Lonsec

5 Highly Recommended

Product Review
Partners Group Global Value Fund (AUD) — Wholesale

ISSUE DATE 27-09-2022

About this Review

ASSET CLASS REVIEWED	ALTERNATIVES
SECTOR REVIEWED	GROWTH ALTERNATIVES (HIGH)
SUB SECTOR REVIEWED	PRIVATE EQUITY
TOTAL FUNDS RATED	8

About this Fund

ASIC RG240 CLASSIFIED	NO
FUND REVIEWED	PARTNERS GROUP GLOBAL VALUE FUND (AUD) – WHOLESALE
APIR CODE	ETL0276AU
PDS OBJECTIVE	CAPITAL GROWTH OVER THE MEDIUM AND LONG TERM BY INVESTING IN PRIVATE EQUITY THROUGH THE UNDERLYING FUND
INTERNAL OBJECTIVE	ABSOLUTE RETURN 10-12% P.A. (NET)
STATED RISK OBJECTIVE	EXPECTED VOLATILITY OF 3-6% P.A. (STANDARD DEVIATION) (NOT TARGETED)
DISTRIBUTION FREQUENCY	ANNUALLY
FUND SIZE	A$3BN (JUNE 2022)
FUND INCEPTION	31-05-2012
MANAGEMENT COSTS	2.89% P.A. (MANAGEMENT FEE 1.75% P.A. | INDIRECT COSTS 1.14% P.A.)
PERFORMANCE FEE	VARIES - APPLIED WITHIN THE UNDERLYING FUND ON A DEAL-BY-DEAL BASIS
RESPONSIBLE ENTITY	EQUITY TRUSTEES LIMITED

About the Fund Manager

FUND MANAGER	PARTNERS GROUP PRIVATE MARKETS (AUSTRALIA) PTY LTD
OWNERSHIP	100% OWNED SUBSIDIARY OF PARTNERS GROUP HOLDING AG
ASSETS MANAGED IN THIS SECTOR	US$93BN (JUNE 2022)
YEARS MANAGING THIS ASSET CLASS	26

Investment Team

PORTFOLIO MANAGER	COMMITTEE BASED
INVESTMENT TEAM SIZE	500
INVESTMENT TEAM TURNOVER	LOW
STRUCTURE / LOCATION	20 OFFICES GLOBALLY | HEADQUARTERED IN ZUG (CH.)

Investment process

TYPICAL NUMBER OF UNDERLYING POSITIONS	C.1,500 PORTFOLIO COMPANIES
USE OF LEVERAGE	THE UNDERLYING FUND MAY BORROW UP TO 25% OF ITS ASSETS BUT FOR MEETING WITHDRAWAL REQUESTS AND MANAGING CASH FLOWS
CURRENCY APPROACH	APPROX. 70% PASSIVELY HEDGED BACK TO A$
LIQUIDITY TERMS	MONTHLY APPLICATION WINDOW WITH 90-DAY SETTLEMENT (REDEMPTION RESTRICTIONS APPLY)

Fund rating history

SEPTEMBER 2022	HIGHLY RECOMMENDED
OCTOBER 2021	HIGHLY RECOMMENDED
SEPTEMBER 2020	HIGHLY RECOMMENDED

What this Rating means

The **'Highly Recommended'** rating indicates that Lonsec has very strong conviction the financial product can generate risk adjusted returns in line with relevant objectives. The financial product is considered a preferred entry point to this asset class or strategy.

Strengths

- The investment team is large, well-resourced, highly motivated and of very high calibre who exhibit a strong track record of value creation for direct investments.
- The investment process is disciplined and opportunistic with the Manager's proprietary database central to the execution of the relative value, franchise quality investment style.
- The Manager has demonstrated a strong track record and commitment in managing an evergreen portfolio.
- The Fund leverages a strong global footprint and network to execute deals across a wide spectrum of private markets.
- Relatively well-seasoned Underlying Fund relative to newly-established vehicles.

Weaknesses

- The Fund has the potential to face redemption freezes due to the limited liquidity of the underlying portfolio.
- The Fund has a very high fee load relative to traditional listed market strategies.
- Managing inflows and liquidity is considered to be a critical facet which can otherwise lead to vintage concentration, challenges in sell discipline, cash dilution and difficulties in altering the Fund's asset allocation. Some of these aspects have been recently evident with the Fund.

Fund Risk Characteristics

	LOW		MODERATE		HIGH
BUSINESS SUSTAINABILITY RISK		●			
CAPITAL VOLATILITY				●	
CREDIT RISK					●
FOREIGN CURRENCY EXPOSURE			●		
LEVERAGE RISK				●	
REDEMPTION RISK					●
SECURITY CONCENTRATION RISK	●				
SECURITY LIQUIDITY RISK					●

Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the financial product's asset class and the risks relative to other financial products in the relevant Lonsec sector universe.

ANALYST: CLINTON ALEXANDER | APPROVED BY: JAMES KIRK

Partners Group Global Value Fund (AUD) — Wholesale

BIOmetrics

Aggregated risks

	1	2	3	4	5	6	7
STD RISK MEASURE						●	

A Standard Risk Measure score of 6 equates to a Risk Label of 'High' and an estimated number of negative annual returns over any 20 year period of 4 to less than 6. This is a measure of expected frequency (not magnitude) of capital losses, calculated in accordance with ASFA/FSC guidelines.

	LOW		MODERATE		HIGH
RISK TO INCOME					●

Features and benefits

	LOW		MODERATE		HIGH
COMPLEXITY					●
ESG				●	

Fee profile

	LOW		MODERATE		HIGH
FEES VS. UNIVERSE					●
FEES VS. ASSET CLASS			●		
FEES VS. SUB-SECTOR			●		

Fee BIOmetrics are a function of expected total fee as a percentage of expected total return.

What is this Fund?

- The Partners Group Global Value Fund (AUD) – Wholesale ('the Fund') is a diversified private markets strategy, mainly private equity but also private debt, invested in a broad range of investments. The Fund is structured as an Australian registered unit trust that primarily feeds into the Luxembourg-domiciled Partners Group Global Value SICAV ('the Underlying Fund'). The Fund aims to generate absolute returns of 10-12% p.a. (net) with an expected volatility of 3-6% p.a. over three-to-five years although volatility is not specifically targeted. Approximately 70% of the Fund's currency exposure is passively hedged to the A$.
- The Fund has a flexible mandate, allowing Partners Group Private Markets (Australia) Pty Ltd ('the Manager' or Partners Group) to strategically position the portfolio into a range of segments and instruments that appear attractive from a thematic and relative value standpoint. The Fund has the ability to invest in direct investments, primary investments (initial seed investments in externally managed vehicles), secondary investments (existing investments in externally managed vehicles) and listed private equity vehicles. Additionally, the Fund is diversified across financing stages (buyouts, venture capital and special situations), geographic regions and industries across the capital structure. On a look-through basis, the Fund is invested in approximately 1,500 private companies. The Fund may also hold up to 10% in cash.
- While the Fund will not borrow, the Underlying Fund is permitted to borrow up to 25% of its assets to meet redemptions and manage cash flows. The Manager has however advised the ability to use the credit facility to capitalise on investment opportunities.
- As per the PDS dated 30 November 2021, the fee disclosure for the Fund is as follows: management cost of 2.89% p.a. comprised of a management fee of 1.75% p.a. and indirect costs of 1.14% p.a. For the current PDS, the Fund's indirect costs include fees arising from the Underlying Fund but do not include transaction and operational costs. Performance fees are payable in the Underlying Fund on direct and secondary investments, on a deal-by-deal basis, and the estimated indirect performance related fee was 0.79% as a percentage of the Fund's NAV for the 12 months to 30 June 2020 per the Manager's most recent update of this figure. These are included in the indirect cost figure.
- The Manager has not provided updated transaction costs for the Fund since those disclosed for the financial year ended 30 June 2020. The Fund incurred no transaction and operational costs per this period. Net transaction costs are costs incurred in managing the Fund (including explicit and implicit costs of buying and selling assets, the cost of hedging/protection strategies and/or when there are applications or redemptions of Fund units by investors) that are not covered by the buy/sell spread. There is currently no buy-sell spread however spreads are subject to change depending on market conditions and has been evident historically with the Fund. Refer to the Manager for current buy/sell spreads. These costs are reflected in the Fund's unit price and are borne by investors, but they are not paid to the Responsible Entity or the Manager. Please refer to the Fund's PDS for further details.

Redemptions

- The Fund offers restricted **monthly redemption applications** with the valuation date of redemption requests being approximately 60 calendar days following the close of each monthly redemption window (last business day of each month) with payment expected approximately 90 days after the closure of the redemption window. By way of illustration, unitholders who submit a withdrawal request before the 30 December 2022 will receive a unit price as at 1 March 2023, payable at 31 March 2023. Requests are subject to redemption restrictions in the Underlying Fund. The Underlying Fund has broad discretion to restrict net redemptions to no more than 5% of its shares on issue at the end of the previous calendar quarter. This can also be restricted to no more than 2.5% of its shares on issue at the end of the previous calendar quarter if deemed in the best interest of the Underlying Fund by the directors of the Underlying Fund. That said, this more restrictive 2.5% limit will only be enacted for a period of up to two years. After such a period has lapsed, the 2.5% restriction shall not be enacted for the same period for which it was most recently imposed. Further, a redemption fee of 5% may apply. Lonsec strongly reminds investors to be aware of the potential limitations in their ability to withdraw from the Fund. An investment in the Fund is suitable only for investors who do not require immediate liquidity from their investment.

Using this Fund

This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page.

Partners Group Global Value Fund (AUD) — Wholesale

- Lonsec notes that the Manager has produced a Target Market Determination (TMD), which forms part of the Responsible Entity's Design and Distribution Obligations for the Fund. Lonsec has collected the TMD that has been provided by the Manager and notes that this should be referred to for further details on the Target Market Summary, Description of Target Market and Review Triggers.
- As a private markets product, equity and debt assets, Lonsec considers this Fund to be best funded from within either the global equity or alternative growth components of a diversified portfolio. The Fund is suitable for high risk profile investors with investment time horizons of over five years.
- The Fund offers potential diversification benefits through low-to-moderate correlations with traditional asset classes. That said, private equity investing is not without additional risks, and investors' tolerance for alternative asset specific risks such as those associated with the use of leverage, illiquidity and less frequent asset pricing should also be considered.
- The Fund invests in assets that are largely denominated in non-A$ currencies. While approximately 70% of the Fund's currency exposure is passively hedged to the A$, the Fund will have a meaningful exposure to foreign currency risks and therefore currency fluctuations may significantly impact the value of the Fund.

Suggested Lonsec risk profile suitability

SECURE	DEFENSIVE	CONSERVATIVE	BALANCED	GROWTH	HIGH GROWTH
				●	●

For guidance on appropriate asset allocations and risk profiles, refer to the latest Lonsec Strategic Asset Allocation Review and Risk Profile Definitions on our website.

Changes Since Previous Lonsec Review

- Roberto Cagnati, Partner and Head of Portfolio Solutions, was appointed Chief Risk Officer during H1 2022, replacing Michael Studer, Partner. Cagnati has retained most of his existing roles.
- Cagnati and Cyril Wipfli, Partner and Vice Chairman of Asia, transferred oversight of the Portfolio Management function of the Portfolio Solutions team to Andrei Vaduva and Adam Howarth in 2022.
- Partners Group announced on 12 July 2022 that Wolf-Henning Scheider will succeed David Layton, Chief Executive Officer, as Head of Private Equity following the completion of his notice period. Scheider joins from ZF Group, a global technology company, where he was the Chief Executive Officer and Chairman of the Board of Directors.
- The Industry Value Creation team and Private Equity Directs team were combined in Q4 2021. The team is now organised along four industry verticals being Goods & Products, Health & Life, Services, and Technology. Partners Group reasoned the amalgamation to improved efficiencies from streamlining the platform. The deal team will remain focused primarily on sourcing whilst legacy IVC professionals will remain majority dedicated to value creation albeit with greater emphasis on deal sourcing.
- Continued build out of the Portfolio Management team albeit with a strong recruitment focus on expanding quantitative and risk management personnel. This has been reasoned to increasing complexity in cash flow forecasting given current market dynamics and product growth, specifically the launch of a European Direct Lending strategy in 2021.
- Lonsec has not been advised of any further firm, team or process changes since the previous review.

Lonsec Opinion of this Fund

People and resources

- Lonsec has visited some of the Manager's key offices over a number of prior reviews and has enjoyed good access with the Fund's key decision-makers. Partners Group is a large, well-resourced firm with over 1,700 employees located across 20 offices globally. The group has significant depth of investment resources and personnel to draw upon, with high levels of private markets experience embedded within the team. Despite their obvious geographical separation, Lonsec notes a high degree of cohesion has been displayed by the team over the years. Further, Lonsec considers the Manager's broad, global employee network to be a key strength in being able to provide a consistent pipeline of investment opportunities.
- Lonsec notes that overall headcount has continued to expand alongside Partners Group's assets under management growth (US$130.6bn, June 2022). As an aside, Lonsec notes Partners Group's continual push into direct investments from a strategic asset allocation perspective since 2007 has been a key factor in headcount growth. Partners Group's approach to increasing headcount across all areas of the business is viewed pleasingly as direct investments require a greater level of due diligence, particularly on the operations and legal side. Despite this expansion, Lonsec notes that Partners Group has preserved a team-orientated, motivated and driven investment culture albeit this will continue to remain an aspect monitored.
- Partners Group's most recent geographical expansion was the opening of its North American hub in Denver in 2019. This office has been integral in the Manager's strategic push to build a greater footprint in the region commensurate with its European markets presence. Accordingly, the proportion of investment staff additions and investment activity from North America has been 47% and 54% in 2021CY, respectively. Lonsec is supportive of the Manager's expansion given the market depth and breadth which is likely to broaden sourcing channels and increase deal flow. That said, Lonsec is mindful of not only the level of competition within the market but also the potential challenges the Manager faces in preserving the culture, cohesion and consistency in process which Lonsec considers to be an integral component of the firm's past success. Lonsec has gained greater comfort of these risks in recent reviews and the considered efforts made by the Manager such as the transferring of senior and long-tenured investors to the Denver campus to address such risks.

- Partners Group operates a number of committee-based structures relative to centralising decision-making responsibilities with one individual. Whilst this may serve to limit direct accountability, Lonsec believes this is important for private equity investing in ensuring fairness and consistency in accessing and allocating opportunities across various private equity programs operated. The Global Investment Committee (GIC) is the Fund's key decision-making body responsible for overseeing all recommendations and allocations, whilst the specialist Private Markets Investment Committees are responsible for investment pre-selection and deal development in their respective market segments. The GIC is highly experienced and holds noteworthy investment experience and tenure averages of 26 and 23 years, respectively. A separate risk team who are supported by a robust governance and compliance process also monitors the Fund.
- Given the Fund's semi-liquid nature relative to a more traditional private equity vehicle, the management of its asset allocation and vintage diversification is an important and functional aspect. This is directly managed by the Portfolio Management Team of 23, and now co-led by Adam Howarth and Andrei Vaduva albeit with direct oversight from Roberto Cagnati, Head of Portfolio Solutions and Chief Risk Officer, in conjunction with Partners Group's various committees. Lonsec believes this to be a strong aspect of the offering aiding in aligning the portfolio's composition with the Manager's relative value outlook.
- Alignment of interests with investors is considered reasonably high. Employees and firm partners hold c.25% of outstanding equity in the firm albeit Partners Group's three co-founders hold c.15% of firm equity. Partners Group also generally commits 1% of total commitments in its investments alongside its investors. All employees hold stock or options with key investment staff also participating in an allocation from performance fees earned across the business.
- Given the size and depth of experience in the investment team, coupled with the committee-based decision-making structure, Lonsec considers key person risk to be relatively low.

Research and portfolio construction

- The top-down process is designed to provide direction as to which market segments the investment team should focus their efforts and sets the Fund's long-term target allocation. Recognising that different market segments perform better during different stages of the economic cycle, the Fund is tilted towards investment types, geographic regions and financing stages that offer the best relative value opportunities. This is combined with the Manager's thematic sourcing effort of direct investments in an aim to capitalise on transformational investment opportunities of those companies considered attractively positioned to be market leaders. Lonsec has observed an increasing focus on themes within the investment process through time, with all direct sourcing efforts linked to three 'giga-themes' (1) Automation; (2) New Living; (3) Decarbonisation with sector-themes that populate these. Lonsec believes this provides a framework for cohesion amongst the numerous sourcing efforts albeit potentially leading to concentrations of sourcing efforts and subsequent deal flow.
- Lonsec considers Partners Group to be well-positioned to determine the asset allocation for the Fund, leveraging off insights gathered from the extensive investment teams and committees. A commitment strategy is also employed aimed at ensuring the Fund remains close to fully invested at all times, that is, maintaining a high investment level, although this has not been readily evident since 2021.
- Individual investments are judged by specialist teams on their own merits from the bottom-up and Lonsec considers the Manager's deal due diligence to be robust and consistently applied across the firm's two key private market segments being direct and integrated. Within each market segment and asset class, analysts are assigned industries in which they are regarded as specialists. Alongside deal sourcing, analysts are also responsible for undertaking global industry specific research and authoring reports to assist in furthering insight and knowledge across the business.
- Lonsec considers the recent amalgamation of the legacy Industry Value Creation (IVC) team and the Private Equity Direct Team to be pragmatic. Notably, the heritage IVC had been already integrated into the deal teams ensuring industry and operational expertise was embedded throughout the entire investment process from sourcing to exit and as such, Lonsec considers this change more natural evolution of the function. The team is now organised along four industry verticals being Goods & Products, Health & Life, Services, and Technology. Lonsec highlights that the Private Equity Direct deal teams will remain primarily focused on sourcing and executing deals, whilst legacy IVC professionals (i.e. operational personnel) remain majority dedicated to value creation initiatives albeit with greater emphasis on deal sourcing.
- Lonsec notes that operating professionals within Partners Group continue to comprise of over 60 highly experienced members with industry and functional backgrounds that typically sit on the board of direct investments. That said, Lonsec highlights that this recent strategic decision has

resulted in a change in recruitment philosophy at the firm with a greater emphasis on hiring operating professionals with prior modelling skills. Notably, operating professionals have grown rather rapidly alongside Partners Group's strategic push into direct investments albeit Lonsec considers the high level of integration between operating professionals and specialist deal teams to be a key competitive advantage of the strategy. That said, Lonsec will continue to monitor the impact and assess the benefits of this team structure change in future reviews.

- Partners Group's presence across the private markets spectrum is believed to place the firm in a strong position to view a range of investment opportunities. The firm's long heritage in private markets brings a significant degree of accumulated information systematically captured in its proprietary database 'PRIMERA'. PRIMERA contains data on over 36,000 private companies, real estate and infrastructure assets allowing for detailed assessments on potential investments aiding in investment due diligence and relativities. Lonsec considers this a powerful tool providing both a strong read on private markets to set the Fund's asset allocation mix while also promoting a disciplined and repeatable investment process. The ability to expedite deal executions is also a further benefit. That said, Lonsec notes over the years, as Partners Group have continued to push further into direct investments as a General Partner it may be compromising the Manager's relationship strength for Limited Partner opportunities such as secondaries and co-investments. Lonsec will continue to monitor these aspects in future reviews.
- Portfolio construction is committee-based and reflects more an asset allocation decision being exposure to the main private equity sub-markets. The choice between individual investments is also made but secondary to which market segments to tilt the Fund. Lonsec has observed the GIC in operation and considers this committee to be highly diligent and to demonstrate a high level of investment skill. Whilst committee-based structures have the potential for reduced nimbleness and individual accountability, Lonsec considers this approach to be particularly well-suited to the Partners Group model and this strategy.
- The changes to the Fund's allocations are a gradual process largely driven by the liquidity profile of the underlying investments. The management of liquidity is therefore considered an integral element of the process enabling the ability to process redemption requests whilst allowing maneuvering of the portfolio's asset allocation. Partners Group attempts to achieve this by staggering the maturity profile of the underlying investments creating a natural turnover of c. 20% p.a. or average duration of investments of 4-5 years. Given the Underlying Fund's size and the low liquidity of the portfolio, consistent and stable returns and inflows may need to be maintained to enable the Manager to make meaningful asset allocation changes to the portfolio going forward.
- More broadly, Lonsec notes that the strength of inflows in recent years across the firm has outpaced the current level of opportunities resulting in the accruing of firm wide dry powder representing over one year of capital deployment. While Lonsec recognises a degree of dry powder is ever present and at times advantageous, Lonsec believes a significant build-up of dry powder has the potential to challenge the Manager's sell discipline. Notwithstanding, Lonsec acknowledges dry powder build up is partly a function of market valuations and Partners Group's general conservatism in capital deployment in the current environment. Lengthening holding periods and the ability and willingness to realise assets is an area Lonsec will continue to monitor in future reviews.
- Lonsec notes that the Fund's investment level has been decreasing since November 2020 and was 87.5% as at June 2022. Whilst the investment level is largely a product of timing and investment structure factors, Partners Group has deliberately increased the portfolio's cash weight given recent macroeconomic uncertainty and volatility alongside there being a high level of portfolio realisations in 2021. This has collectively decreased the Fund's investment level. Notably, Partners Group's recent shift in macroeconomic view around persistent inflation may mean elevated cash levels in the portfolio to maintain this defensive posture. Lonsec is particularly mindful of the cash dilution in the portfolio and notes that managing the investment level is critical to mitigate this for the benefit of existing investors. The ability to deploy capital whilst adhering to the Manager's conservative investment approach and maintain vintage diversification will be areas discussed in future reviews.
- The Fund has been increasingly positioned towards 'direct' investments (2007: 0%; June 2022: 66%). The relative mix can be dynamic and adjusted throughout an economic cycle as a function of relative value notwithstanding greater investment control. That said, greater direct investments may reduce overall portfolio liquidity with the strategic asset allocation (SAA) weights having predominately been adjusted via the investment of new flows. Lonsec will be closely monitoring Partners Group's ability to capitalise on such opportunities and tilt the Fund towards the most attractive segments per the relative value outlook particularly if the rate of inflows and capital distributions slows.
- A key advantage of the Fund relative to newly-formed vehicles is its high level of seasoning being an established vehicle of sufficient scale in steady-state build out. Specifically, Lonsec notes that the Fund has been well-diversified by investment types, underlying assets and general partners compared to newer vehicles. A historic advantage of the Fund has however been the significant diversification across vintage years which has helped drive realisation activities and also diversification across various risk factors. That said, such diversification advantages have somewhat moderated given the higher level of concentration in the Fund to the 2021 vintage (21%) which Lonsec remains particularly mindful of given the high level of industry wide dry powder and associated elevated valuations in this vintage.
- An internally derived quantitative model is used to determine the breathing room of monthly redemption requests. Lonsec has observed Partners

Group's success in managing liquidity at the headline and Underlying Fund level since inception albeit in a period majority distinguished by reasonable inflows. That said, Lonsec has been generally impressed by the firm's approach to liquidity management during prior stress periods, for example the COVID-19 market dislocation, evidenced by various actions undertaken including swiftly revaluing the Fund's underlying assets, improving liquidity via realising senior loans and drawing down on credit facilities alongside implementing a redemption fee to slow withdrawal requests. Further, Partners Group's continued efforts to enhance these quantitative models given increased complexity in deals such as GP-led secondaries and market dynamics is viewed positively. Lonsec however remains cognisant of the liability mismatch Partners Group is attempting to balance between providing investors exposure to relatively illiquid assets within an evergreen semi-liquid structure.

- That said, Lonsec highlights that in November 2021, the Manager materially elongated the valuation date of the Fund from approximately 15 days to 60 days and therefore the payment of redemption applications to unitholders. The Manager cited improved visibility of future capital flows to navigate distressed markets by either avoiding the non-optimal sale of assets for liquidity or to take advantage of market dislocations thereby improving portfolio management. While the changes are somewhat pragmatic in addressing the challenge to manage the inherent portfolio liability mismatch, Lonsec considers this to represent a material change and emphasises the need for investors to strongly consider the need for liquidity prior to investing. Further, Lonsec is wary of the extent and permanency of the change following a review of the fund structure by the Manager and the signal this creates, particularly given the Manager's ability to access credit lines and implement sell spreads to manage cash flows on an ad-hoc basis. Portfolio management, specifically cashflow management will continue to be an area of focus in future reviews.
- The Manager's approach to currency management is to passively hedge the portfolio 70% to the A$ aiming to reduce unit price volatility and this has been stress tested based on historical market movements. Lonsec has long held concerns around the Fund's potential to be closed in a meaningful risk-off environment given this hedging approach. This reflected the potential liability mismatch between the hedging contracts and generally illiquid portfolio holdings combined with the A$'s risk-on tendency and heightened investor redemptions during market downturns. That said, Lonsec's concerns have somewhat moderated following the Manager's success in maintaining sufficient liquidity to service redemptions albeit at a reduced level during prior stress periods. Liquidity management has also been benefited by the Underlying Fund's well-designed construction of multiple currency share classes including those considered traditionally safe-haven currencies such as US$, CHF and JPY offsetting hedging losses on risk-on currencies.

ESG integration

- Lonsec's ESG integration assessment considers how rigorous, robust and structured the ESG process for the Fund is as well as how well it integrates into the overall investment process and the Manager's overall policy and reporting framework. The assessment is not intended to assess the underlying holdings of the Fund or the Manager's adherence to any form of impact, green/sustainable or ethical standards.
- At the overall corporate level, Lonsec views the Manager's overall ESG framework as slightly ahead of peers. The Manager has articulated a strong commitment to their integration of ESG within their investment process with clear evidence of public positioning. The ESG policy is publicly available and provides a robust policy framework including a materiality assessment. Pleasingly, the Manager also publishes a climate change policy with a clear commitment to the Paris Agreement. The level of disclosure with respect to the Manager's proxy voting policy and voting outcomes is considered lagging peers due to the policy and reporting on voting outcomes not being publicly available. While the engagement policy lacks details compared to peers, the reporting on engagement outcomes is considered in-line with peers.
- Evidence of ESG integration within the investment process for the Fund was well-above peers in this sector with structured use of ESG data evident. Investment personnel also demonstrated an ability to engage on broad ESG topics, and the Manager could demonstrate clear ESG based engagement outcomes.
- The Manager has indicated that their Responsible Investment style is 'ESG Integration' and therefore they take Environmental, Social and Governance factors into consideration when assessing investment opportunities. Note that such an approach does not automatically ensure that the resulting portfolio will adhere to any particular structure or provide any particular level of ethicalness, greenness or sustainability.

Risk management

- The Portfolio and Risk Management Team of 52 is primarily responsible for measuring and managing portfolio risks for a range of funds. Importantly, this team is separate to the investment teams. Further, Partners Group has a monitoring committee, comprised of senior management members of the firm to oversee and review the performance of its investments. Lonsec considers Partners Group's multi-layered risk monitoring process to be thorough and an additional source of market insight.
- Lonsec believes Partners Group's investment philosophy which is considered to skew towards conservatism and quality contributes to the Fund's overall risk management. The Manager tends to prefer quality assets with some upside, which are neither too 'mature' or too 'early-stage' that is, exhibiting a preference for buyouts to venture capital. While portfolio weights are largely a function of size, deals are approximately equally-weighted where possible with weighting increased if deals are more defensive and vice versa. This generally contrasts with other private equity managers that size exposures through each deal's expected return or

Internal Rate of Return (IRR) which may potentially lead to riskier outcomes. For example, a higher IRR may be driven via leverage strategies.

Valuations

- Lonsec considers the need for a robust valuation process to be particularly important for hard-to-value assets. Lonsec notes that Partners Group has firm valuation policies and a range of approaches in place to ensure that assets are priced consistently and in a timely manner. Partners Group performs valuations of its underlying investments through a fair market valuation process, which is in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP). This is a long-standing process first implemented in 2003. Lonsec highlights that the valuation process is coordinated by Partners Group's Investment Valuation Services team, albeit the asset valuation process involves a range of asset specific committees responsible for valuing underlying positions, and pleasingly all valuations are externally audited by PricewaterhouseCoopers on an annual basis. That said, Lonsec notes these committees typically comprise of senior investment professionals.
- Related to the above and given the broader public market volatility experienced from late 2021, Lonsec is particularly mindful of the lag in private market valuations/revaluations compared to its more frequently priced public market equivalents. This pricing delay has the potential for any adverse impacts, from economic events, to portfolio companies to not yet be reflected and therefore may negatively impact the Fund's overall performance once valuations are eventually incorporated. The impact of this has been evident in the Fund's NAV given public market comparables are input to Partners Group's valuation process albeit Lonsec notes further repricing could continue to occur.

Capacity management

- Partners Group managed US$130.6bn firm-wide, with the Fund and the Underlying Fund approximating A $3bn and A$10.5bn, respectively (June 2022).
- Lonsec notes that Partners Group has significantly grown its AUM since 2006 at a compounded annual growth rate (CAGR) of c.20% since 2006. Lonsec notes that 29% of firm AUM comprises semi-liquid (retail) money with this having steadily increased in recent years. Partners Group do not believe there is a capacity limit for this Fund given the size of the investment universe available. Lonsec is however conscious that larger managers will need to conduct a higher volume of deals (requiring a larger team and potentially lowering the quality of investment hurdle) and/or participating in larger deal sizes. Lonsec notes both are unfavourable, particularly moving into the larger deal space where valuations are typically higher and competition more intense with firms such as KKR (US$459bn), The Blackstone Group (US $881bn) and The Carlyle Group (US$376bn). Capacity management will remain a continued watchpoint in future reviews.

Fees

- On top of the Fund's ongoing management fee as detailed earlier in the report, performance fees are also charged on direct and secondary investments on a deal-by-deal basis, where an internal rate of return of 8% p.a. has been achieved. The performance fee is 15% for direct equity and 10% for secondaries. For direct debt investments, the performance fee levied is 10% over a 4% p.a. internal rate of return hurdle. While no performance fee is explicitly imposed on the Underlying Fund for primary investments, it may nevertheless be earned and captured by the total fee that these investments charge. Further, given performance fees are considered on a deal-by-deal basis, there may be times when they are incurred even when the Underlying Fund has a **negative or zero** overall performance. The Manager has not disclosed updated estimated indirect performance related fee data with the most recent being 0.79%, as a percentage of the Fund's NAV, for the 12 months to 30 June 2020. The Fund will also be subject to underlying general partner fees on a fund-by-fund or investment-by-investment basis which has the potential to be significant.
- Lonsec notes that the performance fees paid as a percentage of NAV since inception of the underlying strategy to 30 June 2021 were 1.17% (cumulative). Performance fees have however increased in recent years which has coincided with the Fund's higher allocation towards direct investments and have generally doubled since the 2015 calendar year. While the Fund's skew towards direct investments in recent years may be a function of opportunity and desire for greater investment control, Lonsec notes that this action may increase the underlying performance fees generated to Partners Group. Lonsec is wary of this potential conflict and its possible implications of steering the SAA decision-making process. This is particularly relevant as Partners Group is a listed entity for which earnings are materially impacted by performance fees earned on investments. That said, providing comfort however is Partners Group's relatively dynamic track record of allocating the Fund across the three main segments according to relative valuations which has been critical to the strategy's success.
- While the Fund's total fee load is above that charged by the average global equity manager, Lonsec believes a higher fee is reflective of the high cost of managing the Fund and is reflected by the substantial headcount employed by Partners Group. Nonetheless, Lonsec considers the overall fee load to be high in an absolute sense and relative to traditional listed market strategies.

Performance

- The Australian vehicle was launched in May 2012 and the Underlying Fund commenced in May 2007. The Fund is managed with the aim of generating 10-12% p.a. absolute returns (net). All figures below are to July 2022 (net) unless otherwise stated.
- Medium-to-long term performance outcomes have been strong with the Fund generating total returns of 11.1% p.a., 11.8% p.a. and 12.4% p.a., over the three, five and ten years, respectively. This corresponded to Sharpe ratios of 1.2, 1.5 and 1.9 over these respective periods. The Fund has achieved its absolute return objective over all time periods except for the one year whereby the Fund returned 2.7% being somewhat impacted by the broader market downturn.

Partners Group Global Value Fund (AUD) — Wholesale

- Peer relative returns have been notable over all relevant time periods barring the one year (-6.5%). Over the three and five years, the Fund beat the peer median by 3.6% p.a. and 5% p.a., respectively. The Fund generated these returns with a volatility, denoted by Standard Deviation, at or below the peer median over each time period.
- Performance against listed equities, MSCI World ex Australia NR Index (A$ Hedged), has been strong with the Fund beating this performance benchmark over all time periods. Over the one, three, five and ten years, excess returns were 9.9%, 2.4% p.a., 3.1% p.a., and 0.4% p.a., respectively. That said, as mentioned, Lonsec is however mindful of the delay in valuations and potential subsequent impact to returns which may have somewhat yet to be fully reflected in performance figures, particularly compared to listed equities.
- Lonsec believes that Partners Group has a sound track record of navigating market conditions, evidenced by significantly expanding into secondaries over ten years ago before switching materially into directs over the last decade. A key observation amongst the respective investment teams over recent years has been the belief that expected industry returns are lower than in past periods, with IRR's of available opportunities declining over recent years with increased capital driving up prices across all verticals and asset classes. To combat this, deal sourcing has been focused within more niche areas, creative debt financing solutions have been deployed and dividend re-capping of direct private equity holdings are being used to bring forward earnings.
- While Lonsec notes Partners Group is leveraging their expertise to conduct such deals, these efforts may also be associated with greater investment risk. That said, Partners Group has been prudently factoring in multiple contractions within their direct private equity investment valuations recognising increasing valuations which had been evident up until the recent market correction reflecting a greater margin of safety. Nonetheless, Lonsec still believes investors need to be wary of such headwinds that need to be navigated, particularly given the liquidity profile of the Fund and underlying holdings.

Overall

- Lonsec has maintained the Fund's **'Highly Recommended'** rating. Partners Group is considered to be staffed by high calibre investors experienced in implementing a relative value, franchise quality investment style. The investment process is disciplined and opportunistic, benefiting from the firm's proprietary database and strong networks cultivated, and the Fund has generated a strong long-term track record. The Fund's scale brings significant diversification advantages relative to newer vehicles albeit this has moderated in some respects and remains a watchpoint. The firm's success in managing evergreen structures has also impressed to date.
- Lonsec is however wary that managing inflows and liquidity is a critical facet which can otherwise lead to vintage concentration, challenges in sell discipline, cash dilution and difficulties in altering the Fund's asset allocation. While pragmatic, the recent lengthening of the Fund's withdrawal terms directly alludes to the challenges the Manager has faced in balancing the inherent portfolio liability mismatch. Investors therefore need to strongly consider the need for liquidity prior to investing.

People and Resources

Corporate overview

Partners Group Holding AG (Partners Group) is a global private market asset management firm specialising in private equity, private debt, private infrastructure and private real estate assets. The firm managed US$130.6bn (June 2022) across a broad range of funds, structured products and customised portfolios.

Partners Group is headquartered in Zug, Switzerland and has offices in Europe, the United States of America, Asia and Australia. The firm is listed on the SIX Swiss Exchange and is majority owned by its partners and employees.

The Responsible Entity of the Fund is Equity Trustees Limited ('EQT'). EQT is a publicly listed company on the Australian Securities Exchange.

Size and experience

NAME	POSITION	EXPERIENCE INDUSTRY / FIRM
GLOBAL INVESTMENT COMMITTEE (N=9)	AVERAGE	26 / 23
DR. MARCEL ERNI*	PARTNER, CO-FOUNDER AND MEMBER OF THE BOARD OF DIRECTORS	31 / 26
ALFRED GANTNER*	PARTNER, CO-FOUNDER AND MEMBER OF THE BOARD OF DIRECTORS	30 / 26
URS WIETLISBACH	PARTNER, CO-FOUNDER AND MEMBER OF THE BOARD OF DIRECTORS	33 / 26
FREDRIK HENZLER*	PARTNER	27 / 10
CYRILL WIPFLI	PARTNER, VICE CHAIRMAN OF ASIA	26 / 20
ROBERTO CAGNATI	PARTNER, HEAD PORTFOLIO SOLUTIONS, CHIEF RISK OFFICER	20 / 18

* Members of GIC

Partners Group employs over 1,700 staff, of which approximately 500 are private market investment professionals.

The key decision-making body for the Fund is the GIC. The committee consists of nine senior members of the firm and is ultimately responsible for the Fund's performance. Members of the group possess an average of 26 and 23 years' industry experience and firm tenure, respectively. The GIC governs the investment approach and process, including top-down relative value analysis, portfolio management and final investment decision-making.

The purpose of the Global Portfolio Strategy Committee (GPSC) is to provide asset allocation advice for discretionary private equity, private debt, private real estate and private infrastructure investment programs managed by the firm. The GPSC is also responsible for translating the Private Markets Relative Value Committee's (PMRVC) relative value outlook into the individual products managed and to ensure adherence of portfolio construction with investment goals of the various clients. The PMRVC committee convenes semi-annually.

Sector and Industry Vertical Specialist investment committees

The GIC is supported by two specialised investment committees. The Sector Specialist investment committee (SIC) consists of seven specialised private equity investment members who lead the major investment segments such as Private Equity Directs and Private Real Estate. The committee is responsible for investment pre-selection and deal development in their respective private equity market segment, and for approving relatively small investments defined as being up to €30m.

The Industry Value Creation (IVC) team and Private Equity Directs team were combined in Q4 2021. The team is now organised along four industry verticals being Goods & Products, Health & Life, Services, and Technology. The deal team remains focused primarily on sourcing whilst legacy IVC professionals will remain majority dedicated to value creation albeit with greater emphasis on deal sourcing. Operating professionals, formerly of the IVC, comprise over 60 individuals with both functional expertise (sales, pricing, eCommerce, Procurement, Lean Production and restructuring) and industry experience.

Team structure

The investment team is structured along four, interdependent functional lines being deal generation, due diligence, execution and monitoring. There is a high level of co-operation amongst these groups, where the due diligence team for example, is also expected to contribute to deal generation.

Management of the Fund's cash-flows and maintaining the portfolio's exposure to the target asset allocation and vintage diversification is the responsibility of the Portfolio Management Team of 23, led jointly by Adam Howarth and Andrei Vaduva and overseen by Robert Cagnati, Head Portfolio Solutions and Chief Risk Officer. The team is integrated into various Partners Group committees.

Remuneration/Alignment of interests

Partners Group operates a four-tiered compensation structure comprising a base salary, annual bonus, equity and/or options typically vested over five years and finally, for key investment staff, a share in the carried interest bonus pool which is an annual allocation from performance fees earned across the business.

The majority of employees own shares or options in Partners Group Holding AG. Firm partners and employees hold over 25% of the total share capital outstanding in Partners Group Holding AG.

Research Approach

Overview

The Manager employs a structured five-step process in selecting private equity investments. While each market segment being primaries, secondaries and directs has its own nuances, they each undergo a similar process. Standard checklists and due diligence questionnaires are used to support investment decisions and promote consistency. A Deal Team and a Deal Captain are assigned to each transaction, with the GIC and relevant SIC closely involved throughout the process.

1. Deal generation

Partners Group leverages its relationships with the private equity network and other professional relationships to provide a consistent pipeline of primary managers, direct and secondary transactions coming to market. Deals are sourced by the Manager's global network of investors and may also be identified via the firm's proprietary 'PRIMERA' database which tracks over 36,000 private market assets.

2. Pre-selection

Investment opportunities undergo preliminary assessment to determine their suitability for further analysis. Screening criteria varies depending on the investment type. For example, a thematic sourcing effort is applied for direct investments for those companies which are attractively positioned to be market leaders within their domain. This is supplemented by a focus on the size and scope of the target company, value creation plan and overall portfolio fit. For primaries, issues such as strategy, team, track record and peer relativity are of greater importance.

For opportunities that meet the minimum requirements, the findings are documented in the 'First Check' report. This report, alongside the analysts' recommendation, is submitted to the responsible SIC who decides whether the opportunity is pursued further.

3. Due diligence I

A Deal Team of at least three is assigned per deal to undertake in-depth qualitative and quantitative analysis. Analysis scope varies depending on the transaction type with all findings captured into a structured 'Preliminary Investment Recommendation' document. The responsible Deal Captain is responsible for presenting this to the relevant SIC for detailed discussions, at which point the Deal Team may be directed to resolve any highlighted issues.

4. Due diligence II

The in-house legal and tax team then assesses an investment's legal and tax implications. The terms and conditions of a deal are also negotiated. After resolving all outstanding issues and if the deal terms are satisfactory, an 'Investment Recommendation' is presented to the SIC for a final decision.

The GIC is informed of potential investments undergoing due diligence to maintain oversight of the firm's investment activities across asset classes. This committee is the final decision-maker for all investments and has a right to veto, although each SIC can approve investments between €10-30m.

5. Monitoring

Investments are constantly monitored as part of the overall due diligence process. The monitoring process is multi-layered and involves various teams including the investment committees, the investment team, product services team, risk and quantitative management team. Regular on-site visits are conducted and where appropriate, the Manager generally a operating professional may hold a board or observer seat on the board of directors of a portfolio company. A broad range of data points are collected regularly and stored in the proprietary database, such as company performance and monthly management accounts.

Portfolio Construction

Overview

Partners Group believes its integrated approach to private equity and private debt investing allows it to capitalise on opportunities across the private markets spectrum.

The portfolio is managed in a relative value manner aiming to tilt into those segments such as investment types, geographies and financing stages with high relative attractiveness. These investments are believed to offer superior risk-adjusted returns at a given point in time.

Unlike the more common private equity funds that invest solely in primaries, the Fund combines directs, primaries and secondaries which helps to mitigate the J-Curve effect and diversify the portfolio.

Strategic Asset Allocation (SAA)

The PMRVC is responsible for determining the SAA of the Fund. SAA provides a framework for long-term portfolio diversification by establishing allocation ranges across:

- Geography
- Financing stage:
  - **Buyout** (companies which tend to be cash flow positive and range from $250m to over $2bn in size);
  - **Venture capital** (typically investments in new and emerging companies that are generally not cash flow positive, and so tend to be higher risk investments); and
  - **Special situations** (cover a broad range of investments including mezzanine, distressed debt and turnarounds).
- Asset type:
  - **Direct investments** (taking a direct interest in securities and debt issued by an operating company);
  - **Primary investments** (investments in newly established private equity funds);
  - **Secondary investments** (interests in existing private equity funds that are acquired in privately negotiated transactions post the vehicle's fundraising period); and
  - **Listed private equity** (regulated vehicles listed on public stock exchanges).
- Vintage year.

In setting the long-term target allocations, consideration is given to historical data, current data from within Partners Group's proprietary database, and investment team input. A macroeconomic research team is involved to analyse macroeconomic trends and assesses their impact on the Fund. Attention is also paid to the correlation and dependency between the different segments of the market.

Relative value analysis

Market developments are evaluated and their effect on the value drivers of the private equity markets are assessed semi-annually. A relative value matrix is used to highlight those market segments (e.g. investment types, geographies, financing stages) with high relative attractiveness. The Fund will then be tilted towards segments considered to outperform at a given point in time.

Commitment strategy

Partners Group aims to ensure the Fund is as close to fully invested as possible, and employs a model to forecast expected cash flows on a rolling annual basis. The commitment pace (rate at which capital is invested) will be adjusted continuously to enable the Fund to achieve and maintain its target private equity exposure.

Risk Management

Risk limits

SEPARATE RISK MONITORING	YES
ALLOCATION TO ILLIQUID ASSETS	TYPICALLY 85%, MAXIMUM 95% (SOFT)
COUNTRY/REGION LIMITS	UNCONSTRAINED
SECTOR/INDUSTRY LIMIT	UNCONSTRAINED
CASH LIMIT	MAX. 10% (SOFT)

The Fund is managed with no 'hard' limits in place. The Fund has soft country and individual investment limits to ensure adequate diversification.

Risk monitoring

The Portfolio and Risk Management Team ensures adherence to investment guidelines and portfolio strategies, as well as limiting portfolio risks.

A range of detailed regular reports have been designed to monitor and evaluate risks within the Fund. These include reports for quantitative risk management, portfolio management (asset allocation, exposures, performance, cash flows, and valuations), risk consideration (liquidity, currency exposures) and direct investment monitoring.

Partners Group Quantitative Model (PGQM) is a proprietary tool used to forecast cash flows and manage the absolute allocation risks. Product Tracking Solution (PTS), eFront and Abacus are additional tools used to provide a range of data including regional allocations, currency exposures and manager diversification assisting in adherence to portfolio limits.

Currency management

The Fund will typically be approximately 70% hedged back into the A$. The Portfolio and Risk Management Team are responsible for determining the portfolio's underlying currency exposures and therefore determining the appropriate hedging parameters such as size, maturity and type.

Risks

An investment in the Fund carries a number of standard investment risks associated with international investment markets. These include economic, market, political, legal, tax and regulatory risks. Investors should read the PDS before making a decision to invest or not invest. Lonsec considers the major risks to be:

Private equity specific risks

Private equity investments typically display uncertainties which do not exist to the same extent in other investments (e.g. listed securities). Private equity investments may be in entities which have only existed for a short time, have little business experience, whose products do not have an established market or which are faced with restructuring etc.

Further, private equity investments are often illiquid long-term investments that do not display the liquidity or transparency characteristics often found in other investments (e.g. listed securities).

Certain investments are valued on the basis of estimated prices and therefore subject to potentially greater pricing uncertainties than listed securities. The Fund reports NAV on a monthly basis based on International Financial Reporting Standard valuations (IFRS). In general, private equity investments may apply different approaches for the valuation of their portfolios such as US GAAP, UK GAAP, EVCA, IFRS or others. Partners Group follows a valuation approach and guidelines which are in accordance with IFRS/IAS 39 to determine the fair value of underlying investments of the Underlying Fund. The IFRS valuation approach has been developed in co-operation with Pricewaterhouse Coopers since 2003 and is audited annually.

The Underlying Fund will regularly make investments which are settled outside of established clearing systems. For example, (i) investments made in non-listed companies, (ii) investments which are only based on agreements and for which the investor has no security as proof of the investment or (iii) investments in securities where the delivery of securities does not occur at the same time as payment of the purchase price.

Redemption risk

An investment in the Fund is suitable only for investors who do not require immediate liquidity from their investment. Investors may be exposed to securities which are thinly traded or illiquid in nature. It may not be possible to sell such securities in a timely fashion or at a price at which is perceived to be at fair value.

Investors should be aware that the Fund provides monthly redemption applications. Requests are subject to redemption restrictions in the Underlying Fund. The Underlying Fund has the ability to restrict net redemptions to no more than 5% of the Underlying Fund's shares on issue at the end of the previous calendar quarter. This can also be restricted to no more than 2.5% of its shares on issue at the end of the previous calendar quarter if deemed in the best interest of the Underlying Fund by the directors of the Underlying Fund.

Additionally, a redemption fee of 5% of the total value of the redemption request may be charged. If this occurs, the Fund will levy a sell spread on investors redeeming units in the Fund, with the aim of compensating remaining unit holders.

Derivative risk

The Underlying Fund may use derivatives or other instruments for hedging purposes. Derivative contracts are subject to certain risks, including market risk, counterparty risk (risk that a counterparty fails to perform their contractual obligations) and operations risk (risk of failure of internal controls).

Leverage risk

The Underlying Fund may borrow up to 25% of its assets but for meeting withdrawal requests and managing cash-flows only. Borrowing can also be undertaken for investments. Borrowing has the potential to magnify gains and losses.

Additionally, the Fund via the Underlying Fund may invest in highly leveraged companies, i.e. in companies with a high degree of indebtedness. Companies that are highly leveraged and/or sub investment grade have a higher risk of defaulting on their debt than companies with lower leverage and/or that are rated investment grade, due to greater exposure to adverse economic factors such as rising interest rates, reduced cash flows, fluctuations in exchange rates, inflation, downturns in the economy or deterioration in the condition of the relevant company or industry.

Currency risk

The Underlying Fund invests in wide range of securities denominated in a variety of foreign currencies. A rise in the relative value of the Australian dollar vis-à-vis the currencies in which the assets are denominated will negatively impact the market value of the assets (and vice versa) from an Australian investor's perspective. Additionally, hedging cash flows (losses) may materially impact the liquidity profile of the Fund.

Typically, the share class of the Underlying Fund in which this Fund invests will be 70% hedged back into Australian dollars.

Lonsec

Partners Group Global Value Fund (AUD) — Wholesale

ISSUE DATE 27-09-2022

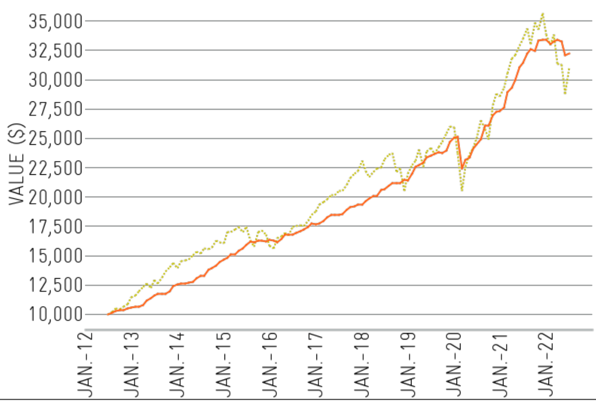
Quantitative Performance Analysis - annualised after-fee % returns (at 31-7-2022)

Performance metrics

	1 YR		3 YR		5 YR		10 YR	
	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN	FUND	PEER MEDIAN
PERFORMANCE (% PA)	2.74	9.24	11.09	7.54	11.75	6.78	12.43	-
STANDARD DEVIATION (% PA)	5.67	8.03	8.92	9.13	7.13	7.13	5.58	-
EXCESS RETURN (% PA)	9.92	8.48	2.40	0.21	3.08	-1.40	0.43	-
OUTPERFORMANCE RATIO (% PA)	58.33	54.17	52.78	51.39	46.67	46.67	45.83	-
WORST DRAWDOWN (%)	-4.00	-4.85	-10.72	-12.69	-10.72	-10.72	-10.72	-
TIME TO RECOVERY (MTHS)	NR	2	6	8	6	6	6	-
SHARPE RATIO	0.45	0.99	1.21	0.58	1.51	1.09	1.92	-
INFORMATION RATIO	0.60	0.73	0.17	-0.02	0.22	-0.27	0.04	-
TRACKING ERROR (% PA)	16.62	10.80	14.37	8.85	13.85	8.40	12.07	-

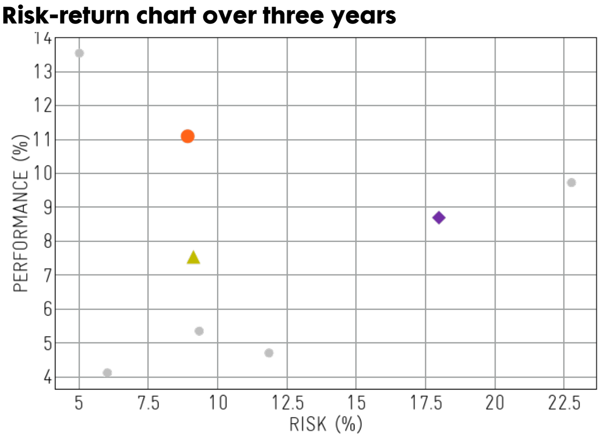
PRODUCT: PARTNERS GROUP GLOBAL VALUE FUND (AUD) – WHOLESALE
LONSEC PEER GROUP: ALTERNATIVES - GROWTH ALTERNATIVES (HIGH) - PRIVATE EQUITY
PRODUCT BENCHMARK: MSCI WORLD EX AUSTRALIA NR INDEX (AUD HEDGED)
CASH BENCHMARK: BLOOMBERG AUSBOND BANK BILL INDEX AUD
TIME TO RECOVERY: NR - NOT RECOVERED, DASH - NO DRAWDOWN DURING PERIOD

Growth of $10,000 over 10 years



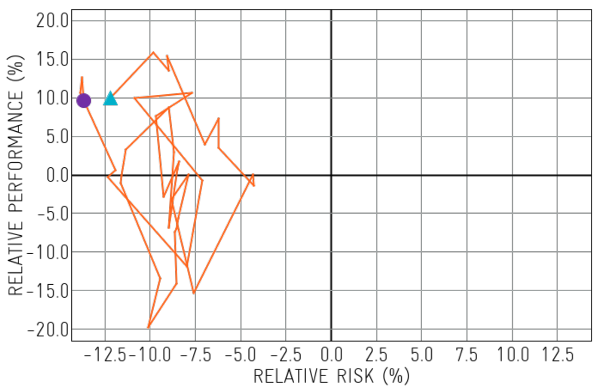
PARTNERS GROUP GLOBAL VALUE FUND (AUD) – WHOLESALE
MSCI WORLD EX AUSTRALIA NR INDEX (AUD HEDGED)

Risk-return chart over three years



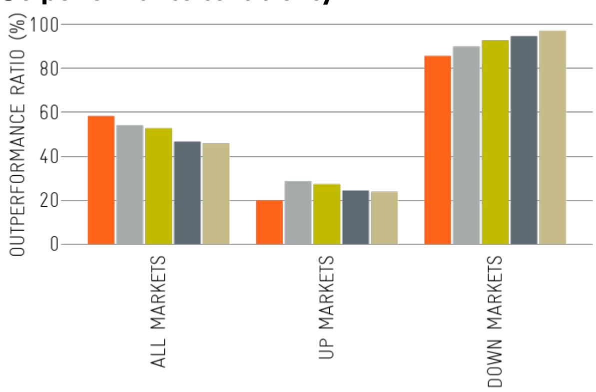
PARTNERS GROUP GLOBAL VALUE FUND (AUD) – WHOLESALE
MSCI WORLD EX AUSTRALIA NR INDEX (AUD HEDGED)
PEER MEDIAN
PEERS

Snail trail



START (07-2019) END (07-2022)

Outperformance consistency



1Y 2Y 3Y 5Y 10Y

ANALYST: CLINTON ALEXANDER | APPROVED BY: JAMES KIRK

Partners Group Global Value Fund (AUD) — Wholesale

Glossary

Total return 'Top line' actual return, after fees

Excess return Return in excess of the benchmark return

Standard deviation Volatility of monthly Absolute Returns

Tracking error Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns)

Sharpe ratio Absolute reward for absolute risk taken (outperformance of the risk free return (Bank Bills) / Standard Deviation)

Information ratio Relative reward for relative risk taken (Excess Returns / Tracking Error)

Worst drawdown The worst cumulative loss ('peak to trough') experienced over the period assessed

Time to recovery The number of months taken to recover the Worst Drawdown

Snail Trail A trailing 12-month relative performance and relative risk measurement over the benchmark. The trail is generated using a 12-month rolling window over the specified period

About Lonsec

Lonsec Research Pty Ltd (Lonsec) is an investment research house with specialist areas of expertise, that was originally established in 1994 and the current entity was registered on 23 June 2011. From 1 July 2011, Lonsec became a fully owned subsidiary of Lonsec Fiscal Holdings Pty Ltd, a privately owned entity with a multi-brand strategy of providing leading financial services research and investment execution. Lonsec believes that professional financial advisers need informed opinions on the best investment strategies and financial products to provide real value for their clients. To meet this need, Lonsec has in place an experienced research team, which draws on a robust research process to undertake in-depth assessment of managed fund products.

Analyst Disclosure and Certification

Analyst remuneration is not linked to the research or rating outcome. Where financial products are mentioned, the Analyst(s) may hold the financial product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the matters and financial product(s) to which this document refers.