Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

30 SEPTEMBER 2022

Q3 2022 Review

Partners Group Listed Investments SICAV – Listed Private Equity

Sue Cho Private Equity Technology | **Andrew Deakin** Private Equity Services

Disclaimer

2022 Q3 review

Partners Group Listed Investments SICAV – Listed Private Equity declined by 6% in the third quarter. The market environment remained challenging and volatile. It was again driven by macroeconomic concerns, in particular rising interest rates and persistently high inflation. Like in the previous quarters, the performance was mainly driven by a correction in valuation multiples and not by weakening fundamentals. During the reporting season, our portfolio companies published results in line or even above expectations.

Private debt vehicles performed best. Their portfolios are primarily invested in floating rate loans and benefit from rising interest rates. During the last quarter, our portfolio holdings generated higher interest income and increased their dividend coverage. Importantly, all holdings reported healthy net investment activity and portfolios remained well invested. We stay very selective within private debt vehicles and focus on defensive portfolios with a high share of senior secured loans and strong credit quality.

Alternative asset managers have suffered during the first half of the year, but market sentiment consolidated during the third quarter as companies continued to report strong results. EQT was amongst the best performers. The Swedish private equity manager continues to see attractive fundraising momentum with high demand for the private equity flagship fund and prepares to launch fundraising for its second flagship product, the infrastructure fund. Performance of older funds held up well, supporting the current fundraising efforts. Lastly, business development is well on track. EQT has diversified its platform in terms of strategies and geographies. It has built out real estate and growth strategies as well as expanded into Asia. Another good performer during the last quarter was Ares Management. The company manages several debt strategies and benefits from rising interest rates through strong performance of their debt funds as well as high investor demand, resulting in capital inflows. Management reiterated its positive outlook and expected to grow fee-related earnings and dividends at a CAGR of more than 20% until 2025.

Private equity vehicles performed the weakest during the quarter. The segment suffered from widening discounts to NAV, in particular portfolios with exposure to higher growth sectors, while fundamentals of portfolio companies remained solid. The Swedish direct investment company, Kinnevik, was among the worst performers. After spinning off its core investment, Zalando, the portfolio became younger and suffered from declining valuation multiples of growth companies. At the same time management remains very optimistic about the portfolio and points out high growth rates. In addition, Kinnevik benefits from a significant cash position, which provides the potential to acquire new investments or add-ons at low valuations. Finally, HarbourVest, the British fund-of-funds, developed similarly. Despite solid reports published, the share price declined during the past quarter. The company reported stable NAV with healthy distributions and high investment activity.

We moderately increased our exposure to alternative asset managers after valuations have become more attractive. We also adjusted our exposure within the segment and focus more on managers with attractive fundraising pipelines and strong performance of current funds. We slightly reduced allocations to smaller private equity vehicles with more cyclical exposure or less liquid stocks.

Contacts

partnersgroup@partnersgroup.com
www.partnersgroup.com

Zug
Zugerstrasse 57
6341 Baar-Zug
Switzerland
T +41 41 784 6000

Denver
1200 Entrepreneurial Drive
Broomfield, CO 80021
USA
T +1 303 606 3600

Houston
5847 San Felipe Street, Suite 1730
Houston, TX 77057
USA
T +1 713 821 1622

Toronto
Exchange Tower, 130 King Street West,
Suite 1843
Toronto, ON M5X 1E3
Canada
T +1 416 865 2033

New York
The Grace Building
1114 Avenue of the Americas, 41st Floor
New York, NY 10036
USA
T+1 212 908 26 00

São Paulo
Rua Joaquim Floriano, 1120 – 11° andar
CEP 04534-004, São Paulo – SP
Brazil
T +55 11 3528 6500

London
110 Bishopsgate, 14th floor
London EC2N 4AY
United Kingdom
T +44 20 7575 2500

Guernsey
P.O. Bos 477
Tudor House, Le Bordage
St Peter Port, Guernsey
Channel Islands, GY1 1BT
T +44 1481 711 690

Paris
14, rue Cambacérès
75008 Paris
France
T +33 1 70 99 30 00

Luxembourg
35D, avenue J.F. Kennedy
L-1855 Luxembourg
B.P. 2178, L-1021 Luxembourg
T +352 27 48 28 1

Milan
Via della Moscova 3
20121 Milan
Italy
T +39 02 888 369 1

Munich
Skygarden im Arnulfpark
Erika-Mann-Str. 7
80636 Munich
Germany
T +49 89 38 38 92 0

Dubai
Dubai International Financial Center
Level 3, Gate Village 10
P.O. Box 125115
Dubai, UAE
T +971 4 401 9143

Mumbai
Suite 3103 (Four Seasons Hotel)
Plot No. 1/136, Dr. E Moses Road, Worli
Mumbai 400 018
India
T +91 22 2481 8750

Singapore
8 Marina View
Asia Square Tower 1 #37-01
Singapore 018960
T +65 6671 3500

Manila
18/F Net Park Building
5th Avenue Corner 26th Street
Bonifacio Global City, Taguig
1634 Metro Manila
Philippines
T + 63 2804 7100

Shanghai
Unit 1904-1906A, Level 19
Tower I, Jing An Kerry Center
No. 1515 West Nanjing Road
Jing An District, Shanghai 200040
China
T +8621 2221 8666

Seoul
25th Fl. (Gangnam Finance Center,
Yeoksam-Dong) 152 Teheranro
Gangnam-Gu, Seoul 135-984
South Korea
T +82 2 6190 7000

Tokyo
Daido Seimei Kasumigaseki Bldg. 5F
1-4-2 Kasumigaseki, Chiyoda-ku
Tokyo 100-0013
Japan
T +81 3 5532 2030

Sydney
Level 32, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000
Australia
T +61 2 8216 1900