Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

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# Q4 2020 Review

## Partners Group Listed Investments SICAV – Listed Private Equity

**Michael Studer** Chief Risk Officer and Co-Head Portfolio Solutions | **Andrew Deakin** Private Equity Europe

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**Partners Group Listed Investments SICAV – Listed Private Equity Q4 2020 review**

Partners Group Listed Investments SICAV – Listed Private Equity performed strongly during the fourth quarter of 2020 and gained 17%. The fund has fully recovered from the COVID-19 pandemic and ended the year in positive territory at almost 4%. Market sentiment remained positive and was supported by the US presidential election and positive news about the development of COVID-19 vaccines. Towards the end of the quarter, markets were driven by the coronavirus relief package in the US and the long-awaited Brexit deal between the UK and the EU.

Fund-of-funds was the best performing sector, generating an average total return of 21%. The sector had previously lagged the recovery, despite solid portfolio performance throughout the pandemic. During the fourth quarter, fund-of-funds continued to report growing NAVs which resulted in a share price rally. Despite the strong performance, valuations remain attractive with discounts to NAV of 15-20%.

Alternative asset managers was the second-best performing sub-sector and gained on average 19%. While US managers performed best during the second and third quarter, European asset managers led the segment during the fourth quarter. The managers benefitted from continued fund raising, which will result in growing management fees in the short-term. In addition, increasing investment activity coupled with record dry powder provides significant carry potential in the mid-term. Intermediate Capital, the UK based manager with a focus on credit, performed best and generated a total return of 48% during the quarter. The manager profited from high capital gains in its European and Asian credit portfolios and raised new funds. Importantly, investment activity has been robust, and management expects to raise successor funds sooner than initially planned.

Direct investment companies increased by 18% on average and benefitted from both, solid growth of the underlying portfolios and discount contraction. APAX Global Alpha was among the best performers during the quarter. The underlying portfolio has performed strongly and was driven by its exposure to tech, digital services and healthcare. The company also reported decent transaction activity. It sold four portfolio holdings that had quintupled in value and invested into two new software companies, further increasing its exposure to tech. Wendel was another top performer and benefitted from strong growth of its main holding, Bureau Veritas, which reported results above expectations. The company provides certification as well as testing services in a variety of sectors (infrastructure, agri-food, industry, consumer products) and profited from increased product launches during H2. It is also well-positioned to benefit from long-term trends such as stricter regulation, tighter quality controls and increasing safety requirements. In addition, Wendel's discount to NAV moderately contracted but remains at attractive levels of above 30%.

BDCs increased by 14%. The underlying portfolios are exposed to small caps and previously suffered from concerns about increasing default rates among these companies, but solid earnings results coupled with government support packages and good progress with regards to COVID-19 vaccines increased investors' confidence. During the quarter, the managers positioned their portfolios more defensively, reducing leverage and increasing the allocations to senior loans.

During the fourth quarter, the fund adjusted its allocation within direct investment companies. We reduced exposure to managers with industrial portfolios after their stocks rebounded in the year-end rally and shifted more into software and tech.

# 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