

Barwon Global High Income Fund

Quarterly Report December 2024

The Barwon Global High Income Fund offers diversified exposure to private debt through investments in publicly traded and unlisted private debt funds. These private debt funds focus on senior secured, hold-to-maturity loans to middle-market businesses. The fund is available in two unit classes: currency hedged and unhedged.

Net Performance as at 31 December 2024

BGHIF I - Unhedged ^{1,3}		Net Returns						
		1 month	3 months	1 year	3 years p.a.	5 years p.a.	ITD p.a.	
CUM NAV ²	\$1.0940	Capital Return	3.3%	15.5%	15.6%	3.0%	0.3%	2.4%
Quarterly Distribution	\$0.0281	Income Return	2.6%	2.6%	8.1%	8.3%	8.0%	6.3%
Ex-NAV	\$1.0659	Total Return	5.8%	18.1%	23.8%	11.2%	8.3%	8.7%

BGHIF II - Hedged ^{1,4}		Net Returns						
		1 month	3 months	1 year	3 years p.a.	5 years p.a.	ITD p.a.	
CUM NAV ²	\$1.1582	Capital Return	-1.8%	4.2%	4.0%	-2.3%	-	3.3%
Quarterly Distribution	\$0.0328	Income Return	2.8%	2.8%	8.1%	7.5%	-	7.5%
Ex-NAV	\$1.1254	Total Return	1.0%	7.1%	12.1%	5.3%	-	10.8%

¹ A\$ domiciled wholesale unit trust. ² Both funds have a 30 bps buy/sell spread on entry/exit. ³ Inception date is 28 February 2014. ⁴ Inception date is 18 November 2020.

Market Review

Significant credit spread compression in 2024, coupled with declining interest rates, is expected to pressure Business Development Company (BDC) earnings in 2025. BDCs are limited in their ability to offset declines in base rates. However, some are well positioned to mitigate this impact through investment activity and/or increased fee income, such as origination or prepayment fees, if meaningful M&A activity returns. In 2024, investment activity was largely driven by refinancing and repricing of existing loans which pushed spreads down to near record lows. While BDC earnings are expected to decline in 2025 compared to 2024, the sector will likely remain well above historical levels of income.

A key consideration of lower interest income is the impact on BDC dividend coverage. The portfolio's median base dividend coverage was 116% at 30 September. We estimate it may decline to c.105% by the end of 2025. While earnings have been strong, BDCs have typically distributed excess income via special and supplemental dividends rather than increasing the base dividend to a level above through the cycle earnings.

We do not anticipate a wave of base dividend cuts, although many BDCs will have to reduce the special cash dividend shareholders have been receiving over the past 2 years.

2024 saw several high-profile defaults, including Pluralsight and Lithium Technologies. However, there has not been widespread credit deterioration across BDC portfolios, and we expect credit metrics to improve in 2025. On the positive side, declining interest rates provide borrowers with more cash and improve their interest coverage.

The largest contributor to fund performance was Blackstone Secured Lending Fund (BXSL) returning USD +12.9% for the quarter and USD +29.1% for the year. BXSL had another good quarter to 30 September, out earning its dividend and accretive share issuance boosting NAV per share. Credit quality remains strong and Blackstone is particularly optimistic for a significant pickup in M&A activity in 2025. BXSL is well positioned to benefit from this with its low cost of investment grade rated debt, differentiated deal sourcing and excess dividend coverage.



Portfolio Summary

The Fund was invested across 11 publicly traded and 1 unlisted private debt funds at 31 December 2024, with a focus on maintaining a high look-through exposure to senior secured loans, diversified across industry and borrower.

Number of stocks	12
Weighted average Price / Book multiple*	1.06x
Underlying Debt / Equity exposure	0.96x
Number of underlying companies / loans	>2,000
Underlying portfolio floating rate exposure	92%
Underlying senior secured debt exposure	90%

Quarterly Contributors & Detractors

Contributors	Currency	Return
Blackstone Secured Lending Fund	USD	12.9%
FS KKR Capital Corp.	USD	13.7%
Ares Capital Corp.	USD	6.9%

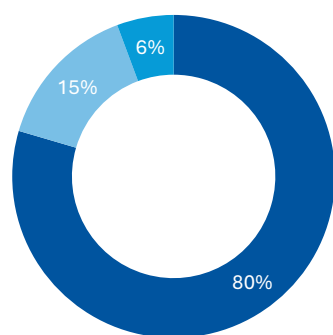
Detractors	Currency	Return
Oaktree Specialty Lending Corp.	USD	-3.0%
New Mountain Finance Corp.	USD	-3.3%

Five Largest Holdings

Investments	Portfolio Weight ¹	Price/Book Multiple	Gross Dividend Yield
Golub Capital Private Credit Fund	13.9%	N/A	10.4%
Blackstone Secured Lending Fund	10.1%	1.18x	9.5%
Ares Capital Corp.	10.0%	1.11x	8.8%
Sixth Street Specialty Lending	9.8%	1.24x	8.6%
Blue Owl Capital Corp.	9.6%	0.99x	9.8%

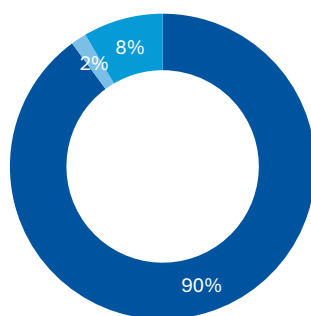
1. Portfolio weights for BGHIF (unhedged) as at 31 December 2024. BGHIF II (hedged) managed to same target weights.

Listed Private Debt Fund Exposure



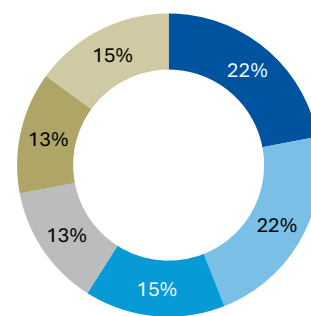
- Listed Private Debt Funds
- Unlisted Private Debt Funds
- Cash

Look Through Loan Exposures



- Senior Debt
- Subordinated Debt
- Equity

Look Through Industry Exposures



- Information Technology
- Industrials
- Health Care
- Consumer Discretionary
- Financials
- Other



Key Information

Trustee & Manager	Barwon Investment Partners
Structure	Open-ended Australian domiciled unit trusts
Unit Prices	Monthly
Applications and Redemptions	Monthly
Management fee	0.65% p.a. of net assets
Performance fee	No performance fee
Minimum Investment	A\$20,000, unless otherwise agreed
Currency	BGHIF I: unhedged BGHIF II: AUD currency hedged
Inception Date	BGHIF I: 28 February 2014 BGHIF II: 18 November 2020
Distribution Frequency	Quarterly



www.barwon.net.au

Contact Us

+61 2 9216 9600

Barwon Investment Partners
Level 7, 275 George Street
Sydney NSW 2000 Australia
investors@barwon.net.au

For More Information

Kate Hayward kate.hayward@barwon.net.au
Brett Scallan brett.Scallan@barwon.net.au
Johnny Chen johnny.chen@barwon.net.au

DISCLAIMER This document or presentation has been prepared by Barwon Investment Partners Pty Limited ABN 19 116 012 009 AFSL 298445 (Barwon) and is intended for wholesale investors as defined by the Corporations Act 2001. The content of this document or presentation is for general information purposes only and does not take into account any particular investor's objectives, financial situation or needs. An investor should, before making any investment decisions, consider the appropriateness of the information in this document or presentation, and seek professional advice, having regard to the investor's objectives, financial situation and needs. While reasonable care has been taken in the preparation of this document or presentation, Barwon makes no representation or warranty, either express or implied, as to the accuracy or completeness of any statement in it, including without limitation, any forecasts. Past performance is not a reliable indicator of future performance. Forward-looking statements involve known and unknown uncertainties and other factors, and reliance should not be placed on such statements. The information in this document or presentation must not be copied, disclosed or distributed in whole or in part without the prior written consent of Barwon.