

# Barwon Global Listed Private Equity Fund

## Monthly Report – November 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 November 2022<sup>1</sup>

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	ITD p.a. <sup>2</sup>
Net Return	5.1%	1.9%	-18.7%	5.9%	7.5%	12.2%	6.1%

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

<b>NAV Price</b>	0.7295
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<b>Entry Price</b>	0.7317
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<b>Exit Price</b>	0.7273
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The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of November 2022 was 5.1%. Over the 10 years ended 30 November 2022 the Fund has returned 12.2% p.a.

## Market Commentary

Contributors over the month included 3i Group plc (+16.2%), Apollo Global Management (+26.1%), Brookfield Asset Management (+19.4%), and Intermediate Capital Group plc (+12.4%). Detractors to performance included Brookfield Business Partners LP (-15.7%) and Compass Diversified Holdings (-8.1%).

At the start of December, Blackstone announced it would pro-rata or "soft-gate" future redemptions from the \$126bn Blackstone Real Estate Investment Trust (BREIT), its hugely successful 'semi-liquid' core plus real estate fund. BREIT invests in unlisted real estate assets and offers investors monthly dealing with redemptions capped at 2% of NAV monthly and 5% of the quarterly NAV. Monthly or quarterly dealing private capital funds, like BREIT, investing into unlisted PE, real estate and credit have been particularly popular among private wealth and HNW investors as it straddles their requirement for some liquidity – i.e. being able to subscribe for or redeem units in BREIT at NAV every month, and meets demand for access to alternative investments in client portfolios.

The limiting of redemptions on Blackstone's fund is significant. And not because it came as an incredible surprise. The ability and possibility of limiting redemptions has been very clear from day one. Any fund investing in hard-to-liquidate assets such as real estate or private equity, offering monthly or quarterly liquidity has clear gating provisions. The structural liquidity mismatch between the underlying investments and that offered to investors means the risk of gating is high – as we saw in many real estate funds through the GFC.

Unlike typical 'gating' situations, redemptions from BREIT have increased not due to poor performance, but because performance has been so strong. And perhaps more importantly, significantly better than listed REITs. Publicly listed REITs are down over 25% this year, meanwhile,

BREIT has delivered +9% calendar year to date, and +13% p.a. net to investors since inception. The performance has been driven by its portfolio sector concentration in US multifamily (i.e., apartments) and logistics warehouses which has outperformed the more commercial real estate focused listed REIT sector. Moreover, there have been over \$5bn in asset sales above NAV from BREIT's portfolio this year.

We also note that applications into BREIT have been strong year to date – including \$4.2bn in Q3'22 and an additional \$910M on 1st October. The soft-gate operates on a gross redemption basis, not net of applications.

Blackstone has a global real estate investment platform which started in the early '90s and has scaled to \$319bn in AUM today. BREIT is relatively new, launching from zero in 2017 to a portfolio of \$126bn in gross assets. Even for a firm of Blackstone's size, BREIT has been a major contributor to growth over the past five years. While it only represents ~10% of Blackstone's fee-paying AUM, it accounted for almost 20% of the total fee-related earnings over the last 12 months.

We don't think enforcing the redemption limits on BREIT is a game-stopper. Its performance has been very strong, there is ample liquidity within BREIT to continue paying out the redemption allowance. In the near term, BREIT will not be the same contributor to Blackstone's growth as it has been. However, we believe when the noise settles and investors are confident in the asset valuations, BREIT and other similar funds remain a very compelling proposition for the growing private wealth and HNW markets.

On the back of the BREIT announcement, we have fielded similar questions about the liquidity and risk of gating of our fund, the Barwon Global Listed Private Equity Fund. In short, we have never gated the Fund in the 15+ years of its life. Our Fund is daily dealing allowing investors to apply for and redeem units daily. It can do this because everything it invests in is publicly traded on a major stock exchange. The Fund has never, and will never, invest directly in unlisted private equity assets. Building a private equity portfolio using publicly traded vehicles ensures the liquidity of the Fund and its ability to both fulfil redemptions and deploy applications.

## Underlying Investment Exposures on a Look Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	43%	Pre-2017	30%	North America	60%
PE Backed	4%	2017	11%	Europe	31%
Alternative Asset Manager	32%	2018	18%	Other	9%
Private Debt	5%	2019	10%	Total	100%
Liquidity	16%	2020	13%		
Total	100%	2021	13%		
		2022	5%		
		Total	100%		

## 5 Largest Holdings by Weight

Company	Type
Blackstone Group Inc	Alternative Asset Manager
KKR & Co Inc	Alternative Asset Manager
Eurazeo	Buyouts
3i Group plc	Buyouts
Brookfield Asset Management	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.



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](mailto:sam.armstrong@barwon.net.au)  
Kate Hayward [kate.hayward@barwon.net.au](mailto:kate.hayward@barwon.net.au)  
[www.barwon.net.au](http://www.barwon.net.au)

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