



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Update – Script (October 15<sup>th</sup> 2020)

Hello, my name is Andrew Bellis. This is an update for unitholders in the Partners Group Global Income Fund.

Since our last podcast update just over a month ago, we have continued to see similar themes play out. As we noted last time, COVID-19 is not going to go away quickly. Infection rates remain stubbornly high in the US and many European countries are experiencing infection rates in excess of those experienced earlier this year. However financial markets in general, including the First Lien Senior Secured Loan and Private Debt markets are taking this largely in their stride, and remain in a markedly different (and better) place to where they were earlier this year. We can debate endlessly why this is – ongoing central bank support for financial markets, continued government stimulus programs, lower hospitalization and death rates despite increased infections, no moves to full lockdowns, vaccine hopes.... it's probably all of these factors and more!

It's particularly notable that within the First Lien Senior Secured Loan and Private Debt markets, the level of price volatility has been dramatically lower than that seen in March and April of this year. Even on recent days when we saw larger moves in global stock indices, quoted prices for First Lien Senior Secured Loans remained relatively stable. This is a healthy development and to our minds, represents a more normal market where First Lien Senior Secured Loan prices are less correlated to Equity price moves. We are still somewhat off pre-COVID-19 price levels in our market as a whole, but continue to believe that we are not returning to the market environment we saw earlier this year.

As we mentioned in our last podcast update call, unlike a bank, PGG is using market based prices for its Portfolio in order to generate its NTA. These market based prices are still below pre-COVID-19 levels resulting in an NTA that is still below the launch NTA of AUD2.00 per share. In this respect, we believe that PGG, in terms of its NTA, is fully provisioned against potential future losses in a fully independent way.

We have continued to carefully monitor and actively manage where possible the underlying portfolio of PGG with a focus on making select changes to the portfolio where we believe we can either improve the overall income level in the portfolio and/or accelerate the improvement in the NTA.

We have remained cautious in terms of investment approach, participating in some new transactions in both the syndicated loan market as well as funding a small number of more Direct or Illiquid transactions. We feel these new transactions benefit from higher coupon levels and more robust capital structures than many transactions that were put in place pre-COVID-19. The vast majority of the PGG portfolio remains in First Lien Senior Secured

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Loans, the lowest risk of the three allocation strategies that PGG follows and we continue to believe that in this market environment, this strategy offers the better risk reward profile. We will continue to seek select investment opportunities in our Special Situations allocation but will take a cautious approach to adding risk here.

Finally, we are now around 3 weeks away from the US Presidential Election. Whilst it is unclear what impact this will have on financial markets in general, what seems to be foremost in people's minds is the potential uncertainty caused by a delayed or disputed election result. We will obviously keep a careful eye on events in early November. However, our main focus will be more on any potential longer term impacts to the private debt markets depending on the make-up of the new administration.

We continue to believe that PGG offers exposure to a highly diversified and defensively positioned portfolio with an attractive level of income, and, that based on the current share price, offers a dividend yield in excess of 5%.

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