

Barwon Global Listed Private Equity Fund AF

Monthly Report – October 2022

The Barwon Global Listed Private Equity Fund AF (Fund) aims to provide investors with a high performing portfolio of private equity investments in a fee efficient manner whilst offering daily liquidity. It achieves this by investing in the Underlying Fund (Barwon Global Listed Private Equity Fund) which invests into a global portfolio of listed private equity securities, and was launched in 2007.

Net Performance at 31 October 2022¹

	1 Month	3 Months	1 Year	2 Years p.a.	ITD p.a. ²
Net Return ³	8.1%	-9.1%	-24.3%	11.0%	9.2%
1. A\$ domiciled unit trust. The Underlying Fund hedges foreign currency exposures				NAV Price	1.0036
2. Inception date is 04 June 2020				Entry Price	1.0066
3. Returns are after management fees, performance fees, and other fund expenses				Exit Price	1.0006

The Fund's net return for the month ending 31 October 2022 was 8.1%. The Underlying Fund has returned net 11.6% p.a. over the last 10 years.

Market Commentary

Contributors over the month included KKR & Co Inc (USD +13.1%), Blackstone Group Inc (USD +9.9%), Ares Management (USD +22.4%), and Eurazeo (EUR +7.3%). Detractors to performance included Brookfield Asset Management (USD -3.1%), Chrysalis Investments (GBP -8.9%), and Apax Global Alpha (GBP -3.5%).

In the third quarter, private equity valuations have been mixed – generally ranging from +/-5%. Year-to-date, private equity valuations have proven resilient. The pressure on valuation multiples due to the de-rating in public equities continues to be a headwind but is being offset by resilient, albeit decelerating, earnings growth. Supply chain and logistical challenges encountered early in the year have eased substantially. However, labour availability remains tight and wage inflation remains persistent.

In private markets, investors still have abundant capital in the form of dry powder – i.e., committed but uninvested capital. However, the uncertain macroeconomic outlook has driven buyer and seller expectations apart causing a drop in transaction activity.

Selectivity is the narrative. Where a business has visibility to resilient growth in the face of a softening economy, buyers coalesce and competition for the asset remains high. A recent example is Oakley Capital's partial realisation of its investment in Wishcard, a European white-label gift card service. Oakley acquired the business in 2019 partnering with original founders. Over the last three years,

revenues have quadrupled and the business remains on a very strong growth path. In its short period of ownership, Oakley has realised a 4.5x return on invested capital, but even more encouragingly, the value for which it was sold was 37% above its prevailing carrying value, confirming the latent value in Listed Private Equity portfolios.

Demand has been decelerating quickest in Europe and Asia in geographic terms, and in discretionary purchases for 'price sensitive' consumers. However, as always, specific underlying businesses continue to grow in their respective niches.

The Fund's largest underlying exposure is a European brick and mortar discount retail chain called Action. It has been owned by UK-listed 3i Group since 2011, and now represents over half the total portfolio value of 3i due to its extraordinary performance. Despite inflationary cost pressures, the highly successful discount retailer with over 2,000 stores has seen earnings growth accelerate to 35%, and like for like sales growth of 15.7% year over year. And we continue to expect strong returns from Action as it continues on its path of store roll-outs.

Underlying Investment Exposure on a Look-Through basis

Investment Classification		Vintage Year		Geographic Exposure	
Buyouts	44%	Pre 2017	35%	North America	61%
PE Backed	6%	2017	9%	Europe	30%
Alternative Asset Manager	32%	2018	18%	Other	9%
Private Debt	5%	2019	11%	Total	100%
Liquidity	13%	2020	14%		
Total	100%	2021	11%		
		2022	2%		
		Total	100%		

5 Largest Holdings by Weight

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

Key Information

Investment Manager	Barwon Investment Partners
Responsible Entity	The Trust Co (RE Services) Limited
Applications & Withdrawals	Daily
Unit Prices	Daily
Buy-Sell Spread	0.30%
Distributions	Annual
Management Fee	0.85% - (plus GST net of RITC)
Performance Fee	15% in excess of 12% hurdle - (plus GST net of RITC)
Bloomberg Fund Code	BAGLLPF AU Equity
APIR Code	PIM7967AU

Platform Availability



Ratings



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.



Contact Us
+61 2 9216 9600

Barwon Investment Partners
Level 10, 17 Castlereagh Street
Sydney NSW 2000 Australia

For More
Information

Sam Armstrong sam.armstrong@barwon.net.au
Kate Hayward kate.hayward@barwon.net.au
www.barwon.net.au

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