the Fund aims to do for your portfolio?*	<ul style="list-style-type: none"> <li>• Capital growth from globally listed companies</li> <li>• Diversification</li> <li>• Regular and reliable fully franked dividends</li> </ul>	<ul style="list-style-type: none"> <li>• Capital growth from global private equity</li> <li>• 4% p.a. target distribution yield<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>• Income from global private credit</li> <li>• 7% p.a. target cash distribution yield<sup>2</sup></li> <li>• Hedged to AUD</li> </ul>

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# Disclaimer

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**FOR MORE  
INFORMATION**

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