



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Update – Script (March 18th 2021)

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

This is a relatively short update as the last month can probably be put into the category of "more of the same".

Its interesting however the First Lien Senior Secured Loan and Private Debt markets have remained in a relative state of calm and low volatility when compared to some other gyrations we have seen, most notably in the US Treasury Markets and the NASDAQ Index.

We discussed last time that the financial markets are increasingly worried about inflation. Despite reassurances from many central banks that they continue to see the longer term inflation outlook as very benign, and as a result intend to stick with ultra low rates for some time, the market remains nervous. 10 year US Treasury yields have now touched 1.75% having reached a low point of 0.5% in 2020.

In all of this, our market has remained stable with very limited price volatility. To a certain extent this is what we would expect. Over longer periods we have typically observed lower price volatility in the First Lien Senior Secured Loan market when compared to public equity markets and high yield. Unlike during the COVID crisis, we would also expect in normal markets relatively low correlation between the PGG portfolio and broader fixed income and equity markets.

As we note in our latest report, during February, PGG added 16 new companies directly to its portfolio across the technology, consumer, financials, industrials, telecoms, healthcare and utilities sectors, and we exited its exposure in one company as the facility was refinanced. The concentration of the top ten companies decreased from 8.3% to 7.8%, with the Software sector as the largest exposure at 11%, followed by Health Care Providers & Services at 10%.

We continue to see a strong level of activity in our market and will look to continue to add new exposure to the PGG portfolio based upon our overall Private Debt pipeline.

We believe that the PGG portfolio continues to offer a compelling risk reward profile. Namely:

- Attractive and consistent distributions at our stated level of 4% above RBA
- A conservatively positioned, highly diversified portfolio focused predominantly on first lien senior secured loans
- An underlying portfolio that is floating rate in nature

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Many thanks

Andrew

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