

Barwon Global Listed Private Equity Fund

Monthly Report – October 2021

The Barwon Global Listed Private Equity Fund aims to provide wholesale investors with a high performing portfolio of private equity investments in a fee efficient manner whilst offering daily liquidity.

Net Performance at 31 October 2021¹

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	ITD p.a. ²
Net Return ³	6.6%	6.8%	64.9%	20.8%	17.6%	17.2%	8.3%

1. A\$ domiciled unit trust. The Fund hedges foreign currency exposures
2. Inception date is 01 June 2007
3. Returns are after management fees, performance fees, and other fund expenses

NAV Price	1.0421
------------------	--------

Entry Price	1.0452
--------------------	--------

Exit Price	1.0390
-------------------	--------

The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of October 2021 was 6.6%. Over the 10 years ended 31 October 2021 the Fund has returned 17.2% p.a.

Market Commentary

Contributors over the month included KKR & Co (USD +30.86%), Blackstone Group Inc (USD +19.92%), Apollo Global Management (USD +24.94%) and Brookfield Asset Management (USD +12.86%). The largest detractors to performance were Eurazeo (EUR -0.25%), Chrysalis Investments Ltd (GBP -5.99%) and HgCapital Trust Plc (GBP -1.28%).

At the time of writing, we are coming onto the back end of third quarter reporting. Results have been positive and marks the sixth consecutive quarter of NAV growth since the markdowns and onset of Covid-19 in Q1'2020. Private equity valuations were up between 5-10% in Q3, taking year-to-date PE NAV gains to 20%-40%. Earnings growth in underlying portfolio companies continues to be the predominant driver of returns. The chart below illustrates the robust last 12-month earnings growth of the underlying portfolio in some of our LPE buyout investments.



The Fund’s investments in alternative asset managers (AAMs) were the biggest contributors to returns over the month. Strong investment performance across the entire suite of products for the established AAMs has reinforced their leadership position in the growing sector. And the ability of the large managers to not only raise but also deploy large amounts of capital is a distinct competitive advantage in a world where liquidity is abundant and high-quality assets are scarce.

Blackstone has incredible fundraising momentum. It raised gross capital of \$48bn in Q3’2021, and almost \$150bn in the last 12 months. Equally importantly, it deployed a record \$105bn over the last 12 months across its now 50 distinct strategies. The capital being raised is also getting even stickier. Half the gross inflows have been into its 16 ‘perpetual’ capital fund offerings which have no end date and no requirement to provide liquidity to investors.

The latest listed AAM to plan for succession is KKR. Remaining co-founders Henry Kravis and George Roberts will step down as co-CEOs but remain as Executive Co-Chairs of the Board. At the same time, KKR will simplify its complex legacy organisational structure designed for tax purposes and voting control carried over from its private partnership days.

Similar to The Carlyle Group, which underwent founder succession earlier on, and more recently Apollo Global Management, KKR will have a one share one vote structure by the end of 2026. Offsetting the positive corporate governance change, and also following in Apollo’s footsteps, KKR has reduced the carried interest entitlement to shareholders from 60% to 35-40%. The rationale is that it results in greater financial incentive for the investment team without reducing highly valuable earnings from management fees. Effective immediately, it applies not only to future returns but also resulted in the reallocation of \$1bn of already accrued carried interest. Surprisingly, this change attracted very little attention. We have been and remain highly constructive on the sector and KKR as a business, however, such actions do serve as a reminder of the governance risk in the AAMs.

Underlying Investment Exposures on a Look-Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	45%	Pre-2016	20%	North America	58%
PE Backed	5%	2016	13%	Europe	36%
Alternative Asset Manager	30%	2017	10%	Other	6%
Private Debt	11%	2018	18%	Total	100%
Liquidity	8%	2019	12%		
Total	100%	2020	17%		
		2021	10%		
		Total	100%		

5 Largest Holdings by Weight

Company	Type
KKR & Co Inc	Alternative Asset Manager
Hg Capital Trust PLC	Buyouts
Blackstone Group Inc	Alternative Asset Manager
Eurazeo	Buyouts
3i Group plc	Buyouts

The Barwon Global Listed Private Equity Fund is an Australian domiciled unit trust offering daily liquidity. Foreign currency exposures are substantially hedged into Australian dollars.

Key Information	
Trustee & Manager	Barwon Investment Partners
Applications & Withdrawals	Daily
Unit Prices	Daily
Minimum Investment	\$50,000
Buy-Sell Spread	0.30%
Distributions	Semi-annual
Management Fee	0.65% p.a.
Performance Fee	15% in excess of 12% hurdle
Bloomberg Fund Code	BAGLLPE AU Equity
APIR Code	BAR0001AU

Barwon offers access to the same strategy via a feeder fund, the BGLPEF AF (Access Fund), offered under a PDS and is for financial advisors, financial intermediaries and investors investing via platforms.

Access Fund Ratings & Platform Availability

AMP North
Asgard
BT Panorama
Colonial First Wrap
Macquarie Wrap
Netwealth
Hub24
PowerWrap
Praemium



Barwon also manages the [Pareturn Barwon Listed Private Equity Fund](#), a Luxembourg-domiciled UCITS Fund and the [Barwon Global High Income Fund](#), an Australian-domiciled unit trust.

About Barwon Investment Partners

Barwon Investment Partners is an Australian fund manager with a 15+ year track record of generating strong investment returns for institutional, wholesale and retail clients.

Barwon is independently owned with an experienced team of 35+ investment professionals focused on healthcare property, property finance and global investments.



Contact Us
+61 2 9216 9600

Barwon Investment Partners
Level 10, 17 Castlereagh Street
Sydney NSW 2000 Australia

For More
Information

Sam Armstrong sam.armstrong@barwon.net.au
Kate Hayward kate.hayward@barwon.net.au
www.barwon.net.au

DISCLAIMER While all care has been taken in the preparation of this fact sheet (using sources believed to be reliable and accurate), no person including Barwon Investment Partners ABN 19116012009 / AFSL No 298445 (Barwon), or any other affiliated company, accepts responsibility for any loss suffered by any person arising in reliance on this information other than under law which cannot be excluded. This fact sheet is intended to provide general information only and does not take into account any particular investor's objectives, financial situation or needs. Investors should seek their own financial and taxation advice before making investment decisions or dealing with their investment. An Information Memorandum explaining the Fund is available from Barwon.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned December 2020) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at www.zenithpartners.com.au/RegulatoryGuidelines

The rating issued August 2020 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2021 Lonsec. All rights reserved.