



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Update – September 8th 2022

Hello, my name is Andrew Bellis.

We wanted to provide another update for unitholders in the Partners Group Global Income Fund as we come to the end of what has been an interesting summer period despite it being relatively quiet from the standpoint of investment activity.

Inflationary pressures and interest rate increases have again been at the forefront of the news across financial markets. We have seen the US Federal Reserve forcefully remind the market that they will continue to increase interest rates to dampen down inflation. Jerome Powell's comments at Jackson Hole and subsequently have highlighted the US Federal Reserve's determination even though that message wasn't appreciated by the Equity markets. Indeed we have seen most major global stock indices give up a large portion of the gains made in July and early August.

Most recently we have had the European Central Bank make an aggressive move by increasing rates by 75bps; finally bringing to an end well over a decade of ultra-low interest rates in Europe. Notably they also signaled that further potentially substantial rate increases are likely to follow soon.

Finally, and importantly for PGG, the Reserve Bank of Australia increased rates by a further 50bps to 2.35%. This will have a direct impact on PGG in terms of an increased distribution rate going forwards given that the distribution is set at a level of RBA + 4%. So, the distribution rate per unit will now be 6.35%. Taking into account the current unit price of PGG of around 1.65, this is a distribution rate of approximately 7.7%. This illustrates the benefit of the floating rate nature of the underlying portfolio of PGG. The income generated by the portfolio and the stated distribution rate have increased as interest rates have increased. With further rate rises likely on a global basis we believe that PGG offers a very attractive level of income.

As noted this further bout of tightening monetary policy has led to material falls in global equity markets; it is important to note however that unlike earlier in the year the NTA of PGG has been comparatively stable. First Lien Senior Secured Loans and Private Debt have exhibited significantly relatively lower levels of price volatility and have benefitted from somewhat of a safe haven status during the volatility of recent weeks.

In terms of investment activity the last month has seen very limited activity. Given wider financial market volatility and the traditionally quieter summer months the portfolio of PGG has remained largely stable. Whilst market volatility persists, we will likely continue to see a

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very low level of early repayments in the portfolio and alongside that a lower level of activity in terms of new investments.

The underlying portfolio of PGG continues to be defensively positioned. It is mostly First Lien Senior Secured Loan exposure and highly diversified. It has more of a focus on less cyclical sectors such as healthcare, software and business services and a bias towards US companies. We continue to focus on gradually building the NTA, noting that movements in NTA in recent months are driven by third party prices that we use to derive PGG's NTA.

We continue to believe that PGG offers an attractive investment and income generating opportunity through exposure to a diversified defensive floating rate portfolio providing further protection against inflation and rising interest rates.

Many thanks, Andrew

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