

Barwon Global Listed Private Equity Fund

Monthly Report – January 2022

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 January 2022¹

| | 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 | -4.0% | 4.4% | 28.4% | 19.9% | 14.1% | 16.3% | 7.8% |

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 | 0.9963 |
| Entry Price | 0.9993 |
| Exit Price | 0.9933 |

The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of January 2022 was -4.0%. Over the 10 years ended 31 January 2022 the Fund has returned 16.3% p.a.

Market Commentary

Contributors over the month included Blackstone Group Inc (USD +1.99%), Ares Capital Corp (USD +4.29%), PennantPark Investment Corporation (USD +1.30%), PowerSchool Holdings (USD -0.55%) and Oakley Capital Investments (GBP +0.84%). Detractors to performance were Chrysalis Investments Ltd (GBP -20%), Eurazeo (GBP -8.66%), Intermediate Capital Group Plc (GBP -13.56%) and Onex Corporation (CAD -7.93%).

The listed private debt funds have reported very good results to 31 December. The flurry of private equity deal activity towards the end of 2021 contributed to record levels of origination across many of the private debt lenders. Ares Capital Corporation, the largest publicly listed BDC with a portfolio of over \$20bn in private loans spread across almost 400 borrowers, reported that the last 12 month weighted average EBITDA growth of its underlying borrowers was 16%. This is the highest it's ever been in the 10+ years they have been tracking the statistic. Moreover, its borrowers are getting bigger. The weighted average annual EBITDA of its borrowers is now \$160M, double the average five years ago. We believe ARCC continues to improve its competitive position in the upper-end of direct lending.

The fund's other BDC holding is PennantPark Investment Corp. It reported the sale of a large equity investment in PT Networks at more than double the prevailing equity valuation. The exit reduces PennantPark's equity investments from 28% to 18% of the portfolio, one of the main reasons we believe the stock has languished at a wide discount relative to the sector. PennantPark management announced a 17% increase in its quarterly dividend and a \$25M share buyback program. Although the stock reacted positively to the news, PNNT still trades at 25% discount to NAV despite having no non-accruals across the 107 borrowers in its loan portfolio and paying a 10% forward dividend yield.

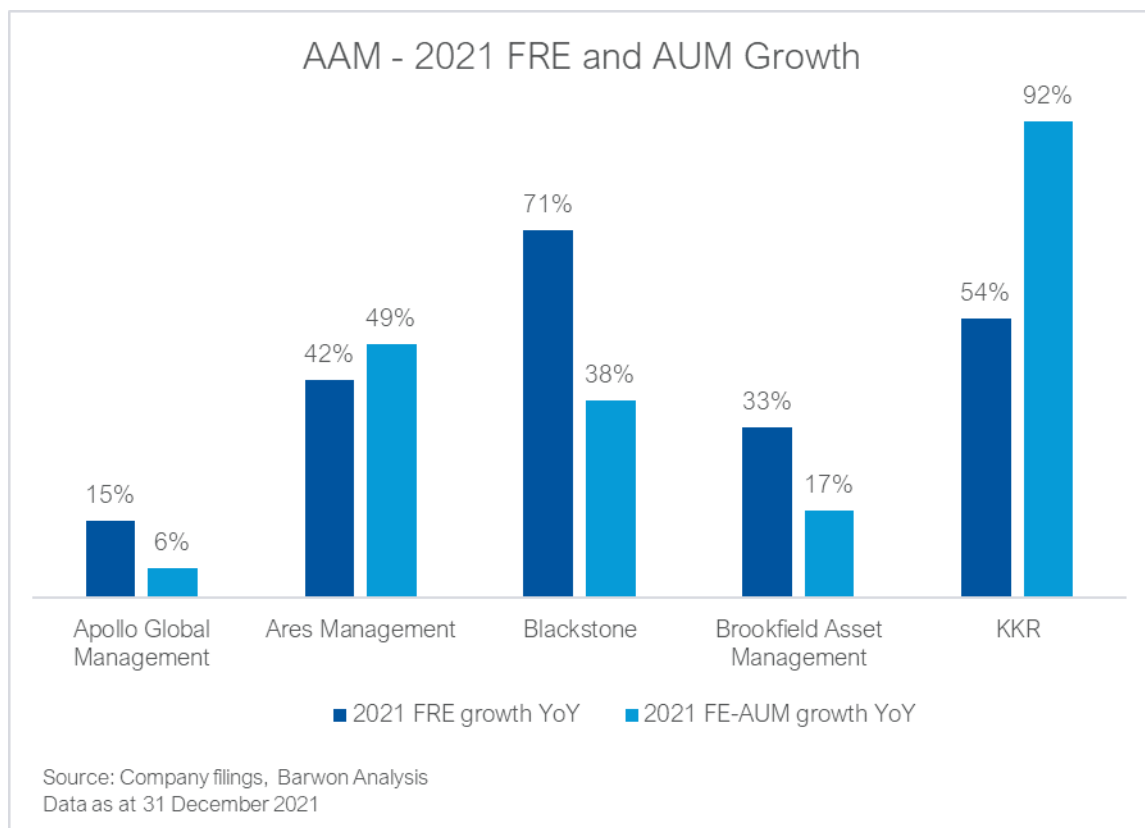
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All the alternative asset managers held in the portfolio are firing on all cylinders. On average, fee related earnings (“FRE”, or earnings from management fees only excluding performance fees) for 2021 are 43% higher than 2020 and fee-earning AUM grew 40% amongst our US-listed AAMs.



Investment performance has been very strong across the managers. And, the AAMs reported record levels of fundraising, capital deployment and realisations. Despite the extraordinary fundamental performance, the share prices of the alternative asset managers have not been immune to the broader market volatility. The shift to a rising interest rate environment has driven a re-pricing of growth and questions over an investment strategy (i.e. private equity) that often utilizes relatively high amounts of debt. We believe the large, established listed AAMs are well positioned to navigate this. And we have seen that it is in volatile periods that some of the most profitable investments are made.

One example was Brookfield Asset Management’s take private of their own publicly traded REIT – Brookfield Property Partners (BPY) completed in July 2021. BPY had a \$30bn (IFRS value) portfolio of office, retail, hotel and other real estate assets. At the time, BPY was languishing at a wide discount to NAV amidst uncertainty over the private valuation of its assets, particularly the office and retail properties. BAM took it a private at a 30% discount to NAV. Since the acquisition, \$10bn worth of assets have already been sold, generating a profit of \$2bn over its acquisition price. Even in the context of BAM’s large balance sheet of \$37bn in net assets, this is meaningful for shareholders and one example of volatility presenting an opportunity for flexible capital deployment.

Underlying Investment Exposures on a Look-Through basis

| Investment Classification | | Vintage Year | | Geographic Exposure | |
|---------------------------|-------------|--------------|-------------|---------------------|-------------|
| Buyouts | 45% | Pre-2016 | 23% | North America | 59% |
| PE Backed | 7% | 2016 | 11% | Europe | 36% |
| Alternative Asset Manager | 31% | 2017 | 9% | Other | 6% |
| Private Debt | 9% | 2018 | 18% | Total | 100% |
| Liquidity | 8% | 2019 | 11% | | |
| Total | 100% | 2020 | 17% | | |
| | | 2022 | 10% | | |
| | | 2022 | 0% | | |
| | | Total | 100% | | |

5 Largest Holdings by Weight

| Company | Type |
|-----------------------------|---------------------------|
| Blackstone Group Inc | Alternative Asset Manager |
| KKR & Co Inc | Alternative Asset Manager |
| HgCapital Trust plc | Buyouts |
| Eurazeo | Buyouts |
| PennantPark Investment Corp | Private Debt |

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 and wholesale clients.

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



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