

Barwon Global Listed Private Equity Fund

Monthly Report – July 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 July 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	11.2%	-2.9%	-11.1%	10.6%	8.8%	13.8%	6.6%

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	0.7645
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Entry Price	0.7668
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Exit Price	0.7622
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The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of July 2022 was 11.2%. Over the 10 years ended 31 July 2022 the Fund has returned 13.8% p.a.

Market Commentary

Contributors over the month included KKR & Co Inc (USD +19.8%), Eurazeo (EUR +17.9%), Blackstone Group Inc (USD +13.3%) and Ares Management Corporation (USD +26.0%). Detractors to performance include Princess Private Equity (EUR -7.0%) and Brookfield Business Partners LP (CAD -8.3%).

Private equity NAVs have generally exceeded market expectations for the second quarter results season, declining 0-5% for the quarter. This compares favorably to public equities over the period which declined circa 15%. Most underlying portfolio companies in private equity portfolios continued to grow revenue and earnings. This partially offset the headwind for private valuations from the decline in public market valuation multiples and widening of credit spreads.

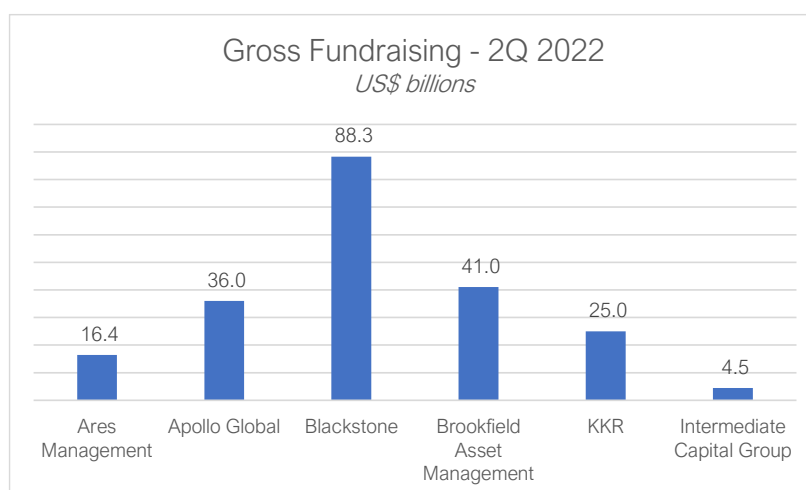
During July, we had our first in-person international research trip since the pandemic started. Among the 25+ listed private equity managers we met in London, it was mostly business as usual amidst the market volatility. In particular, there was comfort around robust capital structures and liquidity for underlying companies on the back of record debt refinancing activity over the past two years.

Managers have also been active on the capital deployment front, particularly in taking publicly listed companies private. According to Preqin, the value of take-private deals announced by buyout funds has already hit \$96bn in 1H 2022, on track to exceed the record 2021 year of \$118bn.

A few of the Fund's holdings delivered positive NAV returns in the second quarter, including 3i Group, Eurazeo, and Oakley Capital Investments. Their results were lifted by encouraging exits of private equity investments at valuations above NAV. This included 3i's sale of European health supplements business Havea at 50% above its last 31 March valuation, and Oakley's sale of three investments at an average uplift to carrying value of 57%.

Share prices of the alternative asset managers rebounded strongly over July but have been detractors to Fund returns year to date. The sector has been weaker on concerns of higher interest rates and a slower fundraising environment. There are reports of “congestion” in fundraising which has been a function of PE managers coming back to raise successor funds sooner than expected after the record transaction activity seen in 2021. Meanwhile, public equity markets have declined more than private markets causing PE allocations in investor portfolios to be higher. This is being reflected in the numbers. Private equity buyout funds raised \$134bn in 1H’22, less than half the \$284bn in 1H’21.

We believe this is leading to a bifurcated fundraising market, and the leading managers are faring relatively better. Brookfield Asset Management raised \$41bn in the second quarter and is nearing first closes of their flagship PE fund at \$8bn and infrastructure fund at \$20bn - well on their way to achieving their target. Blackstone’s momentum also continued unabated raising \$88bn in the second quarter, including US\$24.4bn for its flagship global opportunistic real estate strategy, bringing total capital raised in the last 12 months to \$340bn.



Listed private debt funds, which are mainly comprised of floating rate loans, are seeing the early benefits of rising rates reflected in their second quarter results. Earnings stand to benefit further as coupons reset over the coming months to the higher base rate. For example, Ares Capital Corp, the largest publicly traded private debt fund, noted on their earnings call that if the full impact of the market rate moves had flowed through in Q2, their second quarter core earnings would have been 11% higher. Some managers are already passing on this earnings growth to shareholders by raising their regular distributions.

Underlying Investment Exposures on a Look Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	48%	Pre-2017	35%	North America	58%
PE Backed	7%	2017	8%	Europe	36%
Alternative Asset Manager	32%	2018	17%	Other	6%
Private Debt	5%	2019	13%	Total	100%
Liquidity	8%	2020	14%		
Total	100%	2021	12%		
		2022	1%		
		Total	100%		

5 Largest Holdings by Weight

Company	Type
KKR & Co Inc	Alternative Asset Manager
Eurazeo	Buyouts
Blackstone Group Inc	Alternative Asset Manager
Oakley Capital Investments Ltd	Buyouts
Intermediate Capital Group plc	Alternative Asset Manager

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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