Partners Group
REALIZING POTENTIAL IN PRIVATE MARKETS

PGG Update – Script (June 22nd 2021)

Hello, my name is Andrew Bellis. This is the latest update for unitholders in the Partners Group Global Income Fund.

The last month has continued to see the same two themes generally dominate headlines in financial markets; namely COVID and the inflation/interest rate debate.

As we noted last month, the "re-opening" in the US is continuing apace, with day to day life increasingly normal; especially for those who are fully vaccinated (we are currently approaching 50% of the population albeit with some fairly significant regional differences on vaccination levels across the country). Europe seems to be lagging the US at this stage. However, despite a delay to the removal of all lockdown restrictions in the UK, it also now appears that the wider European area is gradually returning to normality albeit at a slower pace than the US. Interestingly the EU has now relaxed rules allowing certain vaccinated tourists to avoid a quarantine, which despite a lack of a reciprocal agreement with the US should start to see a slow increase in international leisure travel. At the same time there are test sailings being undertaken by the various cruise lines with the aim of returning to more regular sailings.

All of this positive development has to be set against the rise of the Delta variant. The delay in full lockdown easing in the UK was as a result of a rise in cases of this variant, which seems to spread rapidly amongst younger, generally un-vaccinated individuals. Minimizing this variant growth and a further rollout of the vaccine programs to ensure greater population coverage will be key to really establishing that we are approaching normality again. For many companies in impacted sectors such as travel, leisure and tourism, the timing of this will be important to confirm business models can rebound to pre-COVID levels.

The inflation topic continues to lead to lengthy debate over how sustained short-term inflation will be. Whilst there are clear inflationary pressures in commodity prices it is unclear how sustained these will be. In addition, tight labor markets are also causing wage inflation in the current environment – many companies in the restaurant sectors openly stating they are struggling to fill vacancies. Whilst we can debate endlessly how long this inflation will last and for how long central banks such as the US Federal Reserve will let the economy "run hot" we do believe that the case for Floating Rate Exposure, like that owned by PGG becomes more compelling in such an environment over more traditional fixed income assets.

In terms of portfolio activity in May, PGG added eleven new companies directly to its portfolio across the healthcare, business services, leisure, air transport, industrials, materials, information technology and telecom sectors and increased its exposure to nine existing companies in which we hold strong credit conviction. The fund reduced exposure to seven

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companies and exited its exposure in 15 companies both pro-actively and as a result of refinancing activity.

Software remains the largest sector at 10%, followed by Health Care Providers & Services also at 10%. The portfolio remains conservatively positioned in our view and is highly diversified. Where it makes sense from a risk reward perspective, we will continue to look to selectively increase exposure away from first lien senior secured loans whilst maintaining our investment discipline with a view to a gradual and continuous improvement in the NTA whilst seeking to maintain what we believe is an attractive level of income.

Many thanks
Andrew