PGG Update – Script (May 20th 2021)

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

Firstly to touch on COVID we are now, in the US, really starting to approach normality. A significant proportion of the population has been fully vaccinated. The CDC has largely removed the mask mandate for individuals and we are seeing companies looking to return employees back to city center offices; with a number of announcements from larger global banks for example.

Whilst this "re-opening" in the US is likely more than priced into most risk assets it will be important to see how it develops over the coming months and in particular that it doesn't get rolled back. What will also be critical is to see when a broader re-opening will take place in Europe for example and then when perhaps the sectors that are likely to remain depressed for longest (international travel and vacations for example) really get going again. This also has to be set against the backdrop of what has been a dramatic increase and a fairly desperate situation in India.

In this backdrop the financial markets have continued over the last month with similar themes. Inflation worries persist, and the most recent CPI data in the US only served to reinforce those fears. This has tended to lead to increased volatility in both public equity and fixed income markets however the First Lien Senior Secured Loan and Private Debt markets have barely reacted to this or the increasing volatility in "big-tech" stocks and the dramatically larger volatility impacting the crypto-currency world. For this we are thankful!

April was a relatively busy month for PGG. We added 13 new companies directly to the portfolio across multiple sectors, including the air transport, pharmaceuticals, healthcare, software, IT services, financial services, and telecoms sectors and increased our exposure to six existing companies in which we hold strong credit conviction. We reduced exposure to three companies and exited our exposure in seven companies due to a combination of there being relatively more attractive opportunities elsewhere and refinancing activity which meant our loans were repaid in full. Software remains the largest sector at 11%, followed by Health Care Providers & Services at 10%. Additionally, the concentration of the top 10 holdings decreased from 7.9% to 7.4%.

The portfolio remains conservatively positioned and highly diversified portfolio still largely focused on first lien senior secured loans. Where it makes sense from a risk reward perspective, we will continue to look to selectively increase exposure away from first lien senior secured loans whilst maintaining our investment discipline.

Many thanks
Andrew