Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Weekly Update – Script (June 18th 2020)

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

Having experienced a number of weeks of reduced volatility in global financial markets the last few days, and Thursday 11th June in particular, have come as a somewhat unwelcome reminder of the extreme levels of volatility that we saw in late March. Thursday's significant stock market sell-off was the largest we have seen since those dark days of March. It's worth spending a little bit of time on what caused this, what happened in the subsequent days and perhaps most interestingly what we saw in the First Lien Senior Secured Loan and Private Debt markets compared to March.

The cause had probably been building up over a number of weeks given the strength of the rally in financial markets. Investors had generally put a resurgence of COVID-19 to the back of their minds and were focused on a recovery gathering steam (the latest US jobs release that we mentioned last week cementing that view). However the clear resurgence in cases in many US states that eased lock-down restrictions early on coupled with the emergence of new infection bubbles in China provided pause for thought and perhaps showed the real danger of a second wave and the impact it would have on a recovery. The resulting sell off in the stock markets was severe, and we hadn't seen those moves since late March.

Whilst the sell-off on Thursday was severe what it hasn't led to is a return of repeated heavy falls over a number of days. We have seen the Federal Reserve again further extending their support to financial markets by stating that they will now purchase individual corporate bonds (not just Exchange Traded Funds), bolstering our belief that this still remains very different to the GFC and the Federal Reserve and other central banks will continue to do all they can to support financial markets and promote a recovery. A stronger than expected bounce back in US retail sales as well as the mooting of large infrastructure spending in the US also provided additional momentum and a return to a more positive tone at the start of this week.

It was also notable that the First Lien Senior Secured Loan and Private Debt markets did not react in the same way in terms of the size of price moves. In late March large stock market price falls were on a number of days accompanied by similar percentage price falls in the First Lien Senior Secured Loan market, this wasn't the case on Thursday. Whilst we did see some price moves, the mark to market impacts were far less severe than those we saw in late March, and far less severe in comparison to the move in the US stock markets on Thursday. In general these moves down tended to be in names that had increased in price significantly over the last few weeks and in those sectors more exposed to COVID-19. Again, as we have also stated many times in the past it is also important to note that day

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to day mark to market movements reflect market and risk sentiment rather than fundamental changes in the business models of companies that we lend to.

We continue to focus on managing the portfolio and are working on a number of more private transactions which should develop into interesting investment opportunities for the fund over the coming months. 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