

Barwon Global Listed Private Equity Fund

Monthly Report – April 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 30 April 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	-7.9%	-10.3%	0.0%	12.6%	10.2%	14.2%	6.9%

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	0.8935
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Entry Price	0.8962
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Exit Price	0.8908
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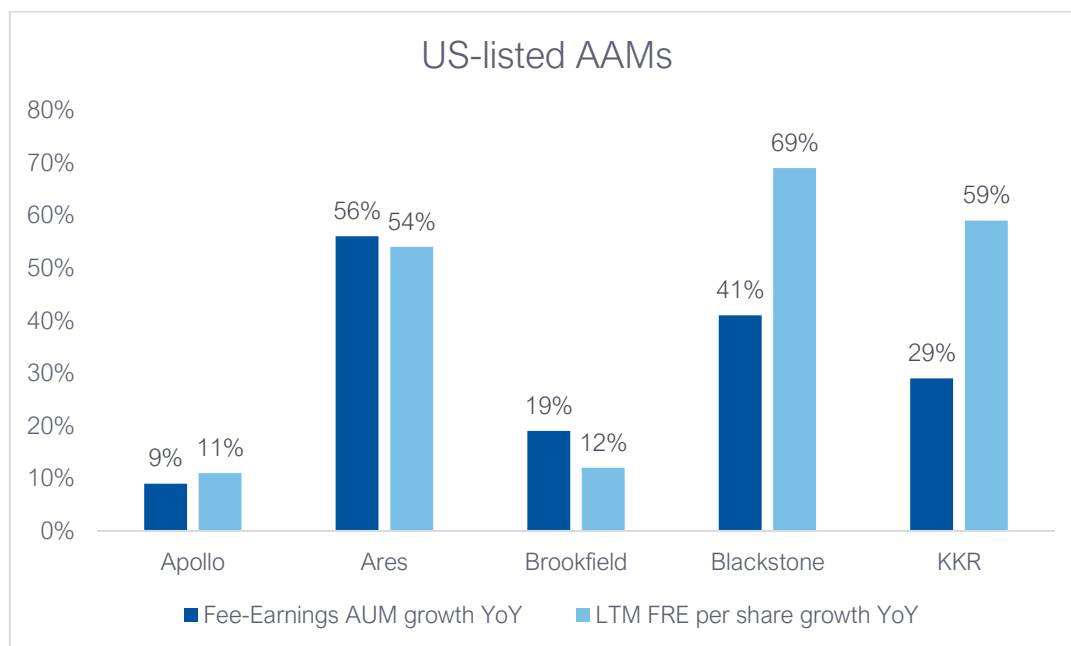
The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of April 2022 was -7.9%. Over the 10 years ended 31 April 2022 the Fund has returned 14.2% p.a.

Market Commentary

Contributors over the month included Oakley Capital Investments Ltd (GBP +2.61%), Princess Private Equity Holding Ltd (EUR +4.15%), N-Able Inc (USD +9.89%) and Pantheon International Plc (GBP +0.48%). Detractors to performance over the month included Blackstone Group Inc (USD -18.95%), Intermediate Capital Group Plc (GBP -13.33%) and KKR & Co Inc (USD -12.83%).

Despite reporting positive first quarter results, the alternative asset managers (AAMs) were outsized detractors to Fund performance in the month, falling by 15% on average. The share prices of the AAMs are now down over 25% year to date on average.

Investment performance in their underlying strategies continues to be strong despite the negative valuation headwind in Q1. Private equity strategy returns ranged from -5% at KKR in the period to +8% at Apollo who has a more value-oriented PE strategy. Significant contract wins at Blackstone, and acquisitions by KKR and Ares Management contributed to the substantial year-on-year increase in AUM and fee related earnings (FRE).

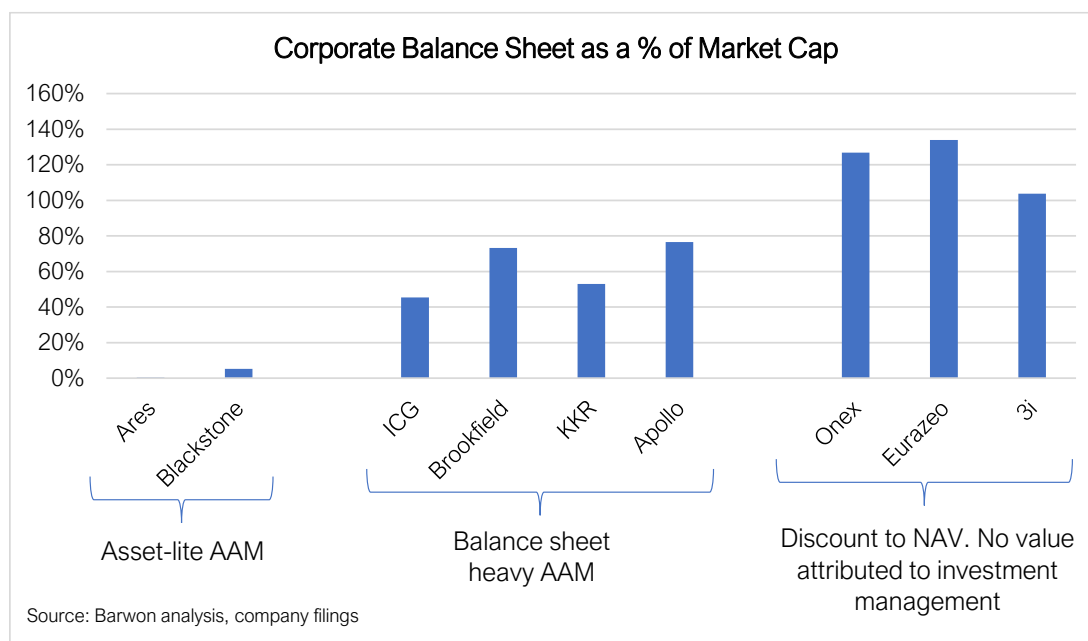


The AAM sector now trades very cheaply relative to its growth outlook. We believe the “balance sheet heavy” alternative asset managers are trading at a particularly deep discount to their intrinsic value, but note that they have been unjustifiably discounted by the market for some time now.

A spotlight has again been thrown on the balance sheet heavy vs lite debate. Brookfield Asset Management recently announced their intention to separate 25% of its investment management company into a stand-alone listed structure, and distribute it in specie to shareholders before year end. This will create a simplified version of Brookfield that is more “pure-play” and balance sheet lite for public investors. If it were to trade at a similar valuation to other balance sheet lite peers – e.g. Blackstone, Ares Management, TPG – this initiative should unlock value for shareholders.

While the market puts a premium on the structural simplicity of the balance sheet lite operating models, we don’t split the universe along this divide. Our view is that having a large corporate balance can be a strategic advantage in supporting growth of new strategies, and offers attractive compounding investment returns for shareholders.

In the listed PE universe, there are numerous examples of listed investment managers with a substantial corporate balance sheet in addition to 3rd party AUM. Examples in the Fund include 3i Group, Eurazeo, and Onex Corporation, which we classify as “buyouts” in our listed PE sub-sector categories, but also have an investment management business in addition to its balance sheet portfolio. As we can see in the chart below, their balance sheet NAV exceeds their current market cap – meaning they trade at a discount to NAV. There is zero (or arguably negative) market cap attributable to their investment management earnings stream. The revenues from managing 3rd party capital can at least offset operating expenses, and in the case of Onex and Eurazeo, represent a profitable standalone operation.



Prior to scaling its 3rd party AUM, ICG plc the UK alternatives manager, traded with reference to its P/BV and ROE. As its AUM scaled and profitability grew, it transitioned from being valued on NAV as a listed portfolio of ICG investments, to being valued on a multiple of earnings as one of the largest alternative asset managers in Europe.

The mix between the balance sheet NAV and the investment management business can change over time. Our focus remains squarely on intrinsic value. Due to the decline in AAM valuations year to date, the sector trades on valuation multiples well below broader market on their steadily growing management fee earnings alone. At these levels, little to no value is being attributed to their ability to generate future carried interest. The strong fundraising trends across multiple distribution channels (institutional and retail) and across different strategies make the large, established managers far more resilient businesses today. They currently have a lot of dry powder to deploy, and have demonstrated an ability to execute profitable investments through past periods of market dislocation.

Underlying Investment Exposures on a Look Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	45%	Pre-2016	28%	North America	58%
PE Backed	7%	2016	12%	Europe	36%
Alternative Asset Manager	31%	2017	8%	Other	7%
Private Debt	5%	2018	17%	Total	100%
Liquidity	12%	2019	11%		
Total	100%	2020	14%		
		2021	9%		
		2022	0%		
		Total	100%		

5 Largest Holdings by Weight

Company	Type
KKR & Co Inc	Alternative Asset Manager
Eurazeo	Buyouts
Blackstone Group Inc	Alternative Asset Manager
PennantPark Investment Corp	Private Debt
Chrysalis Investments Ltd	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 and wholesale clients.

Barwon is independently owned with an experienced team of 43 investment professionals focused on healthcare property, property finance and global investments.



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