

# FUND MONTHLY REPORT

## BARWON GLOBAL LISTED PRIVATE EQUITY FUND AF

### INVESTMENT PERFORMANCE

	Barwon Global Listed Private Equity Fund (BGLPEF)			Barwon Global Listed Private Equity Fund AF					
	Since inception <sup>1</sup> % p.a.	10 years % p.a.	5 years % p.a.	3 years % p.a.	2 years % p.a.	1 year %	3 months %	1 month %	
Rolling Return <sup>2</sup>	7.52	10.11	13.43	10.59	7.53	35.24	6.38	2.75	
Calendar Year Return	2023 %	2022 %	2021 %	2020 %	2019 %	2018 %	2017 %	2016 %	2015 %
BGLPEF	34.6	(24.6)	33.9	8.5	33.3	(8.7)	15.7	16.7	(1.4)

<sup>1</sup> Inception date - BGLPEF 1 June 2007; <sup>2</sup> AS domiciled unit trust. The Fund hedges foreign currency exposures. Source: Mainstream. BGLPEF AF (feeder fund) has an inception date of 4 June 2020, hence longer-term performance history has been provided for the BGLPEF (underlying fund). Returns are after management fees, performance fees, and other fund expenses. Past performance is not an indication of future performance.

### INVESTMENT OBJECTIVE

The Barwon Global Listed Private Equity Fund AF (BGLPEF AF) seeks an indirect exposure to returns from a private equity portfolio which generates performance comparable to a private equity program of top tier private equity managers and which outperforms public equity markets over the medium term.

It is a feeder fund investing in units of the Barwon Global Listed Private Equity Fund (BGLPEF, underlying fund).

### KEY FEATURES

- Bottom up, research driven investment approach
- Benchmark unaware portfolio
- Unleveraged, long only, open ended fund with daily liquidity
- Transparency and flexibility, unlike traditional private equity approach
- Value-oriented approach to security selection
- The strategy has been running for 15 years.

### MONTHLY COMMENTARY

The Barwon Global Listed Private Equity Fund AF rose 2.75% (in AUD terms, net of fees) in March.

Early in March, two members of Barwon's investment team spent a week in London meeting with private equity ("PE") managers, analysts, and other investors, including all of the Fund's UK-based holdings.

Sentiment remains broadly positive with PE managers encouraged by the underlying revenue and earnings growth in their portfolios, and the positive growth in private equity portfolio valuations. However, some consumer and retail businesses are facing excess inventory and de-stocking challenges in stark contrast to the acute global supply chain shortages experienced at the end of 2021.

That said, the Fund's largest underlying investment – Action, a European discount brick & mortar retailer and a portfolio company of our investment in 3i Group – has seen its growth accelerate. Its store roll out program continues with significant operating scale across 2,500 stores. Its strategy of rotating SKU's (2/3 of its SKU's are non-fixed) and very low price point (67% of items sold are below €2 per item) is gaining even more traction. Like-for-like sales growth accelerated over the year to 16.7% as consumers increasingly switch to cheaper merchants for daily necessities.

An issue facing private equity portfolios has been muted M&A transaction activity since 2022. Private equity exits are down c.65% in 2023 from peak 2021 levels. Realisations as a percentage of opening portfolio value are at their lowest since the GFC. Across our Fund's

portfolio, realisations over the past two years have only been 25% of opening portfolio value, about half of typical turnover levels. When private equity investments are sold however, they have been at a transaction value 20-30% above the prevailing private valuation, proving a positive validation of the private asset marks.

Despite this, the share prices of UK listed PE funds have lagged the recent strong returns seen in other parts of our portfolio and remain at widely discounted levels. And while they have started to re-rate, the average discount to NAV of almost 30% is almost double their longer-term average.

Pressure has been building on Boards of listed PE funds to revisit capital allocation policies, and the “value” on offer is increasingly being recognised. There is a clear opportunity to capitalise on this pricing disconnect by repurchasing their own shares at a deep discount to NAV. Now, all of the Fund’s UK-listed PE holdings trading at a discount to NAV have implemented some form of capital return and share repurchase program.

The improving backdrop (early signs of IPO window re-opening, buyer and seller price expectations converging) and our time in London reinforce our constructive view on the sector.

“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.”

<sup>1</sup> A buyout is the act of a firm or fund that invests in established companies, often with the intention of improving operations and/or financials. The firm or fund will typically acquire the whole, majority or a controlling stake in the company and investment often involves the use of leverage.

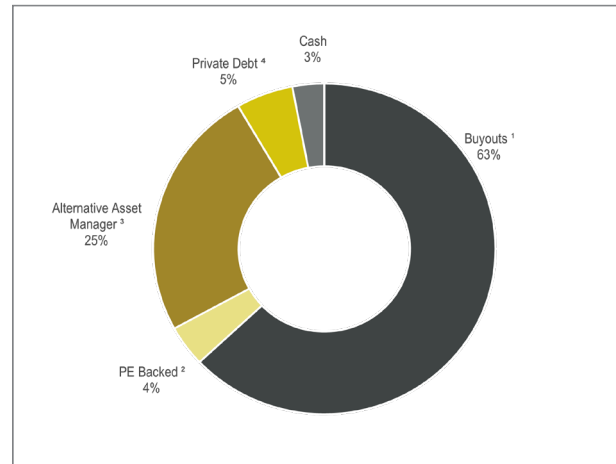
<sup>2</sup> PE Backed Securities includes listed equity securities of companies which have a level of ownership (“backing”) by a private equity / alternative asset manager.

<sup>3</sup> The Alternative Asset Manager classification includes listed equity securities of private equity / alternative asset management firms where the company itself is listed on a recognised stock exchange.

<sup>4</sup> Private debt includes any debt extended to privately held companies and most commonly involves non-bank institutions making loans to private companies.

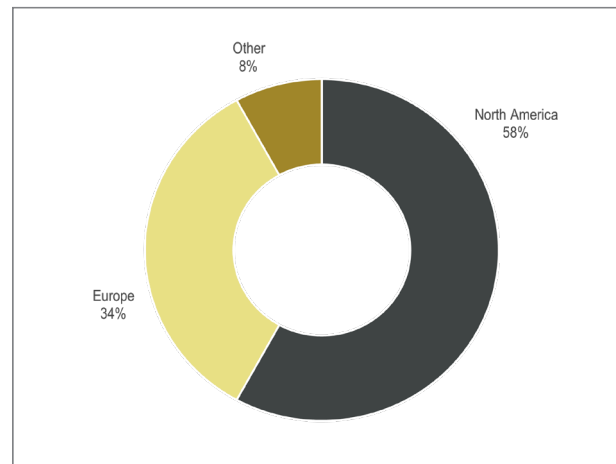
<sup>5</sup> A vintage year is the milestone year in which the first significant influx of investment capital is delivered to a project or company.

## SECTOR ALLOCATION



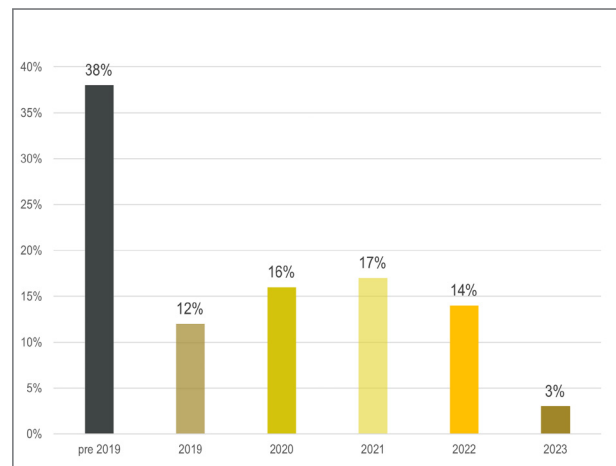
Based on BGLPEF (Underlying Fund) data  
Source: Barwon

## REGIONAL ALLOCATION



Based on BGLPEF (Underlying Fund) data with additional look-through to geographic exposure of individual holdings in the portfolio  
Source: Barwon

## VINTAGE YEARS<sup>5</sup>



Based on BGLPEF (Underlying Fund) data  
Source: Barwon

## FUND HOLDINGS

The Fund's top 10 holdings are shown in alphabetical order in the following table:

Stock	
3I Group	
Apax Global	
Blackstone	
Eurazeo	
Golub Capital	
HabourVest	
HgCapital	
KKR & Co	
Oakley Capital	
Onex Corporation	
<b>Total % of Fund</b>	<b>60.7</b>
<b>Number of stocks held</b>	<b>22</b>

Based on BGLPEF (Underlying Fund) data  
Source: Barwon

## FUND ATTRIBUTION

The top contributors to and detractors from the Fund over the past month are shown in the tables below:

Top Contributors	
3I Group	
HgCapital Trust	
Intermediate Capital	
Golub Capital	
Eurazeo	
Top Detractors	
Instructure Holdings	
APAX Global	
ICG Enterprise	
NB Private Equity	

Given the benchmark unaware nature of the Fund, absolute contribution rather than relative attribution is used. Based on BGLPEF (Underlying Fund) data.  
Source: Barwon

## RESEARCH OPINIONS

The Fund has been assessed by key research houses and has received the following ratings as at 31 March 2024:

### Qualitative Ratings



## CONTACTS

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## IMPORTANT INFORMATION

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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 26 April 2024.

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