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**BARWON GLOBAL LISTED PRIVATE EQUITY FUND AF**

# FAQS

September 2023

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## Q1| WHO IS BARWON INVESTMENT PARTNERS?

Barwon Investment Partners Pty Ltd (Barwon) is a highly experienced fund manager with a strong governance focus and a 15+ years track record managing institutional capital. Founded in 2006, Sydney-based Barwon has a strong focus on creating innovative investment solutions in the private equity and property asset classes for institutional and wholesale clients.

Barwon has six partners, each with extensive experience in investment management and financial services. It also employs a highly experienced investment team of 20+ individuals, each of whom has both deep expertise and experience in alternative investment markets.

Barwon's investment philosophy centres on a belief that alternative investment markets are less efficient than traditional asset classes. Reduced competition and greater inefficiencies in these sectors offer investors the opportunity for superior risk-adjusted returns.

The investment approach employed by Barwon places a strong emphasis on research, analysis, active management and fundamental value. This expertise is applied to add value through selective identification of attractive investment opportunities, independent of index or benchmark approaches.

Importantly, Barwon's approach also focuses on implementation, in recognition that great ideas and great strategy mean little without effective decision making, transaction execution and portfolio management expertise.

A strong governance framework is central to Barwon's investment approach; the backbone of its framework is a team with exemplary fiduciary track records. This team has been managing listed and unlisted vehicles for institutional and wholesale investors, located in Australia and internationally, for many years.

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## Q2| WHY DID PAN-TRIBAL WANT TO WORK WITH BARWON?

Barwon's unique product set coupled with its investment ethos and approach are just some of the reasons we chose to work with Barwon. Other reasons include:

- A strong alignment of interests – Barwon's private ownership sees the partners committing their own capital alongside investors.
- An enduring investment culture – Barwon embraces a culture of rigorous research and risk management, driving the assessment of each investment opportunity.
- Specialisation – the deep knowledge of private equity, which provides the opportunity for superior risk-adjusted returns.
- A focus on governance – a strong governance culture with a robust risk and compliance framework, and an exemplary fiduciary track record.
- Quality of people – Barwon's focused and passionate team operates with a flat management structure, providing the capacity for rapid opportunity assessment and transaction execution.
- A commitment to performance – this commitment means that the interests of the team at Barwon are truly aligned with that of their investors.

### Q3| WHY INVEST IN LISTED PRIVATE EQUITY?

*"Listed private equity provides investors with PE returns, but with public market liquidity. It is an inefficient market, so alpha can be generated through active management."*

Sam Armstrong – Head of Private Equity, Partner, Barwon Investment Partners

Listed Private Equity (LPE) comprises entities listed on international stock exchanges whose main activity is investing in private companies or private equity funds.

Private equity has typically provided better returns than those offered by listed equities, albeit with higher risk. Private equity funds generate these returns using the skill of the managers, leverage and better pricing available in private markets.

Figure one: Listed private equity versus global equities<sup>1</sup>

Returns to 30 September 2020	1 year %	3 years p.a. %	5 years p.a. %	10 years p.a. %
Preqin Private Equity Index (USD)	17.1	14.3	14.2	13.8
LPX50 Index - (USD)*	(3.0)	3.2	8.7	9.6
MSCI World (USD)	11.0	8.3	11.1	10.0

\* The LPX50 Index contains the 50 largest Listed Private Equity companies and is the most established Index for measuring this asset class. Past performance is not a reliable indicator of future performance.

Investors seeking these superior returns have traditionally gained exposure to private equity through closed-ended, unlisted funds. Typically, however, access to unlisted private equity funds is not available to all but the largest of institutional investors. Furthermore, investors' capital is usually required to be committed and drawn down over a period of up to five years, with up to ten years required to fully realise an investment in the fund.

LPE has an opportunity set of more than 750 stocks, with a global market cap exceeding US\$2,750bn. Some of these opportunities include:

Buyouts	Private Debt	Alternative Asset Managers	PE Backed Listed Companies
 <b>ONEX</b>   <b>PANTHEON</b> 	 <b>GOLUB CAPITAL</b>   	 <b>KKR</b> <b>APOLLO</b> <b>Brookfield</b>  <b>ICG</b> <b>IEQT</b>	 <b>ONEX</b>  <b>SILVERLAKE</b>  <b>APOLLO</b>  <b>THOMABRAVO</b>

Investing in LPE provides a range of benefits over investment in traditional private equity; it can provide investors with the superior returns generated by private equity investments, but with several advantages over investing in unlisted funds.



**Figure two: Benefits of listed private equity**

	Listed private equity	Traditional private equity - limited partnership
Liquidity	Yes	Very limited
Deployment	Immediate	Delayed
Transparency of portfolio	Yes	No - blind pool
Diversification	Yes	Harder to achieve
Inefficiencies	Sell-side coverage of LPEs is limited, creating opportunities for Barwon to outperform	The top performing fund managers are known and sought after; obtaining access to their funds is difficult
Flexibility	Ability to target specific portfolio exposures by sector, region or vintage	Difficult to make quick changes

Barwon believes that:

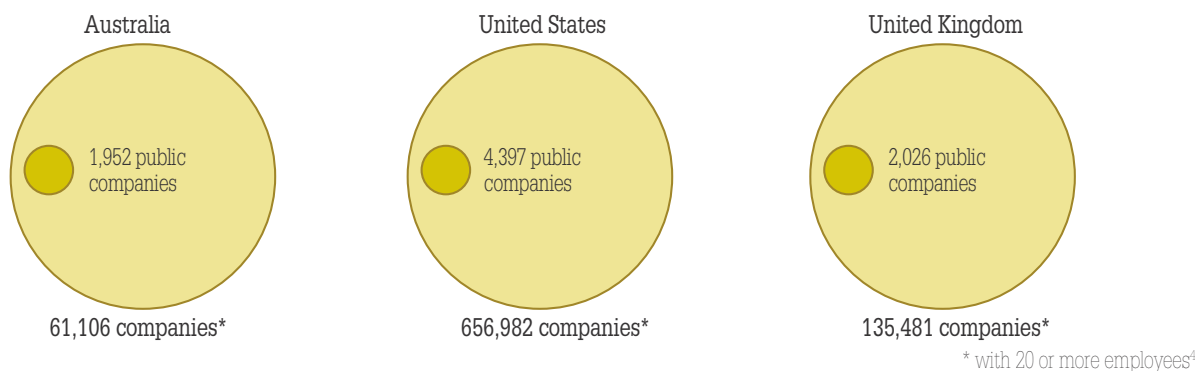
- Private equity outperforms public markets over the medium term;
- Listed private equity NAVs perform similarly to traditional private equity;
- Investor returns are ultimately driven by NAV growth;
- Inefficiencies in the LPE market arise from information asymmetry, lack of broker research coverage and a lack of attention from institutional investors.

#### Q4| WHERE DOES LPE FIT IN A DIVERSIFIED PORTFOLIO?

An allocation to LPE can provide diversification benefits to an investment portfolio.

World Bank data estimates that in 2018 there were close to 43,300 listed public companies globally<sup>2</sup>. While there is no aggregate data that can accurately capture all the private companies there are across the world, globally there are vastly more private companies than public companies.

**Figure three<sup>3</sup>: The universe of private companies<sup>2</sup>**



This carries implications for many investors, as there are great businesses out there which aren't easily accessible to many investors who are limited to investing via public exchanges or fund managers with access only to public companies.



## Q5] WHAT SORT OF INVESTMENTS DOES THE FUND HOLD?

Undertaking bottom-up, hands-on research, Barwon's team seeks to identify the best opportunities from an investment universe of more than 750 listed securities. The output of this research is a benchmark unaware portfolio consisting typically of 20-25 securities, which aims to provide diversification across geographies, deal stages and vintages.

Investment type + drivers	Company	Business
<b>Buyouts</b>  Earnings growth of underlying portfolio companies Deployment of capital and deal underwriting Evolution of PE buyout strategies		3i Group plc is a multinational private equity and venture capital company based in London that backs entrepreneurs and management teams of mid-market businesses in Europe and North America wanting to grow internationally.
		HgCapital Trust is a listed investment trust on the London Stock Exchange that invests in private funds and co-investments managed by Hg. Hg is a UK based PE manager with the largest technology investment team in Europe with 180 employees managing over £10bn in AUM and nearly 30 years of PE experience.
<b>Alternative asset managers</b>  Deployment of capital Future investment returns Diversification of strategies		As the largest alternative investment firm in the world, Blackstone specializes in private equity, credit, and hedge fund investment strategies.
		KKR is an American global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate, credit, and, through its strategic partners, hedge funds.
<b>Private debt</b>  Sponsor Finance Broadly Sided Loans European Lending		Golub Capital is a credit asset manager based in the United States with over \$60 billion of capital under management. The firm has primary business lines in middle market lending, late stage lending, and broadly syndicated loans.

## Q6] WHY INVEST IN THE BARWON GLOBAL LISTED PRIVATE EQUITY FUND AF?

**The Fund offers daily liquidity** – LPE securities can be freely bought and sold, subject to stock trading volumes. In contrast, unlisted private equity funds often require capital to be committed for up to 10 years and interests are difficult and costly to buy and sell through one-off transactions.

**Immediate investment and diversification** – the Fund provides the opportunity for investors to create an immediate, liquid, well diversified portfolio of quality LPEs and PE backed securities by geography, deal stage, vintage year and manager.

**No J curve** – investments in unlisted private equity funds typically experience negative or low returns in the first few years of the fund's life, an effect known as the J Curve. Fees and losses from failures tend to outweigh returns in the early years, with significant returns being back-ended. LPE avoids this effect because the underlying investments tend to be a mix of funds and companies at varying stages and of a range of vintages.

**PE returns** – private equity has typically outperformed traditional listed equities. Private equity funds use the skills of the manager, leverage and more attractive private market pricing to generate these returns. Pricing, market inefficiencies and the Barwon.

**Competitive edge** – Barwon believes that LPE securities are poorly understood because of sporadic news flow and limited research. This often provides the opportunity to purchase assets cheaply, often at significant discounts to net asset value. Barwon has an experienced private equity team that understands the value inherent in LPE companies and has excellent access to managers and industry specialists worldwide.

**Specialist team** – Barwon has a well-resourced, knowledgeable team of eight investment professionals, each with extensive experience in listed private equity.

**Excellent track record** – Barwon has consistently delivered for investors, with an annual return of 9.51% p.a.\* over the past 10 years (at 30 September 2023).

\* Returns are after management fees, performance fees, and other fund expenses; the Fund is hedged back into Australian dollars. Returns are for the Barwon Global Listed Private Equity Fund, the underlying fund into which the Barwon Global Listed Private Equity Fund AF invests. Past performance is not a reliable indicator of future performance.

## Q7] HOW CAN I ACCESS THE FUND?

Investment can be made using the Fund's PDS (for wholesale investors) or via the following Investor Directed Portfolio Services:

AMP North
Asgard
BT Panorama
CFS Edge
Colonial FirstWrap
HUB24
Macquarie Wrap
Netwealth
Powerwrap
Praemium
uXchange

## Q8] WHAT IS THE RESEARCH OPINION OF THE FUND?

The Barwon Global Listed Private Equity Fund AF has been assessed by key research houses and has received the following ratings as at 30 September 2023:

### Qualitative Ratings



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## SOURCES

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<sup>1</sup> Preqin, LPX.

<sup>2</sup> The World Bank, <https://data.worldbank.org>

<sup>3</sup> Barwon Investment Partners

<sup>4</sup> ABS Counts of Australian Business 8165.0, US Census Bureau SUSB Dataset by Establishment Industry, UK Office for National Statistics, UK Business Workbook 2019

## Disclaimer

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Barwon Global Listed Private Equity Fund AF's Target Market Determination is available at <https://documents.feprecisionplus.com/tmd/PCT/TMD/DJ7Z-PIM7967AU.pdf>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

Applications to invest in the Barwon Global Listed Private Equity Fund AF must be made on the application form which can be obtained by contacting PAN-Tribal on (03) 9654 3015. This document is issued on 3 November 2023. ©2023 PAN-Tribal Asset Management Pty Ltd.

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