

Barwon Global Listed Private Equity Fund

Monthly Report – July 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 31 July 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	3.1%	8.8%	6.6%	14.3%	8.5%	9.9%	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	0.8152
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Entry Price	0.8176
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Exit Price	0.8128
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The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of July 2023 was 3.1%. Over the 10 years ended 31 July 2023 the Fund has returned 9.9% p.a.

Market Commentary

Contributors over the month included Blackstone Group (USD +13.6%), Onex Corporation (CAD +10.8%) and PowerSchool Holdings (USD +26.3%). Detractors to performance included Eurazeo (EUR -13.9%), Apax Global Alpha (GBP -6.2%) and abrdn Private Equity Opportunities Trust plc (GBP -4.1%).

At the time of writing, we are in the middle of Q2 earnings season with private equity NAVs released to date returning positive growth in the low single digits on average. This will mark three consecutive quarters of positive PE NAV growth. The broader economy and companies are performing better than expectations at the start of the year.

The positive NAV development has started to drive a re-rating in the discount to NAV on which Listed Private Equity buyout stocks trade, with stocks re-rating from a ca. 40% discount in the fourth quarter of 2022 to a 27% discount today. 27% remains wide relative to the sector's 19% long term average discount. While share buybacks have been somewhat limited among LPE buyouts, Pantheon International Plc a London-listed private equity buyout fund, has set a new standard to address the current discount to NAV. It has announced a new capital allocation policy, which includes committing £200m (ca. 15% of market capitalisation) to buy back its own shares during the year to May 2024. Furthermore, the new policy will be extended to dedicate a proportion of future net portfolio cash flow to share buybacks. We see this as a significant step in sector, and goes to highlight the company's confidence in its published NAV.

The listed alternative asset managers (AAMs) have reported solid Q2 results. Investment performance for Q2 has been positive and whilst transaction activity remains slower than 2022, we are seeing fundraising, capital deployment and monetisations recovering modestly for the AAMs. The Fund exited one of its AAM investments on valuation grounds in July as it traded to a 20% premium to intrinsic value.

The listed Business Development Companies (BDCs) have again delivered higher ROE and dividends in Q2 supported by their floating rate portfolios. Based on the forward rate curve, earnings do appear to be peaking and the focus is squarely on credit quality particularly in the tail of portfolios. While average credit quality has been better than expected, loans trading below 80c on the dollar have started to rise, a precursor to potential credit issues.

Golub Capital BDC, a core holding of the Fund, recently announced a permanent reduction in management fees from 1.375% p.a. to 1.00% p.a. of gross assets excl. cash. We have long-considered Golub Capital as one of the best-in-class managers in the private credit sector. The lowering of the base management fee on its public BDC sees it retake the crown of best-in-class overall fee structure in our view.

Since 2020, Golub Capital BDC's share price has not managed to regain its prior premium rating, being only one of two public BDCs to do a dilutive equity rights issue at the peak of COVID market volatility. It was caught out by secured debt funding which had a lower coupon but more restrictive covenants. In hindsight, the rapid recovery in capital markets meant Golub Capital BDC could have traded through without the additional equity. Nonetheless, despite its very strong long term track record, best in class fee structure, and now with one of the sector's lowest costs of debt, the stock still hasn't regained the premium rating it had previously enjoyed. We continue to see the stock attractively valued and offering a strong risk-adjusted return proposition.

Underlying Investment Exposures on a Look Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	54%	Pre-2018	31%	North America	61%
PE Backed	4%	2018	17%	Europe	30%
Alternative Asset Manager	27%	2019	11%	Other	9%
Private Debt	9%	2020	15%	Total	100%
Liquidity	6%	2021	16%		
Total	100%	2022	10%		
		2023	0%		
		Total	100%		

5 Largest Holdings by Weight

Company	Type
Blackstone Group Inc	Alternative Asset Manager
KKR & Co Inc	Alternative Asset Manager
Eurazeo	Buyouts
Onex Corp	Buyouts
3i Group plc	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 50 investment professionals focused on healthcare property, property finance and global investments.



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