

Barwon Global High Income Fund

Quarterly Update June 2023

The Barwon Global High Income Fund provides exposure to a portfolio of publicly traded private debt funds, whilst offering monthly liquidity. The core investments are private debt funds that make senior secured, hold-to-maturity loans to middle-market businesses and loans backed by stable commercial properties.

The strategy is accessible in two unit classes:

- Barwon Global High Income Fund (**BGHIF**) – Unhedged unit class
- Barwon Global High Income Fund II (**BGHIF II**) – AUD Hedged unit class

The two classes hold the same underlying assets with the difference being BGHIF II currency is hedged.

The Funds aim to generate a high level of current income (7-9% p.a.) with the potential for long-term capital appreciation (1-2% p.a.) over the market cycle. BGHIF II's distribution yield may be impacted by gains and losses on FX hedging contracts in any given period.

Performance Report as at 30 June 2023

Net Return to Investors	NAV Price*	1 Month	3 Months	1 Year	3 Years p.a.	5 Years p.a.	ITD p.a.
BGHIF - Unhedged ^{1,2}	\$0.9213	2.4%	7.3%	9.4%	15.3%	6.1%	6.8%
BGHIF II - Hedged ^{1,3}	\$1.0560	4.3%	6.4%	4.8%	N/A	N/A	8.6%

1. A\$ domiciled wholesale unit trust.

2. Inception date is 28 February 2014.

3. Inception date is 18 November 2020.

* CUM Unit Price. Both classes have a 30bps buy/sell spread on entry/exit

The largest contributors to performance over the quarter were Hercules Capital Inc (USD +18.9%), Bain Capital Specialty Finance (USD +16.5%) and Blackstone Secured Lending Fund (USD +12.6%). There were two detractors to the Fund's performance: SLR Investment Corp (USD -2.4%) and GCP Asset Back Income Fund (GBP -6.7%).

BGHIF's (unhedged) net return for the month of June was 2.4% and 7.3% for the quarter.

BGHIF II's (hedged) net return for the month of June was 4.3% and 6.4% for the quarter with performance negatively impacted by currency movements. The Fund is hedged back to Australian dollars and the Australian Dollar depreciated 0.5% against the US Dollar in the quarter.

Distribution Report

BGHIF's (unhedged) June quarter distribution of 1.7554 cents per unit will be released and paid to

investors by 31 July 2023. The Fund paid total distributions of 6.8996 cents per unit for FY23 equating to an annualised distribution yield of 7.7%.

BGHIF II's (hedged) June quarter distribution of 1.7473 cents per unit will be released and paid to investors by 31 July 2023. The Fund paid total distributions of 7.9912 cents per unit for FY23 equating to an annualised distribution yield of 7.6%.

The distribution yield is calculated by taking the aggregate T12M distribution paid and dividing it by the average T12M monthly NAV.

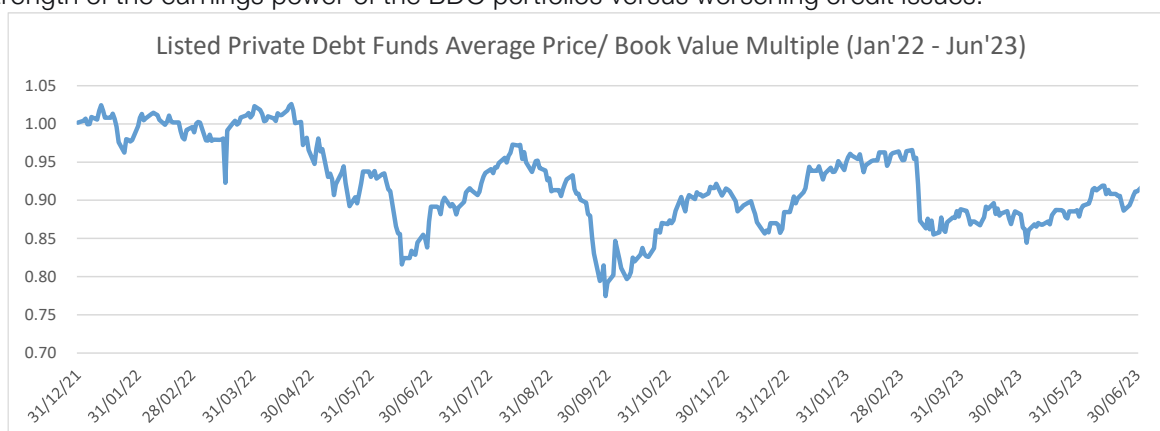
Market Review

Overall, the Business Development Companies' (BDC) net asset values (NAVs) were down c. 4% for the 9 months to 31 March (June quarter not yet released). Adding back dividends paid, BDCs delivered on average a NAV total return of c. 5% for the nine months. The NAV declines have been driven by a combination of mark-to-market (technical) write downs and credit-related factors. It is estimated that the technical factors have been a meaningful driver of the decline using the movement in liquid loan prices as a reference price. These embedded losses from technical factors can be thought of as a recoverable loan loss reserve in BDCs current NAVs and may serve as a tailwind to NAV over time.

In terms of the decline from credit-related factors, these credit losses have been idiosyncratic and have occurred at a gradual pace since the beginning of 2022. We expect the NAV's of private debt funds to remain under pressure for the duration of the year and into 2024 with continued tougher credit conditions. However, we think the overall impact of worsening credit trends will be incremental and low. Further, the BDCs are generating very strong operating ROEs and are predicted to continue to trend higher, primarily from rising interest rates.

Investments in Technology and Healthcare account for the largest proportion of stressed investments (marked below 80% par value) in BDC portfolios. Technology and Healthcare make up a large part of the US economy, as well as BDC portfolios, and span a wide range of sub-industries. Whilst this is unsurprising, it is a trend worth following given the high proportion of loans in BDC portfolios exposed to these industries.

Since the beginning of 2022, the BDCs have traded down from 1.0x price to book multiple (P/B) to 0.9x at 30 June. Valuations, albeit weaker, are trading at only a small discount to long term average pricing (0.94x P/B multiple). Valuations reflect the two contrasting narratives for the sector: the strength of the earnings power of the BDC portfolios versus worsening credit issues.



Portfolio Summary

The Funds were invested across the same portfolio of 16 listed private debt funds, with a focus on maintaining a high look-through exposure to senior secured loans, diversified across industry and borrower.

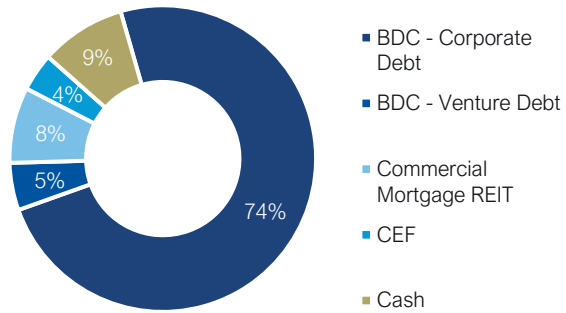
*BGHIF (unhedged) weights at 30 June 2023. BGHIF II (hedged) managed to same target weights

Number of stocks	16
Weighted average Price / Book multiple	0.85x
Underlying Debt/ Equity Exposure	1.31x
Number of underlying companies/ loans	>3,000
Underlying Portfolio Floating Rate Exposure	88%
Underlying Senior Secured Debt Exposure	85%

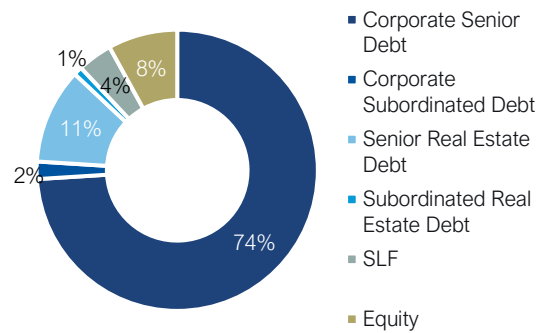
Five Largest Holdings as at 30 June 2023

Investment	Sector	Portfolio Weight*	Price/Book Multiple	Gross Dividend Yield
Blackstone Secured Lending	BDC	8.8%	1.05x	11.3%
Sixth Street Specialty Lending	BDC	8.3%	1.13x	9.8%
Golub Capital BDC Inc.	BDC	8.0%	0.92x	9.8%
Ares Capital Corp.	BDC	7.9%	1.01x	10.2%
Oaktree Specialty Lending	BDC	7.7%	0.99x	11.3%

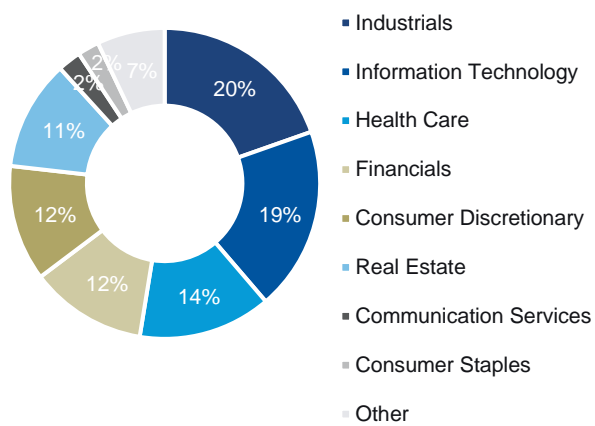
Listed Private Debt Fund Exposure



Look Through Loan Exposures of the Fund



Look Through Industry Exposures of the Fund



Key Information

Summary	Investing in a concentrated portfolio of listed private loan funds
Objective	To generate a high level of current income and the potential for long-term capital appreciation
Universe	<ul style="list-style-type: none">Listed funds making directly originated, hold to maturity loansUS Business Development Companies, Commercial Mortgage REITs, Credit-based Closed-end Funds
Strategy	High conviction, bottom-up stock selection Long-only, unleveraged, benchmark unaware
Inception Date	BGHIF: 28 February 2014 BGHIF II: 18 November 2020
Structure	Open-ended Australian domiciled unit trusts
Currency	BGHIF: unhedged BGHIF II: AUD currency hedged
Distribution Frequency	Quarterly

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 50 investment professionals focused on healthcare property, property finance and global investments.

Other Information

Barwon also manages the [Barwon Global Listed Private Equity Fund](#), an Australian domiciled unit trust that invests in publicly-traded investment companies that offer private equity exposure with daily liquidity. The Barwon Global Listed Private Equity Fund is available for investment via an Investment Memorandum or via a PDS.



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