31 DECEMBER 2023

Q4 2023 Review

Partners Group Listed Investments SICAV – Listed Private Equity

Li-Ki Khaw Human Resources | **Andreas Knecht** Chief Operating Officer

Disclaimer

2023 Q4 review

Partners Group Listed Investments SICAV – Listed Private Equity completed another strong quarter, increasing by 14% and bringing the full-year gain for 2023 to +36%. This performance was driven by solid company results, positive company-specific developments such as strategy changes as well as favorable macro news. Inflation rates weakened and optimism among investors, that the rate cycle had peaked, resulted in declining yields, particularly for longer-dated bonds. Against this backdrop, all segments contributed positively.

Alternative asset managers were the best performers and gained on average 20% during the quarter on positive news about fundraising and platform growth. TPG was the top performer. The company completed the acquisition of the debt manager Angelo Gordon, which expands the product platform that mainly comprised equity strategies. Management is very positive that the different LP bases provide significant cross-selling opportunities but, more importantly, this step enables TPG to expand into the insurance segment, given insurance companies' focus on less risky debt strategies. In addition, TPG continues to successfully raise capital and benefit from an attractive fundraising pipeline despite having had a strong fundraising cycle during the past two years. The company most recently won a USD 1.5 billion commitment for new strategies, including Rise Climate, from the UAE and is preparing the launch of its Climate Infrastructure strategy, targeting USD 4-5 billion for the fund's first vintage. Another strong performing alternative asset manager was KKR, driven by the news of the full acquisition of Global Atlantic, a life annuity specialist. With assets under management of USD 158 billion, the company provides KKR with great growth potential and an opportunity to quickly expand its credit business. Additionally, KKR can leverage Global Atlantic's distribution channels to enhance positioning in private wealth.

Private equity vehicles were the second-best performer and increased by 12% on average during the quarter with key drivers being company-specific news and Net Asset Value (NAV) growth. The best performer was Eurazeo, a French private equity investor targeting mid-caps, gaining 27%. The company recently announced a significant shift in strategy that focuses on actively reducing the balance sheet and expanding the asset management business. Management intends to return 42% of the market capitalization over the next four years, primarily through share buybacks, which will be beneficial for NAV per share given the discount of approximately 50%, and to a lesser extent through dividends. The Canadian private equity investor, Onex, was another strong performer. The company delivered solid results, with a 4% growth of its private equity portfolio during the quarter and an increase in assets under management and fee income. Moreover, the company has implemented a significant share buyback program of up to 10% of its current market capitalization, while also making progress in cutting costs.

Private debt vehicles (Business Development Companies / BDCs) were slightly positive, rising on average by 2%, after having strongly performed over the previous quarters. Amongst the best performers was Blue Owl Capital Corporation. The company published strong results, with an increasing NAV, increasing net investment income and a return of equity of 13%. Despite high interest rates, the credit quality of the portfolio remained strong with a focus on first as well as second lien loans and non-accruals of just around 1% on a cost basis. Underwriting standards remain strict with an average 40% loan-to-value ratio for new investments. Management is optimistic about the near-term outlook and points out to an increased transaction activity, primarily refinancings and add-on acquisitions.

During the fourth quarter, we have adjusted our allocation within alternative asset managers and added more to credit managers given the more attractive valuations and better near-term fundraising pipelines. We have also shifted within BDCs, and reduced names that traded above NAV while adding to names that traded at a discount but provide a defensive portfolio with a focus on secured credits. We also adjusted our exposure to private equity vehicles, particularly the increase of Onex, given the attractive combination of a wide discount to NAV and the implementation of a large share buyback program.

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