

Barwon Global Listed Private Equity Fund

Monthly Report – May 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 May 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 | -0.7% | -7.2% | -2.8% | 13.9% | 9.9% | 14.9% | 6.8% |

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 | 0.8876 |
|------------------|--------|

| | |
|--------------------|--------|
| Entry Price | 0.8903 |
|--------------------|--------|

| | |
|-------------------|--------|
| Exit Price | 0.8849 |
|-------------------|--------|

The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of May 2022 was -0.7%. Over the 10 years ended 31 May 2022 the Fund has returned 14.9% p.a.

Market Commentary

Contributors over the month included Blackstone Group Inc (USD +16.0%), Apollo Global Management Inc (USD +16.7%), KKR & Co Inc (USD +7.9%) and Eurazeo (EUR +1.8%). Detractors to performance over the month included Chrysalis Investments Ltd (GBP -16.4%), Oakley Capital Investments Ltd (GBP -10.8%) and HgCapital Trust plc (GBP -10.6%).

Persisting inflation and higher interest rate expectations continue to weigh on market valuations, despite a broadly supportive Q1 earnings season. Revenue growth is seeing signs of deceleration but still remains positive. And a combination of widespread supply chain challenges, rising raw material costs, and higher labour costs are beginning to pressure the record high profit margins seen through 2021. Increasingly, we are seeing businesses focused on building in escalators into customer contracts (e.g. Brookfield's scaffolding company BrandSafeway and construction business Multiplex) or increasing prices (e.g. Apollo-backed security and solar company ADT).

Despite the more challenging macro backdrop, the Fund's largest underlying company exposure, European discount retailer Action (owned by 3i Group) continues to thrive. Footfall remains very strong but it has observed customer basket sizes reduce by one item on average, and more purchases in lower priced categories. It remains a highly cash generative business, benefiting from consumers trading down in spending choice which supports organic sales growth, and is continuing its store growth strategy by opening another 44 stores year to date, including four new pilot stores in Spain already trading well ahead of plan.

There have been some good recent exits from within our portfolio announced in early June amidst the market volatility. HgCapital sold a minority stake in its largest portfolio company Access Group, a leading UK business software group, to Singapore's GIC. Despite the sell-off in listed software companies, the transaction was done at a 31% uplift to the 31 March valuation, increasing HgCapital

Trust's overall NAV by almost 5%. Coincidentally on the same day, Oakley Capital Investments announced the sale of Contabo, a web hosting platform, to KKR for more than twice its most recent valuation at 31 March. The exit increased Oakley Capital's NAV by 3%. The investment delivered an incredible 10x money multiple on their 2019 vintage investment.

These recent transactions reflect the strong demand for high quality businesses and conservativeness in PE valuations. We do note however that more broadly, market volatility and macro concerns have reduced the number of PE exits year to date. In contrast to the transactions above for example, the sales process for Britain's largest holiday parks operator Parkdean Resorts (owned by Onex Corporation) was recently shelved as it failed to meet price expectations after a lengthy auction process.

Buyout LPEs now trade on an average discount to NAV of over 30%, compared to its recent 5-year average of 10-15%. The sector average discount is the widest since 2013 (excluding the severe but relatively brief sell-off in 2020). Partly, this is due to the lagged reporting of PE NAVs, which were most recently revalued as at 31-March (and in some instances 31-Dec). Given the decline in public equities so far in Q2, PE NAVs will face near-term pressure from valuation multiples.

In the past, PE NAVs have declined by less than half the drawdown in listed equities due to the smoothing effects of the periodic PE valuation process. One of the most important factors, as we have seen through past cycles, is listed PE stocks having sufficient balance sheet liquidity to trade through and support their portfolio companies. It is also during these periods of market dislocation that listed PE stocks can often be mispriced. In addition to liquidity, we continue our focus on higher quality managers, and resilient underlying businesses.

Underlying Investment Exposures on a Look Through basis

| Investment Classification | | Vintage Year | | Geographic Exposure | |
|---------------------------|-------------|--------------|-------------|---------------------|-------------|
| Buyouts | 47% | Pre-2016 | 28% | North America | 58% |
| PE Backed | 7% | 2016 | 12% | Europe | 35% |
| Alternative Asset Manager | 32% | 2017 | 8% | Other | 7% |
| Private Debt | 5% | 2018 | 17% | Total | 100% |
| Liquidity | 9% | 2019 | 11% | | |
| Total | 100% | 2020 | 14% | | |
| | | 2021 | 10% | | |
| | | 2022 | 0% | | |
| | | Total | 100% | | |

5 Largest Holdings by Weight

| Company | Type |
|--------------------------------|---------------------------|
| Blackstone Group Inc | Alternative Asset Manager |
| KKR & Co Inc | Alternative Asset Manager |
| Eurazeo | Buyouts |
| Intermediate Capital Group plc | Alternative Asset Manager |
| Onex Corp | 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 over 40 investment professionals focused on healthcare property, property finance and global investments.



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