Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Update – March 21st 2023

Hello, my name is Andrew Bellis.

This is the third update of 2023 for unitholders in the Partners Group Global Income Fund (Listed).

As we write this update in the middle of March we have just ended what can only be described as a highly eventful month so far, unfortunately it's for the wrong reasons. It has felt a little bit like 2008 as we entered what seemed like a full blown redux of the banking crisis. The failure of two mid-size lenders in the US; Silicon Valley Bank and Signature Bank followed by the government driven takeover of Credit Suisse by its domestic rival UBS.

However that is where most of the similarities end. A few days after the Credit Suisse event that market reaction has been much more muted; some investors even taking it as a positive sign that central banks; in particular the US Federal Reserve may scale back or pause their interest rate increases in order to calm the markets. We will find out imminently if they continue on their rate hike journey as the European Central Bank has very recently done.

The First Lien Senior Secured Loan and Private Debt markets reacted in a very muted way to these events with limited price moves for quoted names. In terms of the PGG portfolio there is no direct exposure to either Silicon Valley Bank or Credit Suisse and we don't see any material impact on the portfolio from a credit perspective.

In February, the monthly net performance of the Fund, so change in NTA plus distribution made per unit was just over +1.5%. PGG continues to distribute its distribution target of RBA +4% per annum. And during the month of February the Fund outperformed the Global Loan Index by over 0.7%.

During February, the Fund invested in a US generic pharmaceutical pharmacy, which has made several strategic acquisitions that broadened distribution and bolstered key capabilities. The company benefits from greater stability and an improved leverage profile. The portfolio also invested in a high conviction credit through an amend-and-extend transaction of the largest European supplier of industrial maintenance services which extended the maturity of their debt from 2024 to 2026, which provided a margin uplift of 100bps. The company benefits from its market leadership across Europe resulting in scale advantage and robust synergy potential. The Fund has reduced or exited positions in some first lien loans with depreciating fundamentals and the portfolio benefited from one repayment in February: a leading funeral services provider in the Iberian market.

There were no defaults during the month of February and all companies continue to pay their stated interest accordingly.

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We continue to believe that PGG represents an attractive income generating investment opportunity with a conservatively positioned portfolio as a result of a high level of portfolio diversification and a focus on First Lien Senior Secured Investments.

Many thanks, Andrew