Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

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Q4 2022 Review

Partners Group Listed Investments SICAV – Listed Private Equity

VelocityEHS | Private Equity

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2022 Q4 review

Partners Group Listed Investments SICAV – Listed Private Equity rebounded 4% during the fourth quarter. Portfolio companies reported results either in line with or above expectations. Other performance drivers during the quarter were macroeconomic factors, such as a stabilizing inflation rate and expectations of moderating interest rate increases. However, for the full year 2022, the Fund declined by 27%. While fundamentals of the listed private equity segment remained intact, market sentiment changed, which resulted in lower valuation multiples.

During the fourth quarter, alternative asset managers performed best, generating an average return of 6%, which was underpinned by solid earnings reports. Despite investor's concerns about a potential slowdown in fundraising, the sector convinced with solid investor appetite for private equity funds and new investment activity. The strongest performers were Apollo Global and Intermediate Capital. Both have meaningful exposure to private debt, predominantly with floating interest rates, which benefit from higher rates. Apollo Global has increased fee-paying AUM by 4% in the third quarter to approximatively USD 400 billion. Management disclosed new capital inflows of USD 34 billion and new investments of USD 37 billion, both exceeding the record Q3 2021 results. Additionally, strategic initiatives are progressing well including penetrating the annuities and reinsurance markets as well as an expansion into the retail segment through launching dedicated products such as non-traded REITs. Intermediate Capital also progressed well. Fee-paying AUM increased by 16% and fee income by 33% year-over-year.

Private equity vehicles were the second-best performing sector, increasing on average by 5% during the quarter, driven by strong performance of their portfolio holdings and company specific initiatives. 3i Group was among the best performers and generated a total return of 24%. Its largest portfolio holding, Action, a Benelux-based non-food discount retailer, has grown revenues by 27% over the first nine months year-over-year and EBITDA by 35%. Over that period, management further opened 182 new stores, bringing the total number of stores to more than 2'100. 3i Group also successfully exited investments. Havea, a consumer and healthcare company, was sold after a five-year holding period and generated a money multiple of 3.1x and an IRR of 24%. Another strong performer within private equity vehicles was the tech investor Prosus. The company published strong results and increased revenues across all segments, including a 41% growth in e-commerce, its largest business sector. Next to positive portfolio company developments, management also reaffirmed its plan to continue its aggressive share buyback program, creating support for its share price.

Business development companies generated the lowest return, up on average by 3%. The segment is mainly invested in floating rate loans and benefitted from increasing interest rates. Oaktree Specialty Lending performed best within the sector. The company is defensively positioned with a high allocation to senior secured loans, no non-performing loans, and a healthy balance sheet with low leverage. The dividend was increased by 6% and is fully covered.

During the fourth quarter, we moderately increased our exposure to private debt vehicles and adjusted allocations within private equity vehicles. We reduced exposure to less liquid managers and reallocated to managers with higher allocations to resilient sectors such as consumer.

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