PGG Weekly Update – Script (June 10th 2020)

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

Despite the continued background of the COVID-19 pandemic financial markets as a whole have continued to benefit from positive momentum. We reached somewhat of a milestone in global stock markets with the S&P 500 now essentially flat since the start of the year. Market participants continue to be in optimistic mode with much more focus on the various parts of the major economies re-opening rather than looking bad at atrocious recent data and very depressed corporate earnings. This level of positive momentum is perhaps all the more surprising this week given we have seen major social unrest in many US cities leading to the imposition of night time curfews as well as continued simmering of tensions between China and the US.

It is worth noting some of the key pieces of data and information over the last few days that have continued to fuel this positive momentum:

1. Perhaps the most striking piece of data was the May Nonfarm Payroll data that was released in the US on Friday 5th June. The market projection was for a loss of over 7 million jobs but the number came in with a record 2.5 million jobs added. Its unclear if economists have ever been as wrong in their projections (with many still questioning the validity of the data)
2. The Fed expanded the scope of its Main Street Lending program on Monday 8th June by bringing down the minimum loan sizes (to help small businesses) but also allowing larger businesses (those with revenues up to USD 5bn) to qualify for loans
3. The World Health Organization reported also on Monday 6th June that it was very rare for asymptomatic people to pass the disease on
4. In addition to these more macro data points we saw other evidence in industries and companies that different parts of the economy are starting to rebound. One notable data point was that around increased demand for air travel in the US, albeit from very low levels, which led to significant positive momentum in airline related sectors.

Like the previous week, the First Lien Senior Secured Loan and Private Debt markets have continued to benefit from this more positive investor tone. We have continued to see a gradual increase in the NTA of the fund as the “pull to par” effect has continued within the loan and private debt markets.

As we noted last week we have again seen 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. As a result of this

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we will continue to look for select opportunities to sell out of or reduce positions in some loans where we believe there is significant downside risk to the price of the loan if the COVID-19 infection rate were to creep up again. We would look to redeploy any proceeds into new issue or secondary transactions where we believe there is a better risk reward profile.

As we also highlighted last week we are seeing some new transactions come to market and more notably are working on a number of more private transactions which should develop into interesting investment opportunities for the fund over the coming months.

We are pleased with the continued recovery in the NTA of the fund continue to look for opportunities to make investments to add incremental value to the portfolio. We also continue to generate what we believe to be an attractive level of income on the portfolio and hence pay our regular monthly distributions of RBA +4% as based on the launch NTA of AUS2.00 per share.

Thank you, Andrew