Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

31 MARCH 2021

Q1 2021 Review

Partners Group Listed Investments SICAV – Listed Private Equity

Gonzalo Fernández Castro Private Equity Services | **Hal Avidano** Co-Head Private Equity Integrated Investments Americas

Disclaimer

2021 Q1 review

Partners Group Listed Investments SICAV – Listed Private Equity started strongly in 2021 and generated a total return of 12.8% during the first quarter. Market sentiment remained positive throughout the quarter and was driven by the vaccines roll-out, expectations of opening economies and President Biden's stimulus package. At the company-level, earnings reports were solid benefiting from increasing transaction activity and strong portfolio performance.

Alternative asset managers were the best performing sector and generated an average total return of 18% during the first quarter. The sector has held a record amount of dry powder and increasing investment activity generates significant carry potential in the mid-term as well as shortens the time to raise successor funds. Despite COVID-19, the managers deployed capital in line or even exceeding previous years' levels. Amongst the best performers was Blackstone, which deployed over USD 60bn in the past year. Fund-raising remained strong and secured future recurring earnings. Apollo Global stood out with inflows of more than USD 120bn, twice the amount raised in the previous year. Lastly, the performance of the underlying funds recovered well, in particular KKR's, whose private equity portfolios generated over 30% gross IRR in 2020.

Business development companies (BDC) were the second-best performing sector, gaining 14% on average. Most of the portfolios benefited from increasing M&A activity, for which BDCs typically provide debt financing. This resulted in strong loan origination and expected interest income growth. The underlying portfolios have recovered well, non-accruals have declined, and NAVs have grown on a per share basis. In addition, refinancing conditions for BDCs are attractive and many managers issued debt, expanding their interest spreads.

Fund-of-funds increased by 10% on average and posted solid NAV growth. The increasing investment activity resulted in managers reporting exits above NAV and proceeds could quickly be redeployed. ICG Enterprise Trust was the best performing fund-of-fund. Strong exit activity, at 2.4x cost on average, resulted in high NAV growth and a dividend increase of 5%.

Direct investment companies were the relative laggards but still increased by 9% on average. The underlying portfolios of these companies have a high allocation to defensive sectors including software, healthcare, etc. but during the first quarter, cyclical sectors performed better. On average, direct investment companies also benefited from increasing transaction activity and managers completed add-on acquisitions, which resulted in NAV growth. The positive market sentiment also resulted in some discount contraction, with Brookfield Business Partners being amongst the best performers. The company reported results above expectations and is exploring an exit for one of its main holdings, the battery maker Clarios. Management expects to generate a money multiple of 1.55x after a holding period of just two years. Another strong performer was Onex. The Canadian direct investment company is amongst the more cyclical holdings in our portfolio and benefited from an expected opening of the economy, in particular via their investments in a Canadian airline as well as an event company.

During the first quarter, we reduced our allocation to fund-of-funds after discounts have contracted and increased alternative asset managers, in particular managers with a high allocation to private equity where we see most upside. In addition, we adjusted our allocations within direct investment companies. We reduced cyclical exposure and deployed into the technology and consumer sectors.

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