



Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	Grosvenor Capital Management, L.P.
Benchmark	Bloomberg AusBond Bank Bill Index AUD
Product structure	LIT
Market cap. at 31-Jan-2024	\$382.84m
Price divergence	Moderate
Listing Date	Apr-2019
Leverage	Up to 25% of NAV
Asset class	Alternatives
Sector	Growth Alternatives (High)
Peer group	Private Equity
Rated peers	24

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	Low
Tenure of Decision Makers	High
Complex (RG240)	Yes
Strategy Remaining Capacity	Not stated
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Above median

Annual Fees and Costs (% p.a.)

Management fees & costs	2.45
Performance fee costs	0.00
Annual fees and costs	2.45

Source: FE fundinfo, Offer Document date: 11/Feb/2019

Strengths

- Strong private markets track record, highly qualified investment team, applying a robust investment process.
- Being listed on the ASX provides investors with daily liquidity for an illiquid asset class.
- The Trust is well diversified by portfolio companies, industries and regions.
- Grosvenor's strong relationships with GPs provide a good foundation for sourcing investment opportunities.

Weaknesses

- The largely closed-end structure of the underlying co-mingled vehicles may reduce the portfolio's maneuverability.
- The dual layer of management and performance fees is very high in absolute terms, as well as relative to peers.
- Correlations to the broader equity market are expected to be higher than an unlisted private equity exposure.

Product Opinion

The Trust's '**Recommended**' rating has been retained. The Grosvenor investment team is considered to be experienced and to apply a thorough and robust investment process. The Manager has a well regarded private market track record spanning over 20 years. The listed trust structure can also provide daily liquidity for an illiquid asset class. The Trust's material use of internal co-mingled funds may reduce portfolio flexibility compared to peers and the Trust's high level of over-commitment is strongly reliant on forecast distributions which has the potential for liquidity challenges in extreme circumstances. The overall fee load, which includes multiple management and performance fee layers, is considered high compared to peers and very high overall.

Lonsec Rating Model

Rating key: ●●● Above ●●● In-line ●●● Below

Factor	Peer Rating	YoY Score Change
Business	●●●	—
Team	●●●	—
Process	●●●	↑
ESG	●●●	↑
Product	●●●	↑
Fees	●●●	—
Performance	●●●	—

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Return Profile

Income		
Capital		
	Defensive	Growth

Key Facts

Key Objectives

Investment objective	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
Internal return objective	8-14% p.a. net of fees over an at least 10-year investment horizon
Internal risk objective	None stated

Asset Allocation (%) (as at 30/06/2024)

Alternative Assets	97.64
Cash	2.36
Total	100

Source: FE fundinfo

Rating History

18-Sep-2023	Recommended
30-Sep-2022	Recommended
18-Oct-2021	Recommended

Product Distribution Profile

Frequency	Semi Annually
Last Missed Distribution	Nil
Number of Missed Distributions in the last 5 years	0

Target Market Determination

Produced by issuer	No
Provided to Lonsec	No

Trading Snapshot (as at 30/06/2024)

Securities on issue	276,609,318
Ticker	PE1
Last price	\$1.40
52 week high/low price	\$1.64/\$1.22
Last NTA or NAV	\$1.58
52 week high/low NTA or NAV	\$1.66/\$1.56
Premium/discount to NTA or NAV	-11.603 %

Performance Analysis - annualised after fees at 30/06/2024

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	-4.12	6.78	3.33	9.19	12.23	6.25	9.33	7.10
Standard deviation	18.34	6.48	16.24	6.09	19.64	7.67	20.50	8.37
Excess return (% p.a)	-8.49	2.40	-0.30	5.56	9.79	1.76	7.69	-4.50
Outperformance ratio (% p.a)	33.33	45.83	45.83	50.00	52.78	50.00	53.33	44.17
Worst drawdown (%)	-10.76	-2.98	-19.97	-4.24	-19.97	-13.60	-23.20	-19.04
Time to recovery (mths)	2	-	NR	4	NR	-	11	-
Sharpe ratio	-0.46	0.70	-0.02	1.10	0.50	0.44	0.38	0.35
Information ratio	-0.46	0.52	-0.02	0.63	0.50	0.22	0.37	-0.46
Tracking error (% p.a)	18.33	7.99	16.29	8.13	19.77	8.61	20.55	9.53

Lonsec Peer Group: Alternatives - Growth Alternatives (High) - Private Equity

Product Benchmark: Bloomberg AusBond Bank Bill Index AUD

Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD

Time to recovery: NR - Not recovered, dash - No drawdown during period

Calculated using share price

Business

Facts

Investment Manager	Grosvenor Capital Management, L.P.
Ultimate Parent Company	GCM Grosvenor Inc (NASDAQ: GCMG)
Headquarters	Chicago, USA
Inception Date	May 1971
% Staff Ownership	>50%

Governance

% Independent board members	71
% Female board members	43
Independent chair	No
CEO as Chair	Yes
Separate Audit Committee	Yes

Who is the Manager?

Pengana Capital Limited ('Pengana') is a wholly owned subsidiary of Pengana Capital Group Limited (ASX:PCG), a diversified funds management group founded in 2003 and headquartered in Sydney. Pengana has appointed Grosvenor Capital Management, L.P. ('Grosvenor' or 'the Manager') as the investment manager for the Fund.

Grosvenor is an investment manager with US\$79bn in AUM (June 2024). This is split US\$23bn in Absolute Return strategies and US\$56bn in private markets. 71% of AUM is managed in customised separate accounts.

Grosvenor became a public company (NASDAQ: GCMG), effective 18 November 2020, after a merger with CF Finance Acquisition Corp. (NASDAQ: CFFA). Post the merger, the Grosvenor investment team continue to own c. 70% of the equity interests of the combined company. Importantly, the Grosvenor leadership team remains unchanged since listing.

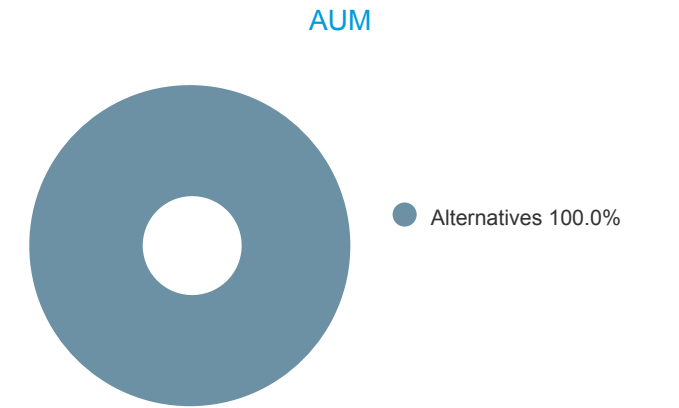
Lonsec Opinion

Profitability

The Manager is profitable, although derives a material amount of revenue from performance based fees, which may fluctuate based on the performance of the Manager's investment strategies. The Manager has a well diversified global client base across a number of investment strategies and vehicles, which typically have long investment periods, as such the client base and subsequent ability to generate revenue is considered strong.

Business Track record

The firm manages a significant amount of capital, with strong AUM growth in a sustainable manner, and a strong track record of operating over many years, with the Manager's private equity capabilities being offered since 1999. The GCM business has built a decent footprint across Asia Pacific and is considered to be committed to continuing offering products and services in the region.



Metrics

Total AUM	A\$119.0b
Investment Management Headcount	538
Investment Professionals	176
Sales & Service	15 (Pengana)
Distributor	Pengana Capital Group Limited

Business Ownership

GCM is a publicly listed company (NASDAQ: GCMG), that said, the Manager is considered to have a strong boutique culture, with the business being majority staff owned.

Business Governance

Business governance is line with many large global asset managers, with no regulatory findings in recent history. There is a high degree of segregation of duties between the investment team and the operations and compliance teams.

Team



Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Jonathan Levin	Portfolio management	No	2019	21/13	
Jason Metakis	Portfolio management	No	2019	25/14	
Bradley Meyers	Portfolio management	No	2019	27/1	
Frederick Pollock	Portfolio management	No	2019	20/9	
Brian Sullivan	Portfolio management	No	2019	28/10	

KDM Change*

No changes.

* Last 3 years

Profile

Size	176
Structure	Decentralised
Turnover	Medium

Alignment

KDM equity held in manager	Yes
KDM co-investment in strategy	Yes
Performance-Based bonus	Yes
Long term incentive plan	No

Resources

	Number	Average Years Experience
Key decision makers	5	24
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts		
Dedicated dealers		
Quantitative		
ESG/Sustainability		
Macro		
Investment Specialists		

Who is the Team?

Established in 1971, Grosvenor has been investing in private markets since 1999 with over US\$76bn (30 June 2023) in assets under management (AUM) across absolute return strategies, private equity, real estate, infrastructure and credit. Grosvenor is headquartered in Chicago and has a further seven offices globally. The aggregate investment team totals 176 investment professionals, with the private equity investment platform comprising 54 investors loosely structured according to Primaries, Co-investments, Secondaries, and Opportunistic. The investment team is considered to be adequately resourced.

The Trust's Investment Committee is responsible for all investment decisions. It includes Grosvenor's President Jonathan Levin (Chair), alongside Managing Directors Jason Metakis, Bradley Meyers, Brian Sullivan and Fred Pollock, Chief Investment Officer and PE1's assigned Portfolio Manager. The Investment Committee is well-experienced with firm tenure and industry experience averages of 13 and 24 years, respectively.

Team (continued)



Lonsec Opinion

Team Size

Overall, the Private Equity Team comprises 54 professionals and executes private equity investments across primary funds, secondaries, and co-investments. Grosvenor's investment team is considered to be highly qualified, to have strong experience in investing in private markets and be sufficiently resourced. Grosvenor also has a well-resourced 17-person Operational Due Diligence Team, who are members of the Finance and Legal Departments and are separate to the investment team. The Operational Due Diligence Team is responsible for separately reviewing investments and managers from a structuring and operations perspective firm-wide and includes members with legal, audit, tax, technology and securities experience.

Skill

In addition to being the Trust's Portfolio Manager and firm's CIO, Pollock also leads the Strategic Investments Group and is a member of the separate Private Equity, Real Assets and Alternative Credit Investment Committees. Pollock's collective roles are considered to be helpful in providing a broad perspective on global markets and are complimentary to his role as Portfolio Manager for PE1. Pollock has over 20 years' investment experience, nine of which gained at Grosvenor, and is considered to be a highly capable investor.

While investment decisions are undertaken by the Trust's Investment Committee, all new investments also require the approval of Grosvenor's Operations Committee. This dual-approval structure is considered to be best practice, although noting it is reasonably common for private equity managers. The use of an Investment Committee also helps to reduce key person risk. The Operations Committee is also well-experienced, with an average firm tenure of 19 years and average investment experience of 27 years.

Track Record/Co-Tenure

The team is significantly experienced with a stability evident across senior members of the investment team and various committees. The committees are considered to be highly experienced and of very high calibre. All Key Decision Maker's are observed to have extensive industry experience and meaningfully long levels of tenure at the Manager.

Key Person Risk

Given the size and depth of experience in the investment team, coupled with the committee-based decision-making structure, key person risk is considered to be relatively low.

Alignment

The Manager and investment team are highly aligned to the performance of the Trust in a variety of ways, having invested substantial capital alongside investors, incentive fees being linked to performance outcomes, annual bonuses being based on both individual performance and the success of the firm and numerous key members of Grosvenor's management team, including investment professionals, participating in a profit share of the business. Eligible employees also now receive shares/restricted stock units in the firm with vesting periods of over three years. Overall, the strength of the alignment is considered to be a positive for the Trust.

Process



What is the Investment Process?

The Trust seeks to provide diversified private markets exposure, including private equity, private credit, and other opportunistic investments. Investments are predominantly made through Grosvenor's co-mingled funds, although exposure can also be through vehicles managed by third-party investment managers. The investment process seeks exposure to middle market companies based on the belief they represent a larger opportunity set, lower entry valuations, and have more conservative capital structures. The Manager seeks investment exposure to middle market companies, believing this larger opportunity set provides more lucrative entry valuation and more conservative capital structures. Additionally, Grosvenor believes that middle market investments can offer fund managers more opportunity for organic value creation and increased exit opportunities, resulting in the potential for higher returns.

The Manager seeks to assess the potential value creation for each General Partner ('GP') at different stages of the investment process (i.e., sourcing, due diligence, structuring, execution, monitoring, and exit) to gain an in-depth understanding of the opportunities and risks associated with each investment. Grosvenor is an active investor across the spectrum of both market and fund manager size, and maintains an extensive network of GP relationships (700+), and is able to gain access to a range of private equity managers.

The 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 investments undergo an initial screening process to determine whether the transaction warrants additional analysis. If initial approval is granted, the deal team then undertakes due diligence and conducts detailed analysis of the key risks, merits and suitability of the proposed investment.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Sector	Private Equity
Investment Strategy	Predominantly Buyout
Investment Type	Direct, Primaries, Co-investment, Secondaries
Primary geographical focus	North America
Target Market	Middle Market

The Trust seeks to invest in a range of private markets investments with the target allocation range for each being: Primaries (15-30%), Co-investments (15-30%), Secondaries (15-30%), Private credit (5-15%), Opportunistic (10-25%) and Cash (2-10%). As of 30/6/24, PE1 was overall exposed to over 500 underlying companies and is diversified across multiple dimensions including regions, vintages covering 2003 to present, and implementation methods including 16 primary funds managed by 13 cycle-tested managers, over 85 private equity co-investments and direct investments, and 36 secondary transactions (with over 85 funds and over 325 underlying companies). The portfolio is well diversified across private equity strategies and underlying exposures.

Grosvenor's significant position in the private equity landscape provides several key advantages versus smaller peers. One such advantage is the ability to get continued access and preferred allocations into oversubscribed funds due to its existing relationships with GPs. Grosvenor also has an active presence as an adviser to underlying managers, with Advisory Board seats on over 40% of its mid-market buy-out fund investments. Additionally, Grosvenor tends to be much more willing than competitors to invest in GPs based in second or third tier cities, indicating the breadth of the Manager's coverage.

Research Process

Idea generation	Financial market data, Expert networks, Other, Referrals, Direct outreach, Proprietary deal outflow, Brokers, PE sponsors
Deals assessed p.a.	350
Core GP relationships	>30
Valuation Approach	IRR

Grosvenor implements a robust and highly detailed due diligence process for new investment opportunities across primaries, secondaries and co-investments. The due diligence process heavily leverages the collective senior expertise of the investment team and is supported via well-resourced investment committees. Pleasingly, the Manager is observed to be highly selective in terms of its investments which is highlighted by the low rate of primary and co-investment opportunities which have been invested into historically (circa 5%). Secondary investments are also made somewhat opportunistically, involving a blend of GP-led and traditional limited partner secondaries.

The Trust utilises a broad approach to the strategies employed across Grosvenor's investment platform and seeks to provide diversification across underlying investment managers, vintages, geographies, sectors, and strategies. There is a broad approach to strategy type, albeit leveraged buyout funds are of particular focus and expected to strongly feature. Grosvenor generally seeks to invest with underlying investment managers who have historically managed investment vehicles which have generated upper quartile returns, and whom Grosvenor 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.

Process (continued)

Capacity Management

Capacity guidance	Not stated
Strategy AUM	A\$424.00m (TBC)
Portfolio liquidity (1 week)	0.00%

The Fund has A\$434m in AUM (June 2024) with the Grosvenor investment platform upwards of US\$79b as at March 2024. Capacity will be largely dependent on continued deal flow, inflows and the investment team’s ability to appropriately deploy capital at a prudent pace.

Larger managers are effectively required to conduct a higher volume of deals (requiring a larger team and potentially lowering the quality of investment hurdle) and/or participate in larger deal sizes. Subscriptions and opportunities to deploy capital are being monitored to ensure appropriate diversification, risk and liquidity profiles. There are currently no concerns regarding the Fund’s capacity, however, the Manager’s AUM and pace of deployment will be continually monitored.

Portfolio Construction

Portfolio management structure	Portfolio Manager
Approach to benchmark	Not applicable
Typical security numbers	500+
Typical securities range	-
Typical portfolio turnover p.a.	-

The portfolio construction process incorporates both top-down and bottom-up elements. Grosvenor conducts analysis of target industries, sectors and regions, including an analysis of the economic conditions, investment environment, and the state of the private equity markets. The helps guide the team’s sourcing, due diligence and portfolio construction decisions. This approach considers various factors such as deal flow, team expertise, market conditions, long-term value creation opportunities, and risk mitigation. The Trust has a strong North America focus, with 79% allocated to the region at June 2024.

The Trust makes significant use of co-mingled funds with the Trust’s exposure to equity co-investments and directs wholly concentrated in the use of internal Grosvenor funds, namely the GCM Grosvenor Co-Investment Opportunities Feeder Fund II & III and GCM Grosvenor Multi-Asset Class Fund II & III which comprise over 50% of the Trust’s NAV (June 2024). Whilst co-mingled funds offer benefits of diversification, flexibility in size allocation and access to semi-seasoned portfolios alongside helping to reduce overall operational costs relative to direct investments, these significant allocations result in greater challenges in repositioning the Trust compared to researched peers.

Investment Risk Management

Monitoring external to investment team	No
Max illiquid	100%
Cash Allocation (Typical, Max.)	5%, 10%

Risk is primarily managed through deep analysis at the entry stage, both in terms of the investment capability and ensuring legal rights are preserved, given the Manager invests as a minority Limited Partner (‘LP’) investor. The Manager will also look to gain Advisory Board seats where possible, however as an LP investor, the Manager will generally be reliant on the skill of third-party managers and sponsors.

The Manager’s approach to cash flow modelling is considered to be pragmatic, with the vetting of liquidity assumptions by the firm’s risk management and treasury teams is viewed favourably. Maintaining portfolio liquidity is a key consideration in the management of the Trust given the need to meet capital calls on underlying investments. Liquidity management is also considered to be particularly important given the Trust’s cash distribution yield target. An internally derived quantitative model is used alongside stress testing of dividend and capital call assumptions. The Trust’s unfunded capital commitments totaled A\$163m (June 2024) whilst the cash balance is A\$11m. The quantum of over-commitment means the Trust is highly reliant on forecast distributions given the closed-end nature of the Trust. Providing some comfort is the availability of a credit facility and rigour of the Manager’s cash flow and liquidity forecasting, with the Manager confident in the ability to meet new investment commitments.

The Trust’s underlying assets make use of leverage, however the Manager is conscious of debt and the type of relationships managers have with lenders. The use of leverage at the underlying asset level varies between buyouts and special situations and the level of debt is considered on a bottom-up basis rather than there being any overarching philosophy on the overall level of leverage.

ESG

Manager Positioning

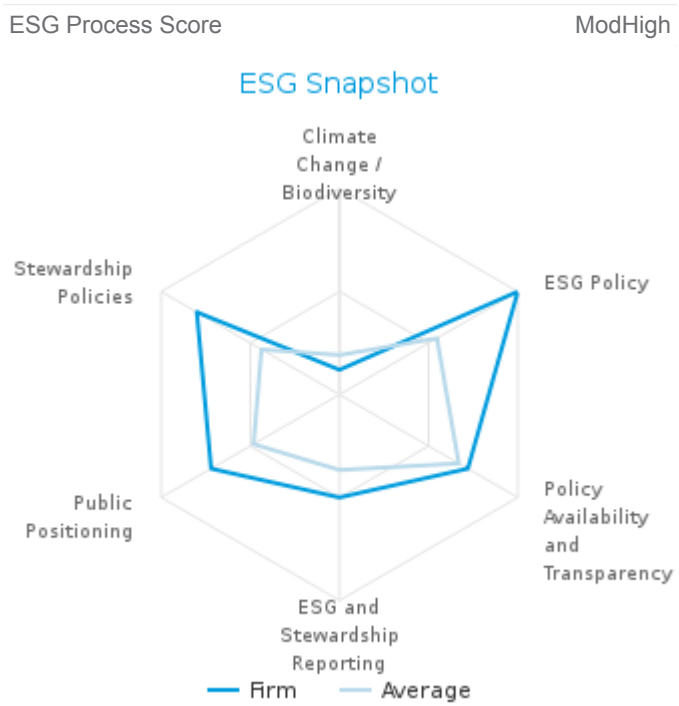
Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

What is the Manager’s ESG approach?

The Manager has indicated that their Responsible Investment style is "ESG Integration" and as such that they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. With a primary ESG style of "Risk or Value" Managers will determine inclusion based on the balance of overall risk (including ESG risk) and potential return. As a result this approach may mean that lower quality ESG companies may be included if the return potential is sufficient and this may conflict with some clients perception of what a strong ESG process would deliver.

Lonsec Opinion & Supporting Facts

Overview



Product Level Approach

The Manager has an appropriately structured approach to the collection and use of ESG specific data. The Manager accesses a smaller range of data providers than other managers of their size, but enhances this with an annual structured survey of portfolio companies. There are clear signs of defined ESG elements within the research process for the Fund. Transparency on the transmission from research to portfolio construction is limited. While ESG risks are reflected at the point of investment, there is no clear portfolio level ESG monitoring or management, with all activity focused on individual stocks. Engagement is a clear component of the Manager's approach which is prioritised and tracked in a structured manner. While ESG does not form a component of the compliance framework, portfolio disclosure is leading.

Strategy: Clarity, Measurability & Reporting

This product does not make any specific claim to being a sustainable, ethical or impact offering. As such, an alignment review for the product is not required thus the product's risk of misalignment has been assessed as not applicable.

Manager Level Approach

The Manager’s ESG policy framework and disclosure are ahead of peers in acknowledging their sustainability and impact objectives. This ESG assessment may not be adequate as it typically focuses on ESG integration as an adjunct and not forefront of the investment process. The only real weakness is the Manager's engagement process. It is unclear what rectification or escalation action would be taken if the investment misses its impact objectives.

Product



Service Providers

Responsible entity	Pengana Capital Limited
Investment manager	Grosvenor Capital Management, L.P.
Sub-investment manager	
Custodian	BNP Paribas
Administrator	BNP Paribas
Fund Auditor	Ernst & Young
Securities lending agent	
Change in Key Providers? (Over last 12 months)	No

Product Details

Market cap	\$386.90m
Premium / disc. (12M ave.)	-9.4%
Authorised capital management	None
Net asset disclosure frequency	Monthly
Distribution model	Affiliate
Investment structure	Feeder Fund
Product type	Listed Registered Managed Investment Scheme (Unitised)
Currency hedged	No

Operations

Valuation policy	Yes
Valuation committee	Senior GCM Grosvenor staff
Third party audit	Yes

What is the Product Structure?

The Pengana Private Equity Trust ('the Trust' or 'PE1') is a Listed Investment Trust ('LIT') trading on the ASX. Pengana Capital Group ('Pengana') has engaged Grosvenor Capital Management ('Grosvenor' or 'the Manager') as the investment manager of the Trust. PE1 seeks to provide diversified private markets exposure, including private equity, private credit, and other opportunistic investments, predominantly made through Grosvenor's co-mingled funds, although exposure can also be through vehicles managed by third-party investment managers. The Trust has engaged 'Tier 1' service providers for critical functions such as custodial, and administration services. Additionally, the Trust has a 'big 4' accounting firm as its auditor. The Responsible Entity is Pengana Capital Limited, which is a related party and may lead to the perception of conflicts which needs to be managed. That said, this RE relationship has been stable since the inception of the Trust and there have been no prior issues identified.

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 will not borrow in excess of 25% of the 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. The Trust does not currently expect to borrow in excess of 15% of NAV and requires the consent of the Manager to do so. Any such borrowing may be secured by the assets of the Trust.

Lonsec Opinion

Price Divergence

A key risk for LIT investors is the possibility of trading at a persistent and substantial discount to net tangible assets (NTA). Trading at such a discount can be a particular risk for PE1, given its relatively modest market capitalisation (c.A \$386m), and being more capital growth focused. Nevertheless, the Trust's price divergence to NTA is considered to have been relatively good, averaging a discount of 9.4% for FY2024.

Liquidity

PE1's traded liquidity characteristics, are considered to be strong relative to LIT peers, considered to have ample liquidity for investors to be able to transact efficiently.

Governance

The Trust has a stable and experienced board of trustees, with no recent changes. The board of trustees have co-tenure on stretching back to 2019, and have a mix of independent and non-independent directors and includes female representation, which is considered in line with accepted corporate governance principles.

Secondary Market Support

Pengana's experience in cultivating shareholder support and loyalty, crucial for narrowing the gap between share price and net asset value ('NAV') is considered to be somewhat less than specialised LIT peers. That said, the Manager's website provides regular updates about the strategy, which is considered advantageous for fostering shareholder support.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	2.45
Performance fee costs	0.00
Annual fees and costs	2.45

Source: FE fundinfo, Offer Document date: 11/Feb/2019

Performance Fees

Applicable	Yes
Hurdle type	Various

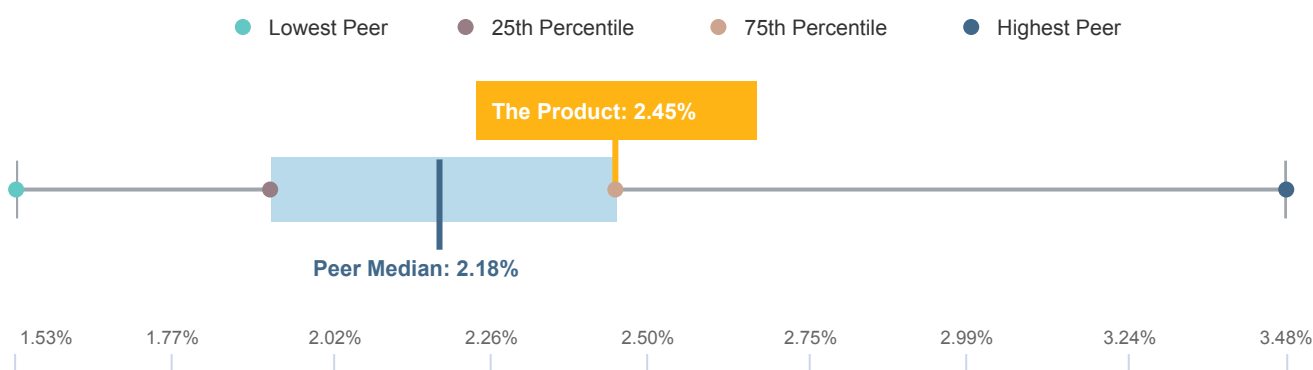
Fees Explained

The Trust has not issued a PDS since the initial raise. The Trust's disclosure, effective June 2023, disclosed Annual Fees and Costs ('AFC') totalling 2.45% p.a. This value comprised (1) Management Fees and Costs of 2.45% p.a. including underlying fund fees of 1.2% p.a., (2) Performance fees through FY2023 were 0.0% p.a. and (3) Net Transaction Costs of 0.0%.

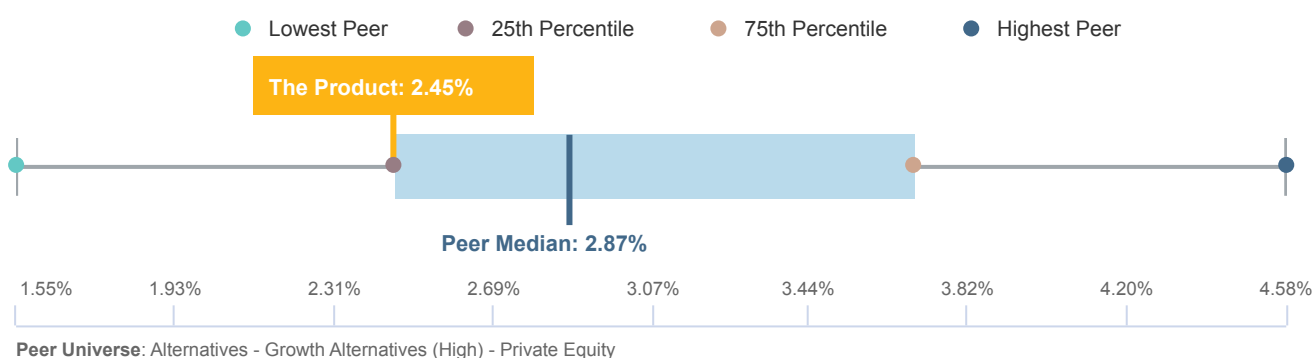
Highlighting the Trust's high fee potential, FY2022 disclosure of Annual Fees and Costs ('AFC') were 7.4% p.a. This value comprised (1) Management Fees and Costs of 3.6% p.a. including underlying fund fees of 2.3%, (2) Performance fees of 3.8% p.a. and (3) Net Transaction Costs of 0.0%, noting the Trust generated a gross return of 36.5% for this period.

A performance fee of 20% over a hurdle rate of 8% p.a. (net of Responsible Entity & Management fee) is charged. Further, the Trust has more than one layer of management and performance fees. The Trust's investments including underlying Grosvenor funds are subject to both management and performance fees, and those underlying investments may also be subject to management and performance fees.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Lonsec Opinion

Annual Fees and Costs

The Trust's potential Annual Fees and Costs ('AFC') are considered to be high versus peers. Fee disclosures vary from year to year, as such, the AFC is skewed by the potential performance fees disclosed, which were absent through FY2024.

Fairness

In aggregate, the Trust's fees are considered to be high relative to strategies within the asset class, with the overall fee load exacerbated by the fees charged by underlying managers, within respective underlying vehicles. The Trust's dual layer of fees are viewed to have limited transparency, as such, greater disclosure with respect to all fees and costs that detract from the Trust's net investment return is encouraged.

Performance data is as at 30 June 2024

Performance

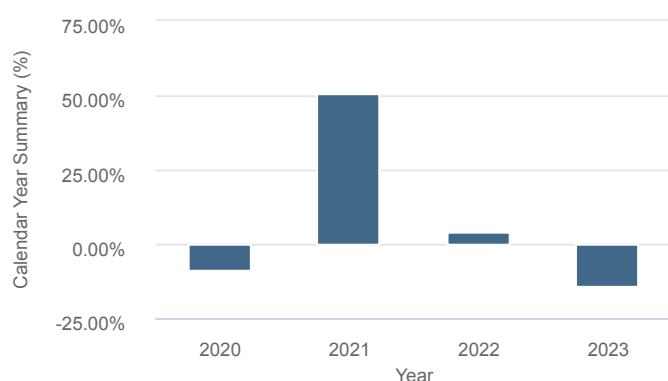
Performance Summary

Investment objective	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
Internal return objective	8-14% p.a. net of fees over an at least 10-year investment horizon
Internal risk objective	None stated
Product benchmark	Bloomberg AusBond Bank Bill Index AUD
Lonsec peer group	Private Equity

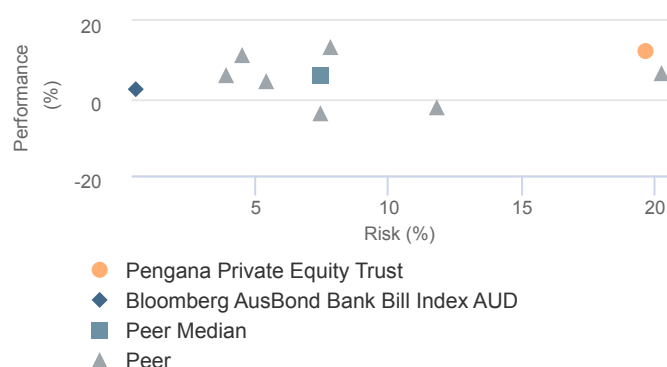
Alpha Generation

Returns over one and two year periods up to June 2024 have been soft relative to private equity peers, although performance has been somewhat impacted by the expansion in the discount to NTA of the LIT. The return on NTA over the 12 months period was 1.4%, highlighting the discount expansion relative to LIT performance of -4.1%. Over three years, the return on NTA is in line with the funds investment objective, delivering 9.6% p.a., whilst the LIT share price return was higher at 13.7% p.a.

Calendar Year Excess Return



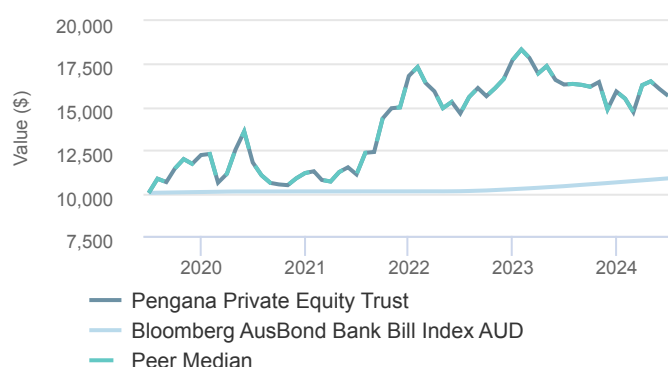
3 Year Risk and Return



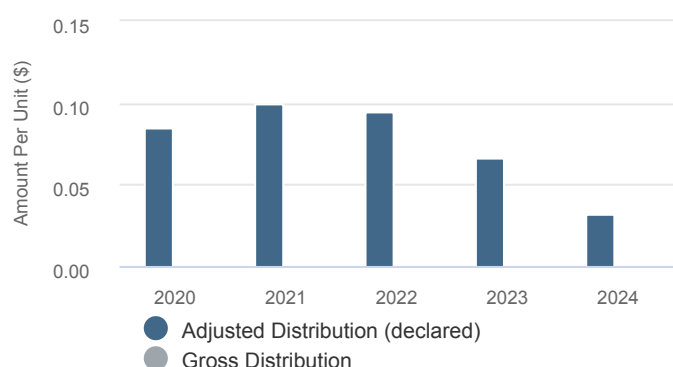
Alpha Consistency

Returns have kept pace with private market peers over longer measurement periods, with the Trust delivering material performance through 2021 and 2022.

Growth of \$10,000 Over 5 Years



Distribution Record Over 10 years



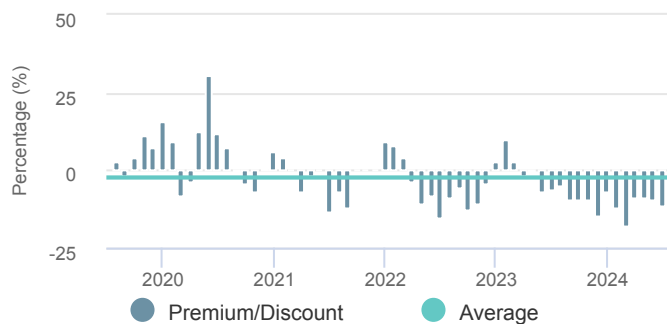
Performance data is as at 30 June 2024

Performance (continued)

Benchmark Relativity

Whilst the Trust is not managed to a specific Benchmark, The Manager is highly active in initiating new relationships with GP's providing sufficient scope to generate performance.

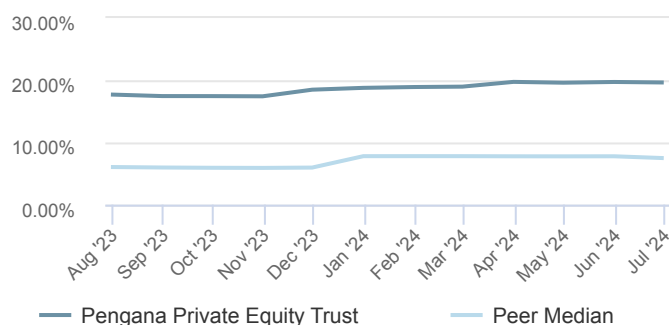
Share Price Premium/Discount to NAV Over 5 Years



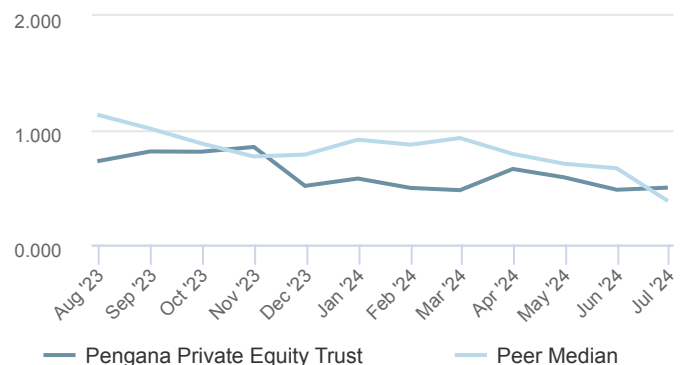
Return Volatility

The LIT structure attracts higher volatility than unlisted peers, and is also elevated relative to a listed equity proxy benchmark. From an underlying NTA perspective, volatility is also elevated from a peer relative sense.

3 Year Rolling Standard Deviation Over 1 Year



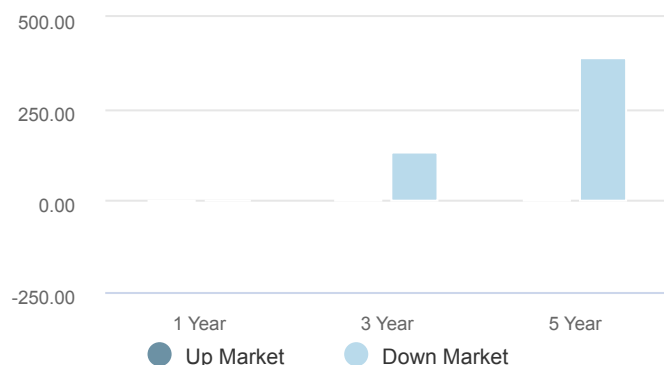
3 Year Rolling Sharpe Over 1 Year



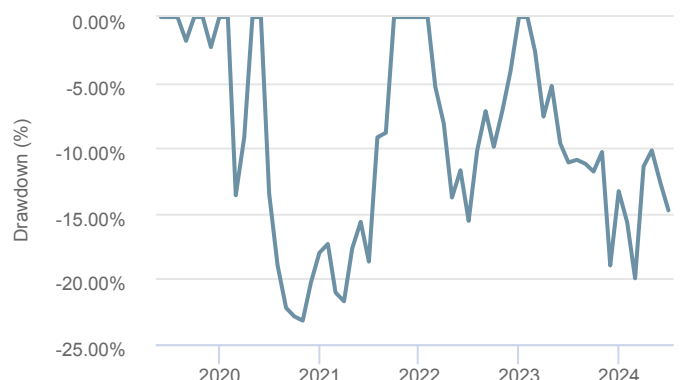
Product Defensiveness

The drawdown profile of PE1 is inferior to a listed equity index equivalent, with bouts of drawdowns being observed that have been independent of general listed equity market drawdown events.

Market Capture Ratio



Drawdowns



Ratings

'Highly Recommended' rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.

'Recommended' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.

'Investment Grade' rating indicates that Lonsec has conviction the product can meet its investment objectives.

'Approved' rating indicates that Lonsec believes the product can meet its investment objectives.

'Not -Approved' rating indicates that Lonsec does not believe the product can meet its investment objectives.

'Closed / Wind Up' status is applied when the product has been closed.

'Fund Watch' status is applied when a rating is under review due to the occurrence of a significant event relating to the product.

The **'Redeem'** rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.

The **'Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.

'Discontinued Review' status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.

The **'Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.

ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.

ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.

Excess return: Return in excess of the benchmark return.

Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).

Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.

Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.

Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.

Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.

Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.

Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.

Standard deviation: Volatility of monthly Absolute Returns.

Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.

Time to recovery: The number of months taken to recover the Worst Drawdown.

Total return: 'Top line' actual return, after fees.

Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).

Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

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Lonsec Research FSG Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments.

Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

Lonsec Research Pty Ltd
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
 - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
 - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

1.5 How Lonsec Research is paid

Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product.

Lonsec Research FSG (continued)

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1.6 How do we manage our compensation arrangements?

Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

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Complaints Manager

Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395

Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:

Online: www.afca.org.au

Email: info@afca.org.au

Phone: 1800 931 678

Mail:

Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

1.8 Conflicts of Interest

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There are a comprehensive set of policies, and procedures in place at Lonsec Holdings that apply to its subsidiaries including Lonsec Research. Information barriers (both permanent and temporary) consistent with our regulatory obligations under Regulatory Guide 79 are in place to manage either perceived or actual conflicts of interest. Employees of Lonsec also have to abide by Personal Trading and Gifts and Entertainment requirements and are trained on these requirements from time to time.

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This FSG was prepared on 1 August 2024.