

Pareturn Barwon Listed Private Equity Fund

Monthly Report – August 2021

Barwon Investment Partners is an investment management company specialising in private equity and real estate. Barwon has been managing strategies in the listed private equity sector since May 2007.

Net Performance at 31 August 2021

Net Return to Investors	Unit Price	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	ITD p.a.
Class I – EUR ¹	520.05	1.8%	11.0%	51.3%	17.9%	15.4%	15.3%
Class G – GBP ²	436.99	2.3%	10.7%	45.9%	16.2%	15.6%	15.9%
Class U – USD ³	517.30	1.4%	7.6%	49.4%	18.1%	16.8%	12.2%

1. Inception date 30 November 2012
2. Inception date 04 December 2012
3. Inception date 17 June 2013

Fund Size: €13 million.

The Pareturn Barwon Listed Private Equity Fund (Class I - Euro) returned 1.8% for the month of August 2021, and since inception the Fund has generated a net return of 15.3% p.a.

Market Commentary

Contributors over the month included Blackstone Group Inc (USD +9.07%), Eurazeo (EUR + 6.61%), Chrysalis Investments Ltd (GBP +10.4%) and Pantheon International plc (GBP +10.96%). The largest detractors to performance were Onex Corp (CAD -0.70%), ADT Inc (USD -18.40%) and SolarWinds Corporation (USD -18.10%).

We often like to comment on private equity investment trends. One trend we are seeing through the likes of listed alternative asset managers (AAMs) Blue Owl and Ares Management is investments in professional sports teams and leagues. The world of pro sport is another example of private equity finding new realms of investment opportunity. Drawn to the low correlation between the value of sports franchises with other asset classes, several funds dedicated to the strategy have already been raised by the likes of Blue Owl, Silver Lake and CVC. In this year alone, Ares Management has invested over \$1bn in sports related investments – including a \$40M structured loan to Rugby Australia costing the Wallabies over 10% p.a. to see it through to the next Lions tour in 2025.

Ownership stakes in professional sports teams and associations have traditionally been the bastion of the ultra-wealthy, royal families, and oligarchs. However, just as access to finance is ‘democratising’, so is the ownership of many beloved professional sports franchises. Over the last few years, the NBA (National Basketball Association), MLB (Major League Baseball), and the MLS (Major League Soccer) took the big step of allowing private equity financing in numerous teams. In sports leagues around the world, private equity firms are now knocking at their doors, scaling up their investments and even raising dedicated investment funds.

While some fans are uneasy seeing their favourite team as a commercial enterprise, the economics of professional sports clubs and leagues can present a unique and attractive asset. They are essentially natural local monopolies with strict association rules around expansion and new team entrants. And the handful of elite leagues and competitions in each respective sport draw the vast majority of global revenue.

There is big money in pro sports. The top 4 US sports leagues (NFL, NBA, MLB, NHL) have 124 teams which brought in US\$28bn total club revenue for the 2020 season, an average of almost US\$250M per team. The top 5 European football leagues contain 98 clubs projected to generate €17.5bn in annual revenue, almost €200M per club.

While the eye-watering salary packages of top athletes are the headlines, professional sports organisations have favourable economics to support this in the form of long-term revenue visibility through season tickets and media rights. For example, Amazon recently acquired exclusive rights to stream Thursday Night Football (NFL) for 11 years from 2022. The contract reportedly cost Amazon over \$1bn p.a. – an incredible sum considering there are only 15 regular season games on Thursday per year.

Digital disruption of traditional media and the shift to on-demand streaming has also meant viewers can engage with their team/sport on many more levels. The global consumer can now directly subscribe to stream games, for exclusive content, and even digital collectibles (e.g. NBA Top Shot). On-demand content streaming also increases global viewership due to its availability and convenience.

The increasing commercialization is not without controversy as sports organisations balance economic imperatives with their own identity. The highly successful New Zealand All Blacks national rugby team faces this dilemma at the time of writing as it weighs a 12.5% minority sale to Silver Lake against a public listing in an effort to raise capital. Nonetheless, we believe this trend will continue as unique content becomes increasingly sought after and the greater monetization of fan engagement drives the commercial growth opportunity.

Underlying Investment Exposures on a Look-Through Basis

Investment Classification		Vintage Year		Geographic Exposure		Currency Exposure	
Buyouts	46%	Pre 2016	22%	North America	56%	USD	56%
PE Backed	6%	2016	16%	Europe	37%	EUR	28%
Alternative Asset Manager	31%	2017	11%	Other	7%	GBP	10%
Private Debt	11%	2018	23%	Total	100%	Other	6%
Liquidity	6%	2019	15%			Total	100%
Total	100%	2020	13%				
		2021	1%				
		Total	100%				

5 Largest Holdings by Weight

Company	Type
Blackstone Group Inc	Alternative Asset Manager
HgCapital Trust plc	Buyouts
Eurazeo	Buyouts
KKR & Co Inc	Alternative Asset Manager
3i Group plc	Buyouts

Monthly Net Performance

Class I – Euro	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2021	0.9%	5.6%	6.6%	2.3%	1.8%	4.8%	4.0%	1.8%					31.2%
2020	1.2%	-7.9%	-21.2%	12.8%	5.9%	3.3%	-3.2%	5.2%	-0.6%	-2.0%	15.2%	2.8%	6.6%
2019	8.6%	3.7%	0.8%	4.8%	-4.0%	3.9%	1.7%	-0.2%	3.8%	2.7%	3.6%	1.6%	35.0%
2018	1.3%	-1.1%	-3.9%	3.4%	3.1%	1.2%	2.8%	-0.2%	1.3%	-4.9%	-0.7%	-9.4%	-7.7%
2017	0.7%	2.8%	0.6%	1.5%	-1.5%	1.0%	-1.0%	-2.1%	3.0%	1.1%	-1.8%	1.3%	5.6%
2016	-7.5%	-1.1%	5.0%	1.2%	2.0%	-3.8%	5.6%	3.0%	-0.8%	1.5%	7.1%	3.3%	15.6%

Key Information

Strategy	High conviction, value-orientated, bottom-up stock selection. Long-only, unlevered, benchmark unaware
Structure	Luxembourg-domiciled SICAV authorised as a UCITS
Management Company	MDO Services SA
Delegate Investment Manager	Barwon Investment Partners Pty Ltd
Share Classes, ISIN	Class I, Distribution, EUR - LU0856658553 Class G, Distribution, GBP - LU0856664106 Class U, Accumulation, USD - LU0940438756
Bloomberg Ticker	Class I, PARBLPI Class G, PARINDG Class U, PARUIUC
Pricing and Dealing	Daily
Minimum Investment	Class I, €6,000 Class G, £5,000 Class U, \$8,000
Income Distributions	Annual for distributing classes
Entry / Exit Fees	None
Management Fee	0.65%
Performance Fee	Performance fee is 15% above the performance hurdle of 12% per annum over rolling 2.5-year period

Other Information

Barwon also manages the [Barwon Global High Income Fund](#), an Australian domiciled unit trust.

About Barwon Investment Partners

Barwon Investment Partners is an Australian fund manager with a 15+ year track record of generating strong investment returns for institutional, wholesale and retail clients.

Barwon is independently owned with an experienced team of 35+ investment professionals focused on healthcare property, property finance and global investments.



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