



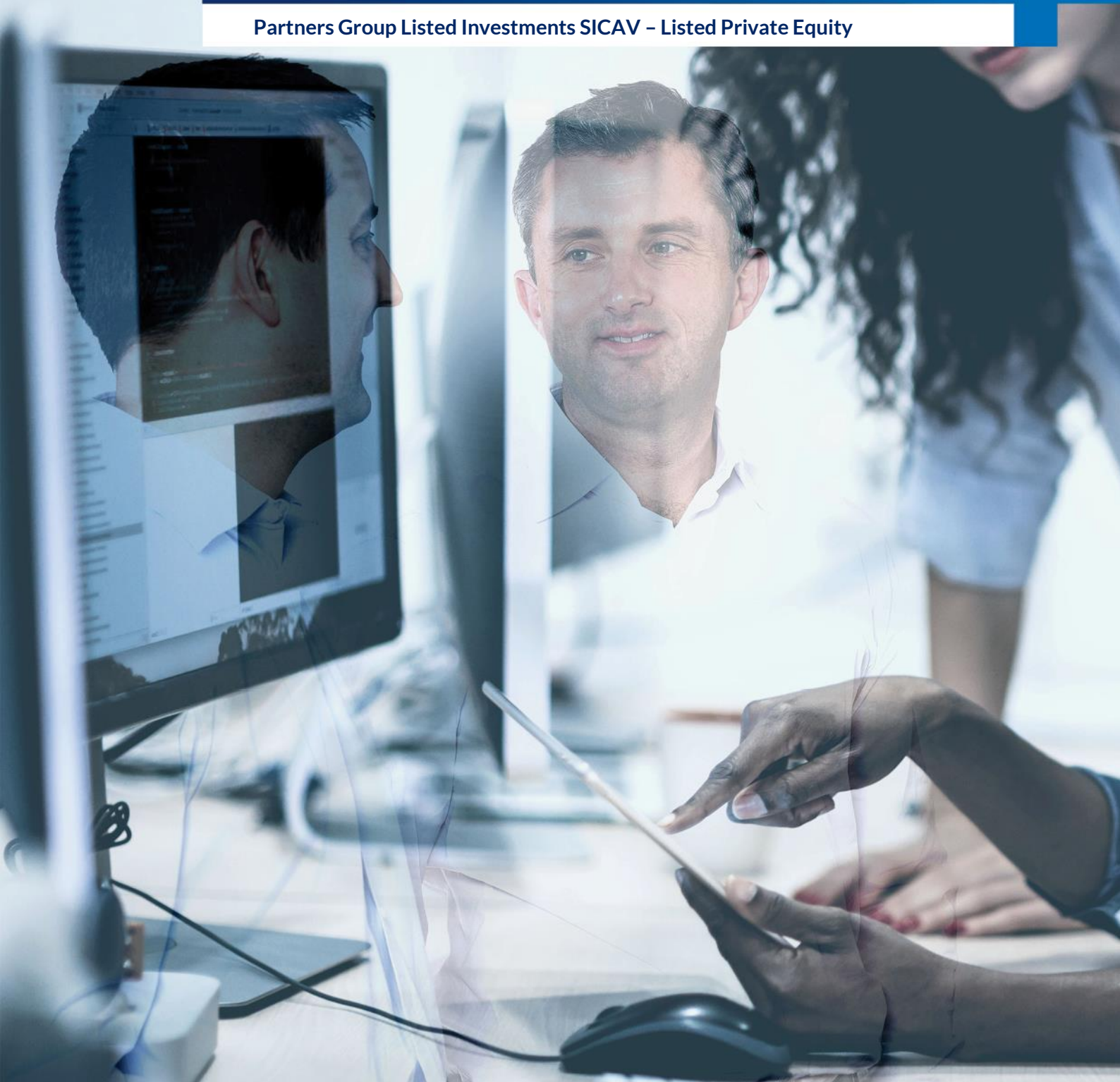
Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

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# Q4 2021 Review

Partners Group Listed Investments SICAV - Listed Private Equity



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## 2021 Q4 review

Partners Group Listed Investments SICAV – Listed Private Equity continued its strong performance and generated a total return of 12% during the fourth quarter, bringing the 2021 performance to 53%. This marks the best performance year since the launch of the fund. The quarter started on a very positive note and was driven by strong fundamentals and earnings reports that exceeded investor’s expectations. Towards the end of the quarter, concerns about high inflation and the fast spread of the Omicron variant resulted in higher volatility. Against this backdrop, all segments of the Listed Private Equity Fund contributed positively. Alternative asset managers and fund-of-funds were the best performing segments, driven by strong fundraising and higher than expected NAV growth.

Fund-of-funds were the best performers, gaining 18% on average. The segment benefitted from solid NAV growth throughout the quarter and realizations above the carrying value. HarbourVest Global Private Equity was among the best performers and reported strong results. Over the past half year, NAV increased by 23%, and was driven by exposure to tech & software and medical & biotech. Stage wise, growth equity was the best performer. Despite the attractive fundamental development, the stock remains attractively valued, trading at a discount of 16%, currently.

Alternative asset managers were the second-best performers generating an average return of 15% during the quarter. The segment benefits from favorable fundraising trends and investors high demand for private market products. At the same time, transaction activity was high, enabling managers to exit investments in more mature funds and realize carry. One of the best performing asset managers was Apollo Global Management. The company increased fee-related earnings by 18% over the past year and announced an optimistic outlook, targeting fee-related earnings growth of 14% per year and a doubling of AUM to USD 1 trillion until 2026. Management expects the insurance segment to be a key driver of that growth and turned more positive on the retail segment. They now expect retail clients to contribute approximately one-fourth of the projected AUM growth. Another strong performer during the quarter was EQT. The Swedish private equity manager reported high transaction activity, including several multi-billion-dollar investments, which results in high deployment pace. The company’s Infrastructure V Fund recently held its final close at EUR 15.7 billion and is already 60-65% invested.

Direct investment companies were the third best performer, gaining 10% on average. The segment benefits from strong NAV growth and high transaction activity. One of the best performers was the British direct investment company 3i Group. The largest holding, Action, a Netherlands-based discount retailer, continues to perform above expectations. Sales increased by 25% during the first nine months in 2021 and the international roll-out of new stores is well on track. In addition, the company benefitted from positive deployment and exit activity such as the acquisition of EC Waste, a fully integrated solid waste service provider and a potential exit of Havea Group, the manufacturer of a wide range of over-the-counter natural healthcare products.

Business development companies (BDCs) were the relative laggards in the fourth quarter, generating a return of 7% on average. Solar Capital was the weakest performer in the segment, following the internal merger with another senior focused investment vehicle. While the transaction is NAV neutral, the yield of the merged portfolio is expected to decline given the acquired portfolio is more defensive. Long-term, management is positive on the transaction and highlights an increased stock liquidity, potential synergies, as well as a reduction in management fees.

The portfolio remains well-positioned to benefit from the continued positive fundraising environment, high market valuations and strong transaction activity. During the past quarter, we increased our allocation to the Nordic private equity manager EQT AB, and built a new position in the UK alternative asset manager Petershill Partners, which manages a portfolio of smaller but high-quality private equity managers. The company is attractively valued and provides growth potential through scaling up existing funds and expanding into adjacent strategies. In turn, we reduced our exposure to cyclical direct investment companies. Among others, we reduced our exposure to the French direct investment company Wendel. The company IPO-ed its largest private investment, IHS Tower, which was a key catalyst.

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