

# Barwon Global Listed Private Equity Fund

## Monthly Report – August 2022

The Barwon Global Listed Private Equity Fund aims to provide wholesale investors with a high performing portfolio of private equity investments in a fee efficient manner whilst offering daily liquidity.

Net Performance at 31 August 2022<sup>1</sup>

	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	10 Years p.a.	ITD p.a. <sup>2</sup>
Net Return	-6.3%	-8.4%	-18.0%	8.6%	7.6%	12.6%	6.1%

1. A\$ domiciled unit trust. The Fund hedges foreign currency exposures
2. Inception date is 01 June 2007
3. Returns are after management fees, performance fees, and other fund expenses

<b>NAV Price</b>	0.7162
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<b>Entry Price</b>	0.7183
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<b>Exit Price</b>	0.7141
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The Barwon Global Listed Private Equity Fund's (Fund) net return for the month of August 2022 was -6.3%. Over the 10 years ended 31 August 2022 the Fund has returned 12.6% p.a.

### Market Commentary

Contributors over the month included PowerSchool Holdings (USD +24.9%), Brookfield Business Partners LP (CAD +12.3%) and Ares Management Corp (USD +3.5%). Detractors to performance included Chrysalis Investments Ltd (GBP -31.7%), Eurazeo (EUR -14.4%) and Intermediate Capital Group (GBP -10.2%).

Private equity M&A continues to be impacted by global market volatility as buyer and seller expectations diverge. One area private equity managers have been active in deploying capital has been in public markets with \$96bn of take-private transactions in 1H'22, already close to eclipsing last year's full-year record of \$118bn. By the same token, the backdrop is far less favourable for taking companies public. IPOs are on track for their quietest year in a decade and PE backed IPOs have all but disappeared this year. This is in stark contrast to a record year for IPOs in 2021. By our calculation, 80% of PE backed IPOs in 2021 are trading below their listing price, down an average 30% since listing.

Last year, the Fund invested in two PE backed listed companies which successfully completed their IPO. The two companies are Instructure backed by Thoma Bravo, and PowerSchool backed by Onex and Vista Equity Partners. Both businesses provide education software used by primary, secondary and tertiary learning institutions globally. The operating performance and share price performance have been very resilient this year despite the sell-off in in the technology sector. We particularly like the strong alignment of interest with the PE sponsors. Neither Onex nor Thoma Bravo have sold down their equity stakes and the PE owners still own over 70% of each company, worth over \$5bn in unrealised value for their funds. They still maintain control of the Board of directors with their own senior managing and operating partners. And their investment thesis around geographic expansion into emerging markets, acquisitions of complementary modules to their platform such as behavioural analytics and career readiness, and operational enhancement continues to play out. The two stocks

have weathered the market volatility well with the market recognising their high visibility to growth and attractive margins.

Rising rates and declining valuations have made the funding environment for growth and venture capital investments more restricted and more expensive. Growth equity investing in the US peaked last year with \$78bn raised, and \$122bn in deal value. Deal volumes this year are down more than 50%. This has had the largest impact on our investment in Chrysalis Investments, a portfolio of 15 UK and European growth capital investments. While it has some disruptive high growth businesses, most of its investments are still cash flow negative. For these businesses, even good ones, the available runway to achieve profitability has shortened considerably and the heightened scrutiny over expenditure will have an impact on future growth.

Bank financing and high yield markets have been held up by large tranches of underwritten debt awaiting to be syndicated. This has led to even higher demand for private credit. Financing more broadly for private equity investments continues to remain available. From a liquidity standpoint, we are comfortable with the debt profile of our investments. There has not been a rush to overleverage balance sheets. And the majority of our underlying portfolio companies have taken advantage of the favourable credit conditions by extending debt maturities and locking in lower cost of debt over the past 18 months.

## Underlying Investment Exposures on a Look Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	47%	Pre-2017	35%	North America	60%
PE Backed	7%	2017	8%	Europe	34%
Alternative Asset Manager	32%	2018	17%	Other	6%
Private Debt	5%	2019	13%	<b>Total</b>	<b>100%</b>
Liquidity	9%	2020	14%		
<b>Total</b>	<b>100%</b>	2021	11%		
		2022	2%		
		<b>Total</b>	<b>100%</b>		

## 5 Largest Holdings by Weight

Company	Type
Eurazeo	Buyouts
Blackstone Group Inc	Alternative Asset Manager
KKR & Co Inc	Alternative Asset Manager
Oakley Capital Investments Ltd	Buyouts
Intermediate Capital Group plc	Alternative Asset Manager

The Barwon Global Listed Private Equity Fund is an Australian domiciled unit trust offering daily liquidity. Foreign currency exposures are substantially hedged into Australian dollars.

Key Information	
Trustee & Manager	Barwon Investment Partners
Applications & Withdrawals	Daily
Unit Prices	Daily
Minimum Investment	\$50,000
Buy-Sell Spread	0.30%
Distributions	Semi-annual
Management Fee	0.65% p.a.
Performance Fee	15% in excess of 12% hurdle
Bloomberg Fund Code	BAGLLPE AU Equity
APIR Code	BAR0001AU

Barwon offers access to the same strategy via a feeder fund, the BGLPEF AF (Access Fund), offered under a PDS and is for financial advisors, financial intermediaries and investors investing via platforms.

Access Fund Ratings & Platform Availability
AMP North
Asgard
BT Panorama
Colonial First Wrap
Macquarie Wrap
Netwealth
Hub24
PowerWrap
Praemium



Barwon also manages the [Pareturn Barwon Listed Private Equity Fund](#), a Luxembourg-domiciled UCITS Fund and 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 and wholesale clients.

Barwon is independently owned with an experienced team of over 40 investment professionals focused on healthcare property, property finance and global investments.



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