Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Weekly Update – Script (June 4th 2020)

Hello, my name is Andrew Bellis. This is the latest of our weekly updates for unitholders in the Partners Group Global Income Fund.

The first point to note this week is that it's probably the first week since early March when COVID-19 hasn't entirely dominated global news events and financial markets as a whole. The overall theme of more easing of lockdown restrictions in the US and Europe has led to a continuation of the positive trend in global financial markets. Whilst it is still too early to tell how quickly various parts of countries' economies will bounce back, the general investor community seems of the view that recovery is on the way and is content to ignore the possibility of a further spike in infections (and a reversal of lockdown easing) as well as what are likely to be fairly dire second quarter corporate earnings.

To a large extent financial markets have also shrugged off the two other main news stories this week, namely the re-escalating US-China tensions and the increasingly violent protests in the US over the killing of George Floyd which is now leading to curfews in a number of major US cities. It is worth noting that pre-COVID-19, probably the largest macro theme within the First Lien Senior Secured and Private Debt markets was US-China tensions and the imposition of sanctions, so this is not something new for companies. At the corporate level, particularly in the US we had already started to see businesses move their supply chain away from China or at least reduce their dependence on it. It is likely that this trend will be re-enforced post COVID-19 given the rising tensions between the US and China caused by the changing stance of China on Hong Kong and the possibility of the US seeking to punish or blame China for the COVID-19 outbreak.

The First Lien Senior Secured Loan and Private Debt markets have continued to benefit from this more positive investor tone. However, unlike the last few weeks of somewhat stable secondary market prices we have seen a more notable trend upwards over the last few days. Whilst we are still some way off the levels at the beginning of the year, we see this as a continuation of the “pull to par” effect that we expect within the loan and private debt markets as the recovery (or perceived recovery) starts to gain more momentum. It is also worth noting that the more pronounced price moves over the last few days have tended to be for companies with a greater exposure to the COVID-19 pandemic. The easing of lockdown restrictions and the gradual return to more normal activity such as domestic travel and restaurant and retail re-openings is lifting sentiment in names within these sectors. To a certain extent, this may also be driven by a reach for yield by more opportunistic investors given limited opportunities elsewhere.

Whilst we are by no means back at normal levels of activity in terms of new transactions, we continue to see the market for new syndications improving, these are either being done on a broad basis or with a more clubby approach meaning that a loan is being syndicated to a very small number of lenders.

**Partners Group Private Markets (Australia) Pty Limited**
Level 32, Deutsche Bank Place
126 Phillip Street
Sydney, NSW, 2000 Australia

T +61 2 8216 1900
pgaustralia@partnersgroup.com
www.partnersgroupaustralia.com.au

ABN 13 624 981 282
AFSL 509285

We are also working on a number of more private transactions which should develop into interesting investment opportunities for the fund over the coming months. We do believe that the COVID-19 pandemic has provided somewhat of a reset and thus we believe there will be some attractive investment opportunities to lend to what we believe are strong and stable businesses at terms which are more attractive than we have seen in a number of years.

We look forward to continuing to provide updates to our investors on a regular basis

Thank you, Andrew