

Pareturn Barwon Listed Private Equity Fund

Monthly Report – October 2022

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 June 2007.

Net Performance at 31 October 2022

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	456.62	7.1%	-8.2%	-17.7%	8.9%	8.8%	11.9%
Class G – GBP ²	383.51	4.7%	-6.0%	-16.6%	8.7%	8.2%	12.4%
Class U – USD ³	381.13	8.1%	-11.0%	-29.7%	4.3%	5.3%	7.1%

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

Fund Size: €10 million.

The Pareturn Barwon Listed Private Equity Fund (Class I - Euro) returned 7.1% for the month of October 2022, and since inception the Fund has generated a net return of 11.9% p.a.

Market Commentary

Contributors over the month included KKR & Co (USD +13.1%), Blackstone Group (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 Pareturn Barwon Listed Private Equity Fund

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 Exposures on a Look-Through Basis

Investment Classification		Vintage Year		Geographic Exposure		Currency Exposure	
Buyouts	42%	Pre 2017	35%	North America	61%	USD	56%
PE Backed	6%	2017	9%	Europe	31%	EUR	31%
Alternative Asset Manager	31%	2018	18%	Other	8%	GBP	9%
Private Debt	5%	2019	11%	Total	100%	Other	4%
Liquidity	16%	2020	14%			Total	100%
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
Oakley Capital Investments Ltd	Buyouts
3i Group plc	Buyouts

Monthly Net Performance

Class I – Euro	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2022	-2.9%	-3.8%	2.2%	-5.2%	-1.6%	-11.3%	13.2%	-5.8%	-9.0%	7.1%			-17.1%
2021	0.9%	5.6%	6.6%	2.3%	1.8%	4.8%	4.0%	1.8%	-0.7%	7.4%	-1.3%	1.5%	34.7%
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%	11.6%
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%	30.9%
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%	-7.2%

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% of returns above the performance hurdle of 12% per annum, subject to a high water mark.

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 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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