

Pareturn Barwon Listed Private Equity Fund

Monthly Report – February 2024

The Pareturn Barwon Listed Private Equity Fund aims to provide investors with a high performing portfolio of private equity investments in a fee efficient manner whilst offering daily liquidity. It is offered in three-unit classes: EUR, GBP, and USD.

Net Performance at 29 February 2024

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	594.80	1.9%	9.9%	23.3%	12.1%	13.9%	13.0%
Class G – GBP ²	499.04	2.1%	9.4%	20.7%	12.2%	13.9%	13.5%
Class U – USD ³	544.54	1.4%	8.8%	26.0%	8.7%	12.6%	9.8%

1. Inception date 30 November 2012

2. Inception date 04 December 2012

3. Inception date 17 June 2013

Fund Size: €12 million.

The Pareturn Barwon Listed Private Equity Fund (Class I - Euro) returned 2.3% for the month of February 2024, and since inception the Fund has generated a net return of 13.0% p.a.

Market Commentary

Contributors over the month included KKR & Co (USD+13.7%), Apollo Global Management (USD +11.8%) and Intermediate Capital Group (GBP +7.8%). Detractors to performance over the month included PowerSchool Holdings (USD -11.3%), HarbourVest Global Private Equity (GBP -3.7%) and Instructure Holdings (USD -6.9%).

Q4 Private Equity ("PE") NAVs were positive off the back of a supportive valuation read-across from the public equity market rally at the end of the year and sustained growth in underlying company revenue and earnings.

Many listed PE buyout funds continue to stand out as outliers on valuation grounds in the listed private equity universe. However, we are starting to see the re-rating, which started last year, gaining momentum. On average, the Fund's listed buyout fund investments still trade at a very wide 29% discount to NAV on average. While the average discount to NAV had been as wide as 36% 12 months ago, it remains almost double the pre-COVID average of 15% at the end of 2019. Moreover, at these levels, the sector continues to price in significant economic deterioration.

We have seen Boards of LPE funds become more receptive and undertake more substantial share repurchase programs. There is a back-log of private equity investments waiting to be sold due to the muted transaction activity we've seen over the past 18 months. PE sponsors are under increasing pressure to generate realisations from both an IRR hurdle perspective on their carried interest and from their investors. After an extended period of stand-off, buyer and seller pricing expectations are getting

closer to converging. Anecdotally, we understand M&A teams at investment banks are busy organising a number of sales processes started this year by sponsors seeking an exit if market conditions continue to stabilise or improve throughout the year. In general, we feel portfolios are well positioned for a substantial pick up in realisations this year.

KKR and Apollo Global were the strongest contributors to Fund returns last month. Over the past 5 years, we have seen the largest global alternative asset managers take a disproportionately large share of the structural growth in alternative assets. More recently since rates have started rising, managers with strong credit franchises have been the outperformers in a more challenging market. Both KKR and Apollo fall into this category. It is interesting to note that both also have “balance sheet heavy” operating models with wholly owned insurance subsidiaries (Global Atlantic and Athene/Athora respectively), which have historically traded at a discount to their ‘balance sheet lite’ peers (e.g. Blackstone).

KKR raised a total of \$70bn across its platform in 2023, more than half of which (\$46bn) was for credit strategies which now account for over 40% of its total AUM. Global Atlantic, its wholly owned insurance company focused on retirement and life insurance products, has been a resounding success. Only 2.5 years since KKR’s acquisition, it has scaled its AUM from \$70bn to over \$160bn. As KKR enters a flagship fundraising cycle in 2024/25 for its private equity and infrastructure funds, as well as growing out its private wealth oriented ‘K-series’ products, we maintain a constructive outlook on its medium-term outlook.

Apollo has seen incredibly rapid growth in its credit business and has scaled to have the largest credit platform amongst its AAM peers at \$480bn in ‘yield’ AUM. The credit strategies offered by Apollo now span across 16 different direct origination platforms from sub-investment grade corporate direct lending to investment grade asset backed financing. This allows Apollo to manage a greater proportion of insurance money AUM. Its insurance platform Athene, now the largest seller of fixed annuities in the US, and Athora – its European equivalent, are now the single largest drivers of AUM growth across Apollo’s platform. Its high-returning private equity strategies continue to perform well (e.g. its \$24.6bn 2017 vintage Fund IX has delivered a 22% net return), but its contribution to Apollo’s growth has been dwarfed by private credit.

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Underlying Investment Exposures on a Look-Through Basis

Investment Classification		Vintage Year		Geographic Exposure		Currency Exposure	
Buyouts	59%	Pre 2018	30%	North America	58%	USD	55%
PE Backed	4%	2018	11%	Europe	34%	EUR	29%
Alternative Asset Manager	25%	2019	12%	Other	8%	GBP	11%
Private Debt	5%	2020	16%	Total	100%	Other	5%
Liquidity	7%	2021	18%			Total	100%
Total	100%	2022	12%				
		2023	1%				
		Total	100%				

5 Largest Holdings by Weight

Company	Type
KKR & Co Inc	Alternative Asset Manager
Blackstone Group Inc	Alternative Asset Manager
Eurazeo	Buyouts
HgCapital Trust plc	Buyouts
Intermediate Capital Group plc	Alternative Asset Manager

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



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