Q2 2025 Review

Partners Group Listed Investments SICAV – Listed Private Equity

Built Differently to **Build Differently**

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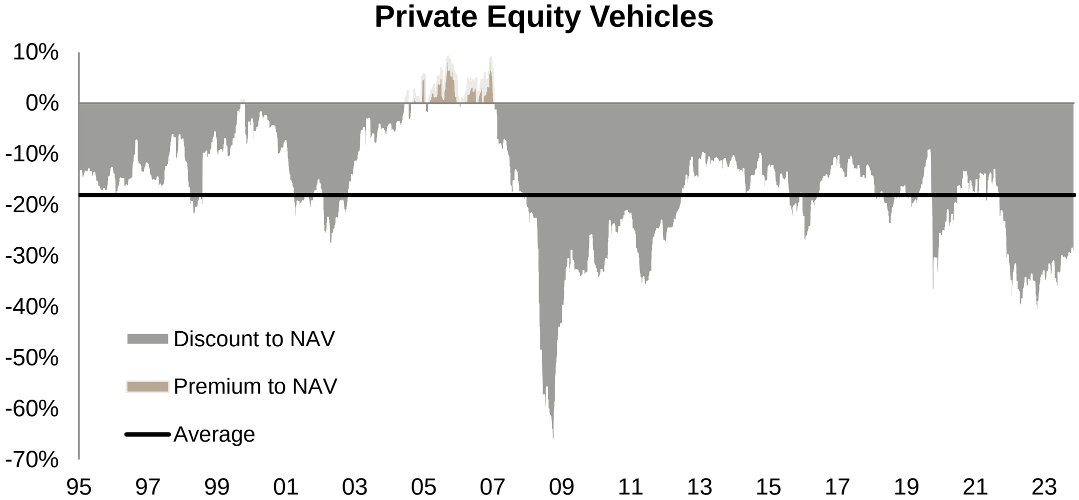
2025 Q2 review

The second quarter of 2025 started with increased volatility driven by trade concerns, but markets recovered throughout the remaining months as tariffs were delayed, and companies reported solid earnings results. Over the quarter, Partners Group Listed Investments SICAV – Listed Private Equity remained flat. Within the portfolio, private equity vehicles performed the strongest, supported by moderate NAV growth, persistent high discounts and share buybacks, while private debt vehicles declined due to compressing spreads and stretched dividend coverages. Asset managers were broadly flat, given reduced exit activity, despite mid-term drivers, such as fundraising and deployment, remaining solid.

During the second quarter, we continued shifting from private debt vehicles to private equity vehicles due to different valuation levels and outlooks. Private equity vehicles are attractively valued, with several high-quality stocks trading at elevated discounts to NAV, while private debt vehicles are valued at NAV despite facing a challenging market environment. We exited our positions in Golub BDC and Owl Rock BDC and, in turn, increased our exposure to Eurazeo, HarbourVest Global Private Equity and Onex, which all have large NAV discounts and meaningful share buyback programs.

Private equity vehicles were the best performers. During the quarter, NAV discounts slightly contracted, while NAVs grew at low single digits. The segment still benefits from higher-than-normal NAV discounts, which makes share buybacks highly accretive. Among the best performers was the Canadian private equity investor Onex. The company announced a share buyback program of up to 10% of its current market capitalization, which will strongly support future NAV per share growth. 3i Group also performed strongly and benefitted from continued growth of its private equity portfolio, increasing NAV per share by 26% over the past twelve months, particularly its main holding, Action. During the last twelve months, Action's stores reported like-for-like growth of 10% and the company added 352 new stores, bringing the overall network close to 3,000 stores.



Source: Numis Securities

NAV discounts of private equity vehicles remain well above the historical average

Quarterly Review

Alternative asset managers were marginally up during the quarter. In April, the segment suffered most as trade tensions escalated, muting the outlook on transaction activity, but during May and June, it recovered those losses as results remained solid and management teams reiterated their positive mid-term outlooks. EQT, the European alternative asset manager, was among the best performers as it benefited from accelerating transaction activity. The manager announced five exits during the end of the quarter, including the exit of Galderma, a Swiss dermatology and skincare company, and the IPO and partial exit of Enity, a specialist mortgage provider in the Nordics. The company also announced the fundraising start of its next flagship private equity fund, EQT XI, with a target size of EUR 23bn.

Private debt vehicles were the weakest performers and struggled due to a challenging industry outlook rather than company-specific issues. Most of the BDCs under our coverage missed earnings expectations, causing analysts to lower their estimates for the coming quarters. Overall industry trends remain challenging: net investment income has peaked, competition in the segment is increasing, which is resulting in spread compression for newly originated loans, non-accruals are slowly increasing, and dividend coverage remains stretched.

Overall, the portfolio remains concentrated on alternative asset managers as well as private equity vehicles. Within alternative asset managers, the focus is on those with strong fundraising outlooks and company-specific catalysts, such as index inclusions or the potential to expand into new asset classes. Regarding assets under management, we concentrate mainly on private debt and to a smaller extent on private equity strategies while keeping exposure to private real estate low. In addition, the potential opening of US 401(k) accounts to private markets — a change advocated by Trump — could create a significant tailwind for the entire sector, potentially bringing several billion dollars in new assets to the industry. Within private equity vehicles, we focus on strong NAV track records, high discounts to NAV and proactive management teams that take accretive actions such as share buybacks.

401(k) Private Markets Opportunity

2030E 401(k) allocation to private markets (%)	3.0%	4.0%	5.0%	6.0%
2030E 401(k) private markets AUM (USD bn)	368	490	613	735
Expected management fee rate (%)	0.7%	0.8%	0.9%	1.0%
Expected management fees (USD bn)	2.57	3.92	5.51	7.35
% upside to current management fees	**8%**	**13%**	**18%**	**23%**

Source: Goldman Sachs Global Investment Research, Partners Group

The opening of 401(k) accounts to private markets will lead to significant upside for the industry

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