

Barwon Global Listed Private Equity Fund

Monthly Report – February 2023

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 28 February 2023¹

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	ITD p.a. ²
Net Return	0.0%	4.2%	-9.8%	9.4%	7.8%	10.5%	6.3%

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	0.7601
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Entry Price	0.7624
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Exit Price	0.7578
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The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of February 2023 was 0.0%. Over the 10 years ended 28 February 2023 the Fund has returned 10.5% p.a.

Market Commentary

Contributors over the month included Onex Corporation (CAD +6.1%), Brookfield Asset Management (USD +4.0%) and 3i Group plc (GBP +3.3%). Detractors to performance included Blackstone Group Inc (USD -4.5%), Brookfield Business Partners LP (CAD -10.7%) and HarbourVest Global Private Equity Ltd (GBP -3.9%).

In light of recent events, we can confirm that Barwon Investment Partners and the Barwon Global Listed Private Equity Fund do not have any direct banking relationships with Silicon Valley Bank (SVB) or Signature Bank. Furthermore, we completed a full review of all our Fund holdings and can confirm that there is minimal indirect exposure to these banks. HSBC's takeover of SVB's UK operations and the FDIC backstop for depositors has significantly mitigated any liquidity risk to short term operations. For example, Instructure Holdings, a PE backed listed company held in the Fund, had cash on deposit at SVB and was able to transfer out all cash when the bank re-opened on Monday 13 March. We don't view the failure of SVB as representative of heightened systemic risk. It's a relatively niche sector focused bank, with a highly concentrated deposit base many of which are venture capital backed tech companies, and had a massive failure in balance sheet risk management.

What this does expose is the high cash burn, drop-off in funding rounds, and a slowing macro backdrop facing US venture capital backed companies. Our Fund has no direct investments in venture capital or growth equity focused LPEs. The Fund has indirect sector exposure via its holdings in HarbourVest Global Private Equity and Pantheon International, which represent approximately 3% exposure on a look-through basis, primarily to later stage growth equity, and to a lesser extent early-stage VC.

Meanwhile, private equity buyout fundraising continues to be slow. For the higher quality managers –

it appears to be a matter of when, not if, they achieve fundraising targets. Apollo Global Management for example has raised ~\$15bn to date for its next PE flagship Fund X with a target of \$25bn. Apollo has been in the market raising this fund since early 2022, and to date has seen greater than usual support from non-US regions and private wealth channels, rather than its traditional US institutional investor base. The important thing to note is that Apollo Fund X commenced its investment period back in October 2022 and has deployed a few billion dollars in distressed situations, a take-private transaction, and a structured finance deal to date. Investors coming in to the fund now will pay “late management fees” which back-date to the start of the fund’s investment period. And so, while the slowdown in fundraising may mean funds take longer to raise capital, the actual economic impact on the manager’s revenue is less than first appears.

Earnings from Business Development Companies (BDCs) have been the standout this year. Higher interest rates drove mid-teens earnings growth on average across the sector in the fourth quarter. Meanwhile credit stress is starting to creep up but remains stable and at very low levels. The majority of BDCs have increased dividends, with more announced for Q1’23. We expect greater NAV volatility in the private credit funds this year, as the higher interest costs, inflation, and slower growth environment could lead to a deterioration in credit quality. While our Fund’s current holdings in BDCs is low, volatility will likely present attractive investment opportunities.

Underlying Investment Exposures on a Look Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	48%	Pre-2017	25%	North America	60%
PE Backed	4%	2017	9%	Europe	31%
Alternative Asset Manager	32%	2018	18%	Other	9%
Private Debt	5%	2019	12%	Total	100%
Liquidity	11%	2020	14%		
Total	100%	2021	15%		
		2022	7%		
		Total	100%		

5 Largest Holdings by Weight

Company	Type
Blackstone Group Inc	Alternative Asset Manager
KKR & Co Inc	Alternative Asset Manager
Eurazeo	Buyouts
Oakley Capital Investments	Buyouts
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	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
Kate Hayward kate.hayward@barwon.net.au
www.barwon.net.au

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