



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Update – April 24th 2023

Hello, my name is Andrew Bellis.

This is our fourth update of 2023.

As we approach the end of April, just over a month on from our last update; financial markets as a whole have experienced a few weeks of relative calm. The muted reaction of the market to the events at Credit Suisse and Silicon Valley Bank that we noted in our last monthly update has remained in place. It now seems that these events have also helped to bring forward when rates peak in the US; with the market expecting another 25bps at the next FOMC meeting and then a, potentially lengthy, pause.

With that backdrop we have started to see signs of an increased level of activity in the Leveraged Finance markets in recent weeks; time will tell if this continues but it will be highly dependent on volatility in financial markets remaining relatively subdued.

During the month of March, the Underlying Fund benefitted from the repayment of a national insurance brokerage company offering risk management and consulting solutions in Canada. As an example of a new investment, the Fund increased its direct debt allocation by investing in one of the largest pure-play employee benefits insurance brokers. This company is an industry leader with strong historical financial performance, high recurring revenue and little capex that leads to free cash flow generation.

The Underlying Fund reduced or exited two first lien loans due to ESG concerns: a national environmental solutions provider facing civil lawsuits from former and current employees about safety and exposure to toxic chemicals; and a French television production and distribution company that recently acquired a gambling business, which falls under our industry exclusions policy. The Fund also sold an operator of a veterinary hospitals network dedicated to offering quality pet care for relative value purposes

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. Whilst interest rates are nearing or at their peak they are likely to remain at elevated levels for some period of time; meaning that the Underling Fund will remain a highly attractive income focused investment. If financial markets continue to stabilize and improve we also believe this will be accretive for the NTA in terms of both price appreciation on the existing portfolio and the ability to generate further gains through new investments.

Many thanks, Andrew

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Note: all references in this update to Portfolio refers to the portfolio of investments within the Underlying Fund (PG Global Income Investments Loan Strategy Designated Activity Company ("DAC")), Partners Group Global Income Fund or Partners Group Global Income Fund - Unlisted invests directly into the Underlying Fund providing indirect exposure to the Portfolio attributes detailed in this update.

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