



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

## PGG Update – Script (September 20<sup>th</sup> 2021)

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

Similar to a couple of months ago we are writing this update on another day when we are seeing a marked increase in volatility; major stock market indices are down 2-3% and capital is again flowing to more safe-haven assets. What is different this time is that it isn't really COVID related stories and a slowing of the re-opening momentum; this time China is in focus.

On the COVID front we seem to be continuing in much of a status-quo...many countries still trying to ramp-up or force vaccine levels higher and get over the hesitancy of certain sections of the population alongside booster shots for the elderly and vulnerable. In that context many countries and parts of the economy are more-or less back to normal or at least a new normal but travel, leisure and entertainment sectors in particular are still grappling with mask and vaccine mandates or other restrictions. It is notable however that today the US has stated it will re-open for vaccinated international travelers, a major step in really kickstarting global travel.

Despite this potentially positive news on the COVID front, public stock markets have struggled in recent weeks, with gradual week over week declines accelerating into a broader sell-off today, the 20<sup>th</sup> September. This time however it is the unfolding crisis at the Chinese real estate developer China Evergrande Group that is unnerving investors. We won't go into detail now on this topic but the size of outstanding debt at the company (including many USD denominated bonds) and potential spillover effects for China's property market are unnerving investors with potential wider impacts being debated as well.

At this point it's worth stating very clearly that PGG has never had any exposure to China Evergrande debt or any other debt to China's Property sector. Indeed, PGG is focused on lending to companies in the US and Europe with very limited exposure outside of those regions; the main one being Australia. We will however continue to carefully monitor our portfolio and any impact on global businesses with operations in China.

For August, the monthly net performance (change in NTA plus distributions made) per unit was 0.94%. PGG continues to distribute its distribution target of RBA +4% per annum.

During the month, PGG added ten new companies directly to its portfolio across the hotels, consumer products, financials, technology, media, healthcare, consumer staples and packaging sectors and increased its exposure to four existing companies in which we hold strong credit conviction. The Fund exited or reduced its exposure in four companies.

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We are still seeing a very active market for First Lien Senior Secured Loans and Private Debt in general. We expect this to continue for most of the rest of the year and will look to continue to rotate the PGG portfolio into new opportunities where we have strong conviction on a name and believe it to be attractive relative value with the aim of continuing to gradually increase the NTA and deliver consistent monthly distributions.

Many thanks

Andrew

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