# Barwon Global High Income Fund

## Quarterly Update March 2025

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 March 2025

| BGHIF I - Unhedged[1,3] | |
|---|---|
| CUM NAV[2] | $1.0692 |
| Distribution | $0.0219 |
| Ex-NAV | $1.0473 |

| Net Returns | 1 month | 3 months | 1 year | 3 years p.a. | 5 years p.a. | ITD p.a. |
|---|---|---|---|---|---|---|
| Capital Return | -5.6% | -1.7% | 4.5% | 2.6% | 10.1% | 2.1% |
| Income Return | 2.0% | 2.0% | 8.1% | 8.4% | 7.9% | 6.3% |
| **Total Return** | **-3.6%** | **0.3%** | **12.6%** | **11.1%** | **18.0%** | **8.5%** |

| BGHIF II - Hedged[1,4] | |
|---|---|
| CUM NAV[2] | $1.1351 |
| Distribution | $0.0233 |
| Ex-NAV | $1.1118 |

| Net Returns | 1 month | 3 months | 1 year | 3 years p.a. | 5 years p.a. | ITD p.a. |
|---|---|---|---|---|---|---|
| Capital Return | -5.3% | -1.2% | -1.5% | -3.3% | - | 2.8% |
| Income Return | 2.1% | 2.1% | 8.7% | 7.7% | - | 7.5% |
| **Total Return** | **-3.2%** | **0.9%** | **7.3%** | **4.4%** | **-** | **10.3%** |

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

After spending a packed week in New York at the end of March, meeting with over two dozen private equity and private credit managers, the tone across the board was cautiously optimistic. Most expected M&A markets to stay quiet through the first half of 2025, but momentum to build through the back half. There was broad consensus that interest rates would remain higher for longer, but with ample dry powder and an attractive fundraising outlook in 2025, particularly in the private wealth channels, the listed private equity market and private credit markets were well positioned, and the Alternative Asset Managers maintained a healthy double digit percentage earnings growth outlook.

In the private credit market, the Business Development Companies (BDCs) were performing well. High base rates continued to generate elevated ROEs and credit issues in portfolios were idiosyncratic, with only a select number of managers seeing elevated levels of non-performing loans. We saw incumbent borrowers being a significant source of deal flow for scaled BDC managers in the fourth quarter amidst the slower transaction environment. Incumbency continues to be a big advantage in a highly competitive market. We also saw several managers retrench to the core middle market (borrowers with annual EBITDA of between $25-$100M) in the most recent quarter, citing higher competition and looser terms in the upper middle market and broadly syndicated loan market.

The core middle market has remained relatively more stable on spreads and offers the ability to grow and remain invested with the borrowers.

However, the introduction of tariffs by the US administration sent markets tumbling in early April, as uncertainty gripped global capital markets. Speaking to managers and analysts this week during the second week of April, PE transactions are paused and the previous pipeline expected for 2H'2025 is not progressing. As we head into the first quarter reporting season, the focus will be on the health of portfolio companies, balance sheet leverage and outlook for new originations.

There will be limited pressure on first quarter BDC NAVs as the movements in the liquid loan market occurred post quarter end. Further, BDCs are lending to US middle market businesses which tend to have limited first order exposure to the tariffs. Their exposure is to second and third order impacts; supply chain disruption, consumer weakness, FX impact, which remain extremely uncertain.

## Portfolio Summary

The Fund was invested across 11 publicly traded and 1 unlisted private debt funds at 31 March, 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* | 1.05x |
| Underlying Debt / Equity exposure | 0.97x |
| Number of underlying companies / loans | >2,500 |
| Underlying portfolio floating rate exposure | 92% |
| Underlying senior secured debt exposure | 90% |

* Weighted average has been adjusted to exclude unlisted private debt funds.

### Quarterly Contributors & Detractors

| Contributors | Currency | Return |
|---|---|---|
| Sixth Street Specialty Lending | USD | 7.6% |
| Oaktree Specialty Lending Corp. | USD | 3.6% |
| Ares Capital Corp. | USD | 3.5% |

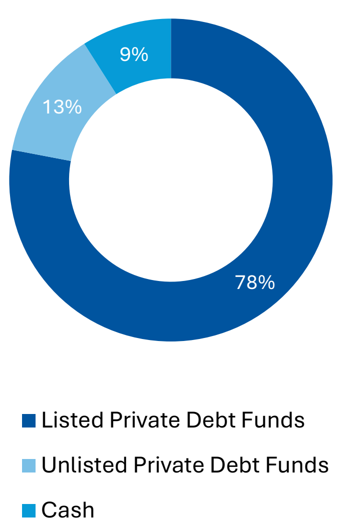
| Detractors | Currency | Return |
|---|---|---|
| Carlyle Secured Lending Inc. | USD | -7.3% |
| Bain Capital Specialty Finance | USD | -2.7% |
| Hercules Capital Inc | USD | -2.2% |

### Five Largest Holdings

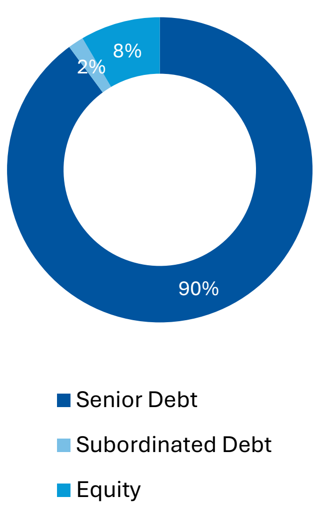
| Investments | Portfolio Weight[1] | Price/Book Multiple | Gross Dividend Yield |
|---|---|---|---|
| Golub Capital Private Credit Fund | 13.3% | N/A | 9.0% |
| Sixth Street Specialty Lending | 9.9% | 1.30x | 9.3% |
| Blue Owl Capital Corp. | 9.9% | 0.96x | 10.1% |
| Ares Capital Corp. | 9.7% | 1.12x | 8.7% |
| Blackstone Secured Lending Fund | 9.7% | 1.18x | 9.5% |

1. Portfolio weights for BGHIF (unhedged) as at 31 March 2025. BGHIF II (hedged) managed to same target weights.

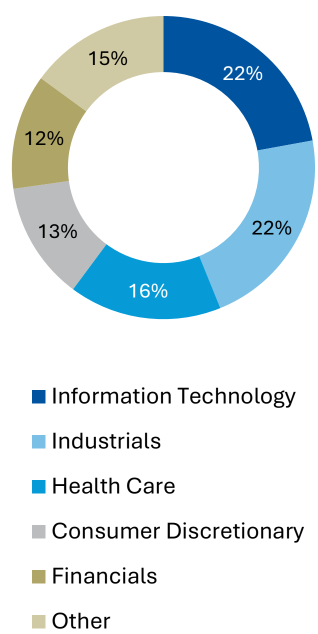
### Listed Private Debt Fund Exposure




### Look Through Loan Exposures




### Look Through Industry Exposures



## 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<br>**BGHIF II:** AUD currency hedged |
| **Inception Date** | **BGHIF I:** 28 February 2014<br>**BGHIF II:** 18 November 2020 |
| **Distribution Frequency** | Quarterly* |

* BGHIF II's distribution yield may be impacted by gains and losses on FX hedging contracts in any given period.

BARWON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